

**OKC CHARTER SANTA FE  
SOUTH SCHOOLS NO. E-021  
OKLAHOMA COUNTY, OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS –  
REGULATORY BASIS  
AND INDEPENDENT AUDITOR'S REPORT  
AS OF AND FOR THE YEAR ENDED  
JUNE 30, 2018**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying combined fund type and fixed asset account group financial statements-regulatory basis of OKC Charter Santa Fe South Schools No. E-021, Oklahoma County, Oklahoma (the "School") as of and for the year ended June 30, 2018, and the related notes to the 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 the financial reporting provisions of the Oklahoma State Department of Education, as described in Note 1. 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 Responsibility***

Our responsibility is to express an opinion 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 opinion.



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

As described in Note 1, the financial statements are prepared on the basis of the financial reporting provisions of 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.

### ***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 above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the OKC Charter Santa Fe South Schools No. E-021, as of June 30, 2018, or changes in net position, or cash flows thereof 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.

### ***Qualified Opinion 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 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, 2018, and the revenues it received and expenditures it paid and encumbered for the year then ended, in accordance with the financial reporting provisions of the Oklahoma State Department of Education as described in Note 1.

### ***Emphasis of Matter***

The School has revised and reissued the financial reports previously issued on March 4, 2019, to include the Gift Fund activity within the School’s financial statements. The previously issued auditor’s report dated March 4, 2019 is not to be relied upon due the necessity to include the Gift Fund activity to bring the financials into full context and is replaced by this report. Our audit opinion is not modified with respect to this matter.

### ***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School’s basic financial statements. The combining agency fund statement – regulatory basis, listed in the accompanying table of contents, is presented for purposes of additional analysis, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards, and related notes, is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining agency fund statement – regulatory basis and the schedule of expenditures of federal awards and related notes, 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining agency fund statement – regulatory basis and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole on the regulatory basis of accounting described in Note 1.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2019 (originally issued March 4, 2019), on our consideration of the School'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 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 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.

*Arledge & Associates, P.C.*

May 10, 2019

(Originally issued March 4, 2019 as noted in Paragraph 10 above)

**COMBINED FINANCIAL STATEMENTS –  
REGULATORY BASIS**

OKC CHARTER SANTA FE  
SOUTH SCHOOLS NO. E-021  
OKLAHOMA COUNTY, OKLAHOMA  
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES  
REGULATORY BASIS - ALL FUND TYPES  
JUNE 30, 2018

	Governmental Fund Types		Fiduciary Fund Types	
	General	Gift	Trust and Agency Fund	Totals (Memo Only)
ASSETS:				
Cash and investments	\$ 4,503,268	\$ -	\$ 426,234	\$ 4,929,502
Total assets	<u>\$ 4,503,268</u>	<u>\$ -</u>	<u>\$ 426,234</u>	<u>\$ 4,929,502</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Warrants payable	\$ 233,142	\$ -	\$ -	\$ 233,142
Encumbrances	454,934	-	-	454,934
Due to others	-	-	426,234	426,234
Total liabilities	<u>688,076</u>	<u>-</u>	<u>426,234</u>	<u>1,114,310</u>
Fund Balances:				
Unassigned	3,815,192	-	-	3,815,192
Total fund balances	<u>3,815,192</u>	<u>-</u>	<u>-</u>	<u>3,815,192</u>
Total liabilities and fund balances	<u>\$ 4,503,268</u>	<u>\$ -</u>	<u>\$ 426,234</u>	<u>\$ 4,929,502</u>

OKC CHARTER SANTA FE  
SOUTH SCHOOLS NO. E-021  
OKLAHOMA COUNTY, OKLAHOMA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Fund Types	
	General	Gift
Revenues:		
Local sources	\$ 380,278	\$ -
State sources	18,661,203	-
Federal sources	2,494,472	-
Other sources	1,104	500,000
Total revenues	<u>21,537,057</u>	<u>500,000</u>
Expenditures:		
Instruction	10,588,420	-
Support services	8,773,122	-
Non-instructional services	1,816,770	-
Other outlays	530,943	500,000
Total expenditures	<u>21,709,255</u>	<u>500,000</u>
Excess of revenue over (under) expenditures	(172,198)	-
Other financing sources (uses)		
Adjustments to prior year encumbrances	<u>61,848</u>	<u>-</u>
Excess of revenue and other financing sources over (under) expenditures	(110,350)	-
Beginning fund balances	<u>3,925,542</u>	<u>-</u>
Ending fund balances	<u>\$ 3,815,192</u>	<u>\$ -</u>



