

**FINANCIAL STATEMENTS – REGULATORY BASIS  
AND REPORTS OF INDEPENDENT AUDITOR**

**ASTEC CHARTER SCHOOL, G-004  
OKLAHOMA COUNTY, OKLAHOMA**

**JUNE 30, 2022**

Audited by

**BLEDSON, HEWETT & GULLEKSON  
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP**

**BROKEN ARROW, OK**

ASTEC CHARTER SCHOOL NO. G-004, OKLAHOMA COUNTY  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2022

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ASTEC CHARTER SCHOOL NO. G-004, OKLAHOMA COUNTY  
JUNE 30, 2022

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JUNE 30, 2022

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## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Board of Education  
ASTEC Charter School District Number G-004  
Oklahoma City, Oklahoma County, Oklahoma

### ***Report on the Audit of the Financial Statements***

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of the ASTEC Charter School District No. G-004, Oklahoma City, Oklahoma County, Oklahoma (the School), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### ***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the effects of the matter discussed in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" section of our report, the combined financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances arising from regulatory basis transactions of each fund type and account group of the School, as of June 30, 2022, and the revenues it received and expenditures it paid and encumbered for the year then ended, in accordance with the financial reporting provisions of the Oklahoma State Department of Education as described in Note 1.

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

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

### ***Basis for Opinions***

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

### ***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 or permitted by the Oklahoma State Department of Education. The amount that should be recorded in the General Fixed Asset Account Group is not known.

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

As described in Note 1 to the financial statements, to meet the financial reporting requirements of the Oklahoma State Department of Education, the financial statements are prepared by the School on the basis of the financial reporting regulations prescribed or permitted 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. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education as described in Note 1, to meet the financial reporting requirements of the State of Oklahoma; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the fund type and account group financial statements-regulatory basis that collectively comprise the School's basic financial statements. The accompanying combining financial statements-regulatory basis and other supplementary information and schedule of expenditures of federal awards, 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*, are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements-regulatory basis. The information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the combined financial statements-regulatory basis 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, except for the financial statements being prepared in compliance with the regulatory basis as prescribed by the Oklahoma State Department of Education as discussed in Note 1, the combining financial statements-regulatory basis and other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the combined financial statements-regulatory basis as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

***Bledsoe, Hewett & Gullekson***

Bledsoe, Hewett & Gullekson  
Certified Public Accountants, PLLLP

February 3, 2023



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

To the Honorable Board of Education  
ASTEC Charter School District Number G-004  
Oklahoma City, Oklahoma County, 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 fund type and account group financial statements – regulatory basis of the ASTEC Charter School District No. G-004, Oklahoma City, Oklahoma County, Oklahoma (the School), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated February 3, 2023, 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 as provided by the Oklahoma State Department of Education. However, our report was qualified because the omission of the general fixed asset account group results in an incomplete presentation with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board 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) 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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of School's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### ***Compliance and Other Matters***

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

### ***Purpose of this Report***

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

***Bledsoe, Hewett & Gullekson***

Bledsoe, Hewett & Gullekson  
Certified Public Accountants, PLLLP

February 3, 2023



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

To the Honorable Board of Education  
ASTEC Charter School District Number G-004  
Oklahoma City, Oklahoma County, Oklahoma

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

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

We have audited the ASTEC Charter School District No. G-004, Oklahoma City, Oklahoma County, Oklahoma's (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2022. 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.

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, 2022.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

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

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

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

material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Bledsoe, Hewett & Gullekson*

Bledsoe, Hewett & Gullekson  
Certified Public Accountants, PLLLP

February 3, 2023

ASTEC CHARTER SCHOOL NO. G-004, OKLAHOMA COUNTY  
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND  
MATERIAL INSTANCES OF NON-COMPLIANCE  
JUNE 30, 2022

There were no prior year significant deficiencies.

ASTEC CHARTER SCHOOL NO. G-004, OKLAHOMA COUNTY  
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2022

**Section 1** - Summary of Auditor's Results:

1. An adverse opinion was issued on the combined financial statements in conformity with generally accepted accounting principles, and a qualified opinion was issued for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma State Department of Education.
2. The audit did not identify any material weaknesses and did not report any significant deficiencies not considered to be material weaknesses in the internal controls over financial reporting.
3. The audit disclosed no instances of noncompliance which were material to the financial statements.
4. The audit did not identify any material weaknesses and did not report any significant deficiencies not considered to be material weaknesses in the internal controls over major programs.
5. An unmodified opinion report was issued on the compliance for major programs in conformity with the regulatory basis of accounting.
6. The audit disclosed no audit findings which are required to be reported under Uniform Guidance, 2 CFR 200.51(a).
7. Programs determined to be major are the COVID-19 Education Stabilization Fund-CARES/ESSER/ARP Programs (84.425D, 84.425U) which were not clustered in determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$750,000.
9. The auditee was determined not to be a low-risk auditee.