OKC CHARTER SANTA FE  
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COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - REGULATORY BASIS - BUDGETED GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES:			
Local sources	\$ 259,200	\$ 259,200	\$ 380,278
State sources	17,670,000	17,670,000	18,661,203
Federal sources	3,100,000	3,100,000	2,494,472
Other sources	6,035	6,035	1,104
Total revenues	21,035,235	21,035,235	21,537,057
EXPENDITURES:			
Instruction	10,953,693	10,953,693	10,588,420
Support services	10,100,000	10,100,000	8,773,122
Non-instructional services	1,920,000	1,920,000	1,816,770
Capital outlay	-	-	-
Other outlays	1,987,084	1,987,084	530,943
Total expenditures	24,960,777	24,960,777	21,709,255
Excess of revenue over (under) expenditures	(3,925,542)	(3,925,542)	(172,198)
Other financing sources (uses)			
Adjustments to prior year encumbrances	-	-	61,848
Excess of revenue and other financing sources over (under) expenditures	(3,925,542)	(3,925,542)	(110,350)
Beginning fund balance	3,925,542	3,925,542	3,925,542
Ending fund balance	\$ -	\$ -	\$ 3,815,192

See accompanying notes to the financial statements.



**NOTES TO THE FINANCIAL STATEMENTS –  
REGULATORY BASIS**

OKC CHARTER SANTA FE  
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OKLAHOMA COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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.

A. 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 District. 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, 2018.

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Summary of Significant Accounting Policies, (Continued)

Reporting Entity, (Continued)

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.



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Summary of Significant Accounting Policies, (Continued)

B. 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.

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Summary of Significant Accounting Policies, (Continued)

Measurement Focus, (Continued)

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 type:

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.

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 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.

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Summary of Significant Accounting Policies, (Continued)

C. 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.

D. 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.



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Summary of Significant Accounting Policies, (Continued)

Assets, Liabilities and Fund Equity, (Continued)

Interfund transactions - Interfund transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the fund that is reimbursed. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers.

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.

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.

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Summary of Significant Accounting Policies, (Continued)

Assets, Liabilities and Fund Equity, (Continued)

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.

E. 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 districts.

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.



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Summary of Significant Accounting Policies, (Continued)

Revenue, Expenses and Expenditures, (Continued)

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.

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.

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Stewardship, Compliance and Accountability, (Continued)

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.

3. Deposits

At June 30, 2018, the School held deposits of \$4,967,947 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.

4. Other Information

A. 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 \$1,648 for the year ended June 30, 2018.

B. 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.

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Other Information, (Continued)

C. 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. The School will pay 50% of dependent coverage if employees cover the remaining 50%. Part time employees are eligible if they work at least 30 hours per week. The School pays the applicable percentage of the premiums in relation to full time rates.

D. Contingencies

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.

E. 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 10% of monthly gross wages.

School employees are 100% vested with their first contribution. 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.



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Other Information, (Continued)

F. Surety Bonds

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 14, 2017 until November 14, 2018. 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 14, 2017 until November 14, 2018. 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, 2017 until July 28, 2018. The School has a public official dishonesty bond with RLI Insurance Company for the Assistant Principal, bond number LSM0927322, which covers Alex Souza for the penal sum of \$100,000

from September 9, 2017 until September 9, 2018. In addition, the School has bonded all General and Activity Fund Custodians with RLI Insurance Company for the penal sum of \$1,000 each.



## **OTHER INFORMATION – REGULATORY BASIS**

OKC CHARTER SANTA FE  
SOUTH SCHOOLS NO. E-021  
OKLAHOMA COUNTY, OKLAHOMA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
REGULATORY BASIS - ALL AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	Beginning Balance As of July 1, 2017	Total Receipts	Total Adjustments	Total Disbursements	Ending Balance As of June 30, 2018
<b>ASSETS:</b>					
ASSETS OF STUDENT GROUPS	\$ 400,548	\$ 574,354	\$ -	\$ 548,668	\$ 426,234
<b>TOTAL ASSETS</b>	<b>\$ 400,548</b>	<b>\$ 574,354</b>	<b>\$ -</b>	<b>\$ 548,668</b>	<b>\$ 426,234</b>
<b>LIABILITIES:</b>					
<b>HIGH SCHOOL ACTIVITIES:</b>					
BAND	\$ 786	\$ 12,599	\$ -	\$ 9,478	\$ 3,907
AMBROSIOS HOUSE	3,471	889	(25)	1,049	3,286
ACADEMIC TEAM	995	-	-	-	995
SEERIGHT FRONT DESK	1	3	567	378	193
MEACHEM'S TEAM	225	2,734	(2,577)	382	-
VOLLEYBALL	539	4,606	-	2,499	2,646
SOFTBALL	296	-	-	-	296
BASKETBALL BOYS	5,476	7,731	1,901	12,699	2,409
HARDING TEAM	144	-	225	-	369
CHOIR	1,015	11,178	-	8,998	3,195
CAPITAL CAMPAIGN	78,318	59,880	975	81,302	57,871
SOCCER	4,952	4,744	(1,000)	6,372	2,324
ARGOT'S TEAM	-	405	-	-	405
PANKHURST GREAT IDEAS	445	-	(445)	-	-
ALPHA	1,789	3,890	-	3,969	1,710
ROWING	936	-	-	748	188
BASKETBALL GIRLS	399	3,386	(804)	2,581	400
WOMEN'S STUDIES	138	-	(138)	-	-
TRACK	1,040	2,377	-	2,401	1,016
CHINESE	188	651	(25)	600	214
LIBRARY	402	-	-	-	402
FEAR'S TEAM	-	18	-	-	18
BASEBALL	1,836	11,712	-	10,532	3,016
WILLIAMS TEAM	194	-	-	-	194
STUDENT COUNCIL/LEADERS	2	5,986	2,464	6,635	1,817
SENIORS 2017	7,369	49,840	(13,759)	38,467	4,983
PTW CHOIR	319	-	-	-	319
ALLISON'S TEAM	-	-	-	-	-
LOUGHRIDGE TEAM	336	190	-	-	526
HOUSE	52	2,902	(1,504)	836	614
FACILITIES RENTAL	112,071	13,989	-	87,310	38,750
RENNIE BERRY SCHOLARSHIP	300	-	-	-	300
YEARBOOK	1,770	9,240	10,400	17,556	3,854
FOLMSBEE'S TEAM	240	-	(240)	-	-
YEAGER'S TEAM	-	618	-	451	167
GAME CLUB	184	84	-	-	268
SALGADO'S TEAM	-	509	-	500	9
VALERIUS HOUSE	2,445	1,434	(700)	1,209	1,970
PROM ACCOUNT	5,223	2,044	3,725	4,010	6,982
AGUIRRE'S TEAM	260	-	-	-	260
SAPIENTIA	83	494	(25)	510	42
TAYLOR'S TEAM	-	196	-	163	33
GORE'S TEAM	189	40	6	-	235
VANGILDER TEAM	359	-	-	-	359
HUTCHES TEAM	100	-	(100)	-	-
PTW STUDENTS UNIFORMS	160	-	-	-	160
PATHWAYS NHS	438	1,816	(403)	-	1,851
PATHWAYS YEARBOOK	944	70	-	426	588
COLE'S TEAM	174	179	-	179	174
SENIOR TRIP	2,522	-	(1,422)	-	1,100
CROSS COUNTRY	321	269	-	385	205