**Section 2** – Findings relating to the financial statements required to be reported in accordance with GAGAS:

None

**Section 3** – Findings and questioned costs for federal awards:

None

**COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS**

ASTEC CHARTER SCHOOL NO. G-004, OKLAHOMA COUNTY  
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -  
 REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 2022

	GOVERNMENTAL FUND TYPES		FIDUCIARY FUND TYPES	TOTAL
	GENERAL FUND	SPECIAL REVENUE FUNDS	EXPENDABLE TRUST AND AGENCY FUND	
<u>ASSETS</u>				
Cash	\$ 6,498,239	388,643	241,398	7,128,280
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Warrants/checks payable	\$ 525,245			525,245
Encumbrances	113,308			113,308
Funds held for school organizations			241,398	241,398
Total liabilities	638,553	0	241,398	879,951
Fund Balance:				
Restricted		388,643		388,643
Unassigned	5,859,686			5,859,686
Total fund balance	5,859,686	388,643	0	6,248,329
Total Liabilities and Fund Balance	\$ 6,498,239	388,643	241,398	7,128,280

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



ASTEC CHARTER SCHOOL NO. G-004, OKLAHOMA COUNTY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH FUND BALANCES  
 REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2022

	GOVERNMENTAL FUND TYPES		TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	
Revenues:			
Local sources	\$ 135,541		135,541
State sources	8,617,115	388,643	9,005,758
Federal sources	3,928,618		3,928,618
Interest earnings	27,125		27,125
Non-revenue receipts	5,078		5,078
Total revenues	<u>12,713,477</u>	<u>388,643</u>	<u>13,102,120</u>
Expenditures:			
Instruction	4,204,083		4,204,083
Support services	5,303,232		5,303,232
Operation of non-instructional services	643,000		643,000
Facilities acquisition & construction services	20,095		20,095
Other outlays:			
Reimbursement	3,439		3,439
Correcting entry	3,527		3,527
Total expenditures	<u>10,177,376</u>	<u>0</u>	<u>10,170,410</u>
Revenues over (under) expenditures	2,536,101	388,643	2,924,744
Other financing sources (uses):			
Adjustments to prior year encumbrances	266,526		266,526
Loss in investments	(45,921)		(45,921)
Total other financing sources (uses)	<u>220,605</u>	<u>0</u>	<u>220,605</u>
Revenue and other sources over (under) expenditures and other uses	2,756,706	388,643	3,145,349
Cash fund balance, beginning of year	<u>3,102,980</u>	<u>0</u>	<u>215,546</u>
Cash fund balance, end of year	<u>\$ 5,859,686</u>	<u>388,643</u>	<u>6,248,329</u>

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

ASTEC CHARTER SCHOOL NO. G-004, OKLAHOMA COUNTY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
 REGULATORY BASIS - BUDGETED GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2022

	GENERAL FUND			PRIOR YEAR (MEMORANDUM ONLY)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
Revenues:				
Local sources	\$		135,541	18,458
State sources	8,407,543	8,407,543	8,617,115	7,973,852
Federal sources	4,862,517	4,862,517	3,928,618	1,933,671
Interest earnings			27,125	14,741
Non-revenue receipts			5,078	1,112,915
Total revenues	<u>13,270,060</u>	<u>13,270,060</u>	<u>12,713,477</u>	<u>11,053,637</u>
Expenditures:				
Instruction	3,571,533	3,571,533	4,204,083	4,175,558
Support services	10,353,016	10,353,016	5,303,232	4,859,600
Operation of non-instructional services	1,928,024	1,928,024	643,000	672,272
Facilities acquisition & construction services	481,351	481,351	20,095	20,095
Other outlays:				
Reimbursement	18,775	18,775	3,439	22,952
Indirect cost entitlement	20,341	20,341		
Correcting entry			3,527	1,100,128
Total expenditures	<u>16,373,040</u>	<u>16,373,040</u>	<u>10,177,376</u>	<u>10,830,510</u>
Revenues over (under) expenditures	(3,102,980)	(3,102,980)	2,536,101	223,127
Other financing sources (uses):				
Adjustments to prior year encumbrances			266,526	115,571
Loss on investments			(45,921)	
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>220,605</u>	<u>115,571</u>
Revenue and other sources over (under) expenditures and other uses	(3,102,980)	(3,102,980)	2,756,706	338,698
Cash fund balance, beginning of year	<u>3,102,980</u>	<u>3,102,980</u>	<u>3,102,980</u>	<u>2,764,282</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>5,859,686</u>	<u>3,102,980</u>