OKC CHARTER SANTA FE  
SOUTH SCHOOLS NO. E-021  
OKLAHOMA COUNTY, OKLAHOMA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
REGULATORY BASIS - ALL AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	Beginning Balance As of July 1, 2017	Total Receipts	Total Adjustments	Total Disbursements	Ending Balance As of June 30, 2018
<b>LIABILITIES (Continued):</b>					
<b>HIGH SCHOOL ACTIVITIES (Continued):</b>					
CHEERLEADING	\$ 524	\$ 10,140	\$ (25)	\$ 7,785	\$ 2,854
GENERAL ACTIVITY	4,798	9,495	403	10,717	3,979
T ANDERSON'S TEAM	122	-	-	-	122
PATHWAYS GENERAL ACCT	5,728	3,923	-	3,379	6,272
GLENN'S TEAM	-	343	-	-	343
FERGUSON'S TEAM	-	223	-	140	83
STAHL'S TEAM	75	-	-	-	75
BREWSTER SCHOLARSHIP	2,483	225	-	2,000	708
BOEING SCHOLARSHIP	3,000	5,500	-	6,000	2,500
ART	208	250	-	-	458
CARTER'S TEAM	-	260	-	-	260
CUSACK'S TEAM	825	338	-	842	321
NEWSPAPER	1,751	1,050	(25)	1,204	1,572
ROSS' TEAM	83	609	-	542	150
MOORE'S TEAM	1,953	-	(150)	-	1,803
TULLY'S TEAM	243	205	-	399	49
NATIONAL MATH HONOR SOC	428	-	-	-	428
PATHWAYS 2019	6	8,318	7,969	9,177	7,116
PATHWAYS 2016	345	49	(394)	-	-
PATHWAYS 2017	8,704	646	(8,600)	750	-
PATHWAYS PROM	1,001	2,916	1,000	1,900	3,017
P. CRITTENDEN SCHOLARSHIP	500	-	-	-	500
GO BLUE HAT FOUNDATION	1	-	-	-	1
MEI'S TEAM	189	112	-	187	114
YUMIKO AKIBA	758	1,069	-	1,005	822
PATHWAY SCHOLARSHIP	2,768	729	-	-	3,497
FENCING	3	-	(3)	-	-
FONT'S TEAM	164	348	-	511	1
BALDERA'S TEAM	52	364	-	339	77
IBARRA'S TEAM	-	101	-	96	5
SHOAF'S TEAM	701	-	-	-	701
GORE'S TEAM	6	84	(6)	84	-
ELIZONDO'S TEAM	-	1,092	-	1,092	-
CELL PHONE	180	105	-	-	285
STROUD'S TEAM	-	466	-	466	-
PATHWAYS STUDENT COUNCIL	-	1,010	-	138	872
PATHWAYS BAND	-	2,765	-	2,310	455
RESILIENCE SCHOLARSHIP	-	41,050	10,000	1,875	49,175
PTW-HOPE	-	88	1,654	200	1,542
PTW-STEAM	-	34	500	-	534
FACULTY SCHOLARSHIP	-	20,000	(10,000)	1,027	8,973
<b>TOTAL HIGH SCHOOL ACTIVITIES</b>	<b>277,045</b>	<b>330,610</b>	<b>(581)</b>	<b>356,790</b>	<b>250,284</b>
<b>MIDDLE SCHOOL ACTIVITIES:</b>					
SIXTH GRADE SCIENCE	-	95	-	-	95
GENERAL ACTIVITY	2,148	4,480	938	3,751	3,815
CHEERLEADING	1	4,761	-	2,770	1,992
CONSOLIDATE CONCESSION	25	-	(25)	-	-
STUDENT ACTIVITIES FUNDRAISE	6	3,473	326	3,537	268
STUDENT COUNCIL	2,692	879	240	944	2,867
DRAMA	118	-	-	-	118
WATER FOR FOUNDATION	-	-	-	-	-
CONSOLIDATE YEARBOOK	192	-	(192)	-	-
SCIENCE OLYMPIAD	3	-	(3)	-	-
CONCESSIONS	1,669	1,753	25	963	2,484
FOOTBALL	648	321	(648)	-	321
WRESTLING	6,101	-	-	-	6,101
ZENG'S TEAM	-	580	-	564	16
BASKETBALL	13	1,408	-	588	833
BASEBALL	88	965	-	430	623
HALE'S TEAM	-	454	-	324	130
SAVAGE'S TEAM	17	200	-	190	27

OKC CHARTER SANTA FE  
SOUTH SCHOOLS NO. E-021  
OKLAHOMA COUNTY, OKLAHOMA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
REGULATORY BASIS - ALL AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	Beginning Balance As of July 1, 2017	Total Receipts	Total Adjustments	Total Disbursements	Ending Balance As of June 30, 2018
<b>LIABILITIES (Continued):</b>					
<b>MIDDLE SCHOOL ACTIVITIES (Continued):</b>					
HOFFMAN'S TEAM	\$ -	\$ 20	\$ -	\$ -	20
SOFTBALL	572	471	-	650	393
OUTDOOR ED	20	15,574	380	2,380	13,594
DC TRIP	365	40	-	-	405
YEARBOOK	375	3,151	192	3,717	1
SALGADO TEAM	333	438	-	770	1
KELLER'S TEAM	-	630	-	588	42
LIBRARY ACCOUNT	-	3,457	-	3,457	-
FAIR'S TEAM	119	430	-	376	173
SOCCER	1,828	5,571	1,000	6,813	1,586
CROSS COUNTRY	-	620	-	428	192
TRACK	1	-	-	-	1
MANN TEAM	-	1,941	(193)	1,495	253
VILLAFANA'S TEAM	3	288	(18)	273	-
RUDEK TEAM	52	-	-	-	52
JOHNSON TEAM	72	510	(15)	350	217
CHOIR	26	-	-	-	26
WILKINS TEAM	191	602	(169)	332	292
MCINTOSH TEAM	272	328	-	286	314
BARKER'S TEAM	65	771	40	716	160
GOODNOH'S TEAM	1	541	(1)	305	236
BASKETBALL CONCESSIONS	105	-	-	-	105
VESTAL'S TEAM	-	481	-	461	20
DEMARCHI'S TEAM	114	528	(326)	291	25
CAMP GODDARD	8,502	5,294	-	7,124	6,672
MCBRIDE'S TEAM	95	288	(95)	-	288
DICUS' TEAM	-	338	15	240	113
CHESS CLUB	42	-	-	-	42
COMMUNITY GARDEN	199	-	-	-	199
NEW CONCESSION STAND	3,932	-	-	-	3,932
RITCHIE'S TEAM	-	357	-	348	9
CELL PHONE	349	-	-	-	349
R. STROUD'S TEAM	-	212	-	-	212
COWEN TEAM	273	557	-	487	343
SPANISH DEPT.	30	-	-	-	30
GIRLS BASKETBALL	1,195	791	-	710	1,276
HONEY BEES	1,472	-	-	-	1,472
6TH GRADE LIBRARY	276	-	-	-	276
REDMAN TEAM	333	172	-	-	505
SMITH TEAM	6	-	-	-	6
WHITEHEAD	190	-	(190)	-	-
FACULTY SCHOLARSHIP	3,300	-	-	3,200	100
PRY TEAM	121	137	-	176	82
BOWEN	38	654	-	667	25
DAWN FAIR	12	195	-	199	8
HEATHER FILES	-	307	-	303	4
SOFIA SMART	89	180	-	162	107
FEARS TEAM	20	246	-	236	30
HILLEBRAND	17	335	-	-	352
GORDON	30	312	-	319	23
DOAN	56	477	-	377	156
SIXTH GRADE SCIENCE	-	38	-	-	38
<b>TOTAL MIDDLE SCHOOL ACTIVITIES</b>	<b>38,812</b>	<b>66,651</b>	<b>1,281</b>	<b>52,297</b>	<b>54,447</b>

OKC CHARTER SANTA FE  
SOUTH SCHOOLS NO. E-021  
OKLAHOMA COUNTY, OKLAHOMA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
REGULATORY BASIS - ALL AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	Beginning Balance As of July 1, 2017	Total Receipts	Total Adjustments	Total Disbursements	Ending Balance As of June 30, 2018
<b>ELEMENTARY SCHOOL ACTIVITIES:</b>					
GENERAL ACTIVITY	\$ 13,317	\$ 11,219	\$ -	\$ 14,291	\$ 10,245
STUDENT/TEACHER/PARENT	28,705	38,504	(700)	26,488	40,021
FIRST GRADE	80	-	-	-	80
ELEMENTARY TRIP	3,247	65	-	-	3,312
ECC GENERAL ACTIVITY	7,305	10,549	-	12,022	5,832
ECC STUDENT/TEACHER/PARENT	9,971	12,977	-	8,174	14,774
HILLS GENERAL ACTIVITY	7,952	20,851	-	11,215	17,588
HILLS STUDENT/TEACHER/PARENT	14,114	35,859	-	28,701	21,272
SPERO GENERAL ACTIVITY	-	11,580	(2,097)	3,777	5,706
SPERO STUDENT/TEACHER/PARENT	-	35,489	2,097	34,913	2,673
<b>TOTAL ELEMENTARY SCHOOL ACTIVITIES</b>	<b>84,691</b>	<b>177,093</b>	<b>(700)</b>	<b>139,581</b>	<b>121,503</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 400,548</b>	<b>\$ 574,354</b>	<b>\$ -</b>	<b>\$ 548,668</b>	<b>\$ 426,234</b>

OKC CHARTER SANTA FE  
SOUTH SCHOOLS NO. E-021  
OKLAHOMA COUNTY, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018

Pass-through		Grantor's Project Number	Beginning Balance 1-Jul-17	Revenue Collected	Total Expenditures	Ending Balance 30-Jun-18
Federal CFDA Number	Federal Grantor/Pass Through Grantor/Program Title					
<b><u>U.S. Department of Agriculture:</u></b>						
<b>Passed through Oklahoma Department of Education:</b>						
Child Nutrition Cluster:						
	10.553	764	\$ -	\$ 229,614	\$ 229,614	\$ -
	10.555	763	-	952,072	952,072	-
			-	1,181,686	1,181,686	-
<b>Total U.S. Department of Agriculture</b>						
			-	1,181,686	1,181,686	-
<b><u>U.S. Department of Education:</u></b>						
<b>Passed through Oklahoma Department of Education:</b>						
Title I	84.010	511	-	669,623	943,720	(274,097)
Title I 2016-17	84.010	511	(7,051)	7,051	-	-
Title I, School Support	84.010	515	-	-	9,683	(9,683)
Title I, School Support 2016-17	84.010	515	(14,857)	14,857	-	-
Total Title I Program			(21,908)	691,531	953,403	(283,780)
Title II, Part A Improve Teachers	84.367	541	-	37,475	199,024	(161,549)
Title II, PartA Improve Teachers 2016-17	84.367	541	(94,914)	94,914	-	-
Total for Title II Program			(94,914)	132,389	199,024	(161,549)
(Continued)						

(Continued)



OKC CHARTER SANTA FE  
SOUTH SCHOOLS NO. E-021  
OKLAHOMA COUNTY, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Beginning Balance 1-Jul-17	Revenue Collected	Total Expenditures	Ending Balance 30-Jun-18
<b>U.S. Department of Education (continued):</b>						
<b>Passed through Oklahoma Department of Education (continued):</b>						
Title III, Part A, English Language	84.365	572	-	73,128	88,951	(15,823)
Title III, Part A, English Language 2015-16	84.365	572	(3,165)	3,165	-	-
Total Title II Program			(3,165)	76,293	88,951	(15,823)
<b>Special Education Cluster:</b>						
IDEA-B, Flowthrough	84.027	621	-	312,752	312,752	-
IDEA-B, Flowthrough 2016-17	84.027	621	(5,689)	5,689	-	-
IDEA-B, Preschool	84.173	641	-	2,297	2,297	-
IDEA-B, Preschool 2016-17	84.173	641	(191)	191	-	-
Total Special Education Cluster			(5,880)	320,929	315,049	-
<b>Twenty-First Century Community Learning Centers</b>						
Twenty-First Century Community Learning Centers 2016-17	84.287	553	-	53,481	95,197	(41,716)
Total Twenty-First Century Program			(38,163)	38,163	-	-
	84.287	553	(38,163)	91,644	95,197	(41,716)
Total U.S. Department of Education			(164,030)	1,312,786	1,651,624	(502,868)
Total Expenditures of Federal Awards			(164,030) \$	2,494,472 \$	2,833,310 \$	(502,868)

OKC CHARTER SANTA FE  
SOUTH SCHOOLS NO. E-021  
OKLAHOMA COUNTY, OKLAHOMA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018

NOTE A--BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of OKC Charter Santa Fe South Schools No. E-021 (the "School") under programs of the federal government for the year ended June 30, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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, changes in net assets, or cash flows of the School.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on 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. The School has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C--SUBRECIPIENTS

During the year ended June 30, 2018, the School did not provide any federal awards to subrecipients.

**REPORTS REQUIRED BY *GOVERNMENT AUDITING*  
*STANDARDS* AND UNIFORM GUIDANCE**



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*

The Honorable Board of Education  
OKC Charter Santa Fe South Schools District No. E-021  
Oklahoma County, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined fund type and fixed asset account group financial statements – regulatory basis of OKC Charter Santa Fe South Schools No. E-021, Oklahoma County, Oklahoma (the “School”), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements and have issued our report thereon dated May 10, 2019 (originally issued March 4, 2019), which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. In addition, 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.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that 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 material weaknesses 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 deficiency described in the accompanying schedule of findings and questioned costs as item 2018-003 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 in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002 to be significant deficiencies.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances 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 items 2018-001, 2018-002 and 2018-003.

### ***Emphasis of Matter***

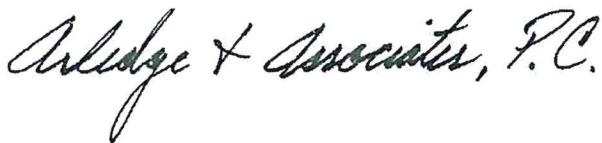
The School has revised and reissued the financial reports previously issued on March 4, 2019, to include the Gift Fund activity within the School's financial statements. The previously issued auditor's report dated March 4, 2019 is not to be relied upon due the necessity to include the Gift Fund activity to bring the financials into full context and is replaced by this report. Our audit opinion is not modified with respect to this matter.

### **School's Response to Findings**

The School's response to the findings identified in our audit is 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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



May 10, 2019

(Originally issued March 4, 2019 as noted in Paragraph 7 above)



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

The Honorable Board of Education  
OKC Charter Santa Fe South Schools District No. E-021  
Oklahoma County, Oklahoma

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

We have audited OKC Charter Santa Fe South Schools No. E-021, Oklahoma County, Oklahoma's (the "School"), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2018. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

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

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.



### ***Emphasis of Matter***

The School has revised and reissued the financial reports previously issued on March 4, 2019, to include the Gift Fund activity within the School's financial statements. The previously issued auditor's report dated March 4, 2019 is not to be relied upon due the necessity to include the Gift Fund activity to bring the financials into full context and is replaced by this report. Our audit opinion is not modified with respect to this matter.

### **Report on Internal Control over Compliance**

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is 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 a material weakness. 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.

*Arlidge & Associates, P.C.*

May 10, 2019

(Originally issued March 4, 2019 as noted in Paragraph 6 above)

OKC CHARTER SANTA FE  
SOUTH SCHOOLS NO. E-021  
OKLAHOMA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018

**Section I--Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued on whether the financial statements were in accordance with GAAP:

*Adverse.*

Internal control over financial reporting:

- Material weakness(es) identified?   X   yes        no
- Significant deficiency(ies) identified?   X   yes        none reported

Noncompliance material to financial statements noted?

  X   yes        no

*Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified?        yes   X   no
- Significant deficiency(ies) identified?        yes   X   none reported

Type of auditor's report issued on compliance for major federal programs:

*Unmodified*

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

       yes   X   no

Identification of major federal programs:

<u>Program</u>	<u>CFDA Number</u>
Child Nutrition Cluster	*
Title I	84.010

\*Refer to the Schedule of Expenditures of Federal Awards for CFDA numbers related to these programs.

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

       yes   X   no



OKC CHARTER SANTA FE  
SOUTH SCHOOLS NO. E-021  
OKLAHOMA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2018

**Section II--Findings Required to be Reported in Accordance with *Government Auditing Standards*:**

**Finding 2018-001: Deposit Requirement – Activity Fund Deposit**

Oklahoma Statute: Title 70 Section 5-129

*Criteria:* The School is required to deposit all funds and revenues, as defined in Title 70 Section 5-129, on hand by the end of the next business day if the deposit is over \$100. However, if the deposit for the day is 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.

*Condition:* In our testing, two out of the fifteen receipts tested were noted as being over \$100 and were not deposited by the end of the next business day as required by Oklahoma Statute Title 70 Section 5-129.

*Cause:* The School does not track when funds are received. In our testing, we were able to view the date the checks were written but were not able to verify when the checks were received.

*Effect:* The checks that are received in the mail do not appear to meet the deposit requirement since there is no record of when the checks are received.

*Recommendation:* We recommend the School keep record of when all funds are received.

*Management's response:* Santa Fe South Schools created an Excel spreadsheet to record each check we receive. It will record the following: name of the person who wrote the check, name of the person who received the check, check number, amount of the check, date received, how we received it (mail or in person), and deposit date. All Activity Fund Custodians have received a copy of the spreadsheet and it will form part of the deposit supporting documentation.

**Finding 2018-002: Proper Documentation – Activity Fund Receipts**

Oklahoma Cost Accounting System – OAC 210:25-5-13 (I) School Activity Fund

*Criteria:* The School Activity Fund Custodian is required to issue receipts for collections. Reconciliation documents should be filed in date order as part of the documentation for the School Activity Fund.

*Condition:* In our testing, one out of the fifteen receipts tested did not have proper supporting documentation.

OKC CHARTER SANTA FE  
SOUTH SCHOOLS NO. E-021  
OKLAHOMA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2018

**Finding 2018-002: Proper Documentation – Activity Fund Receipts (Cont'd)**

*Cause:* The School did not keep a copy of the receipt issued.

*Effect:* We were not able to verify a receipt was issued by the School Activity Fund Custodian.

*Recommendation:* We recommend the School keep a copy of each receipt issued.

*Management's response:* Santa Fe South Schools Activity Fund Custodians are required to issue receipts for collections. We do wish to note that only one of the fifteen receipts tested did not have proper supporting documentation. In this case the custodian deposited \$31.00 more than the receipt she made. It appears the Custodian simply forgot to update the receipt. Unfortunately, the Custodian resigned before the audit, so we were not able to verify this isolated case. By policy, all school's activity fund custodians who collect money have receipt books and are required to use them properly. We have continued to provide ongoing training in this area.

**Finding 2018-003: Inclusion of Activity in All Funds**

*Criteria:* The School is required to include financial data on all Fund groups in their annual financial statements.

*Condition:* After the original approval of the financial statements, it was determined that funds received and expended in the Gift Fund were not provided during the audit process and were not included in the original approved annual financial statements for the year ending June 30, 2018.

*Cause:* The design of the School's internal control system was not sufficient to monitor and detect whether all Fund groups were provided for audit and included in the annual financial statements.

*Effect:* Activity of a material amount was not captured in the Gift Fund in the originally issued annual financial statements.

*Recommendation:* We recommend the School develop a checklist and process for the annual financial audit to assess and monitor that all documents are properly provided for the audit and all activity is accurately reflected in the approved annual financial statements.

*Management's response:* Santa Fe South Schools, Inc. has developed a checklist and process for the annual financial audit review.

OKC CHARTER SANTA FE  
SOUTH SCHOOLS NO. E-021  
OKLAHOMA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2018

**Section III--Finding Required to be Reported in Accordance with the Uniform Guidance:**

None to report for the June 30, 2018 period.



OKC CHARTER SANTA FE  
SOUTH SCHOOLS NO. E-021  
OKLAHOMA COUNTY, OKLAHOMA  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018

**Finding 2017-001: Eligibility and Verification – Eligibility Status and Documentation**

*Federal Program:* CFDA # 10.553 and 10.555 – Child Nutrition Cluster

*Criteria:* Eligibility - The School is required to obtain appropriate documentation for each applicant/student and determine the eligibility status of the student based on income and household size as determined by the annual Income Eligibility Guidelines provided by the United States Department of Agriculture. It is additionally noted that annual eligibility determinations may also be based on the child's household receiving benefits under the Supplemental Nutrition Assistance Program (SNAP), Food Distribution Program on Indian Reservations (FDPIR), the Head Start Program, or Temporary Assistance for Needy Families (TANF). A household may furnish documentation of its participation in one of these programs; or the school may obtain the information directly from the State or local agency that administers these programs. Students in such households as well as certain foster, runaway, homeless, and migrant children are categorically eligible for free school lunches and breakfasts. Verification – The School is required to verify a sample of current free and reduced price applications by November 15<sup>th</sup> of each year to obtain supporting documentation from the parent/guardian to support the income provided in their application. The Schools must then review any support obtained and adjust the status of students as appropriate. When no support is received, the eligibility of the student status should be changed to paid until a time when appropriate support is obtained from the parent/guardian. Furthermore, the School is required to obtain and maintain proper documentation supporting the applicants selected for verification.

*Condition:* In our eligibility testing, five out of forty students tested did not have the proper eligibility status of free, reduced or paid selected. The eligibility conditions were noted at the High School, Middle School, and Penn Elementary School sites. In our verification testing sample of seven applications, we noted two eligibility statuses that did not appear to be properly updated based on support received or not received from parent/guardian. In our verification testing, in a sampling population of seven applicants selected for verification, we noted two applicant verifications that were not properly supported by a copy of the letter sent out requesting verification from applicant, copy of the follow-up letter when no response was received in relation to the first letter, copy of the letter sent notifying change of status, or support from applicant received as defined by 7 CFR Section 245.6a(b). The verification conditions were noted at the High School and Middle School sites.

*Questioned Costs:* None



OKC CHARTER SANTA FE  
SOUTH SCHOOLS NO. E-021  
OKLAHOMA COUNTY, OKLAHOMA  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018

**Finding 2017-001: Eligibility and Verification – Eligibility Status and Documentation (Cont'd)**

*Cause:* The verification process is performed by individuals at each site without a centralized monitoring process in place to review that the eligibility status is being properly determined and/or updated and that the Federal verification documentation requirements are being properly and consistently met at all school sites.

*Effect:* There is a potential that students could be improperly classified as free, reduced or paid.

*Recommendation:* We recommend that key personnel be trained annually on the Income Eligibility Guidelines provided by the United States Department of Agriculture as well as the requirements for which verification documents should be obtained and maintained. We also recommend that policies and procedures be put into place for the Schools to monitor the eligibility status and documentation maintenance performed at each site is in conformity with the applicable federal guidelines.

**Current year status:** This finding has been corrected in the current period.

OKC CHARTER SANTA FE  
SOUTH SCHOOLS NO. E-021  
OKLAHOMA COUNTY, OKLAHOMA  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL  
LIABILITY INSURANCE AFFIDAVIT  
JULY 1, 2017 TO JUNE 30, 2018

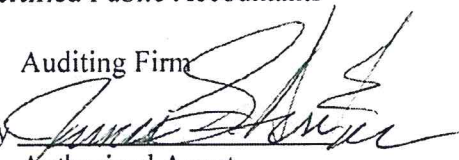
State of Oklahoma )

County of Oklahoma )

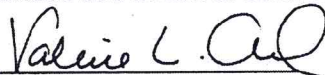
The undersigned auditing firm, representative of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with OKC Charter Santa Fe South Schools No. E- 021 for the audit year 2017-2018.

Arledge and Associates, P.C.  
Certified Public Accountants

Auditing Firm

By   
Authorized Agent

Subscribed and sworn to before me on this 20 day of, March, 2019.

  
Notary Public