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

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

ASTEC CHARTER SCHOOL NO G-004, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the ASTEC Charter School, (the “School”), have been prepared in conformity with another comprehensive basis of accounting prescribed by the Oklahoma State Department of Education as authorized by Oklahoma Statutes. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with the 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**

ASTEC, Inc., an Oklahoma not-for profit corporation described in Internal Revenue Code Section 501(c)(3), was formed for the benefit of a school to be called The Advanced Science and Technology Education Charter (ASTEC). The School was formed under provisions of the Oklahoma Charter Schools Act through a contract with Oklahoma State University, as its sponsoring school, a political subdivision of the state. The School is also a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. 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.

The governing body of the School is the Board of Education composed of eight voting community members. The appointed Chief Executive Officer is the lead official of the School. The Board, constituting an on-going entity, is the level of government which has governance responsibilities over all activities, related to public elementary and secondary school education within the jurisdiction of the local independent school district. The School receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

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

ASTEC CHARTER SCHOOL NO G-004, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

**A. Reporting Entity – cont'd**

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. The School did not include any component units as part of the reporting entity's financial statements.

**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.

Funds are classified into three categories: Governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

**Governmental Fund Types**

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

General Fund – The general fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include state funding under the Foundation and Incentive Aid Program. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d**

**B. Measurement Focus - cont’d**

Special Revenue Funds – Special revenue funds account for revenue sources that are restricted to expenditures for specific purposes. The special revenue funds typically include the building, co-op and child nutrition funds. The School did not maintain the co-op or child nutrition fund during the 2021-22 fiscal year.

Building Fund – The building fund consists mainly of monies derived from the Redbud School Funding Act, a State allocated grant, for the purpose of erecting, remodeling, repairing, or maintaining school buildings and for purchasing furniture, equipment and computer software to be used on or for school district property, for paying energy and utility costs, for purchasing telecommunications services, for paying fire and casualty insurance premiums for school facilities, for purchasing security systems, and for paying salaries of security personnel.

Co-op Fund – The co-op fund is established when the boards of education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state, or local sources, including the individual contributions of participating school districts. The expenditures for this fund would consist of those necessary to operate and maintain the joint programs.

Child Nutrition Fund - The child nutrition fund consists of monies derived from federal and state financial assistance and food sales. This fund is used to account for the various nutrition programs provided to students. The School operates their child nutrition program within the general fund.

Debt Service Fund – The debt service fund is the School’s sinking fund and is used to account for the accumulation of financial resources for the payment of general long-term (including judgments) debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments. The School did not maintain this fund during the 2021-22 fiscal year.

Capital Projects Fund – The capital projects fund is the School’s bond fund and is used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities and acquiring transportation equipment. The School did not maintain this fund during the 2021-22 fiscal year.

ASTEC CHARTER SCHOOL NO G-004, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d**

**B. Measurement Focus – cont’d**

**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. The terms “non-expendable” and “expendable” refer to whether or not the School is under an obligation to maintain the trust principal. 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 operation.

Expendable Trust Funds – Expendable trust funds typically include the gifts and endowments fund. The School did not maintain any expendable trust funds during the 2021-22 fiscal year.

Gifts and Endowments Fund – The gifts and endowments fund receives its assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the School.

Agency Fund – The agency fund is the school activities fund which is used to account for monies collected principally through the fundraising efforts of 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 Groups**

An account group is not a fund and consists of a self-balancing set of accounts used only to establish accounting control over long-term debt and fixed assets.

General Long-Term Debt Account Group – This account group is established to account for all the 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. It is also used to account for other liabilities (judgments and lease purchases) which are to be paid from funds provided in future years.

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 the information necessary to include this group in its financial statements.

ASTEC CHARTER SCHOOL NO G-004, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d**

**B. Measurement Focus – cont’d**

**Memorandum Only - Total Column**

The total column on the combined financial statements – regulatory basis is captioned “memorandum only” to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with accounting principles generally accepted in the United States. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**C. Basis of Accounting and Presentation**

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* with certain modifications. This format differs significantly from that required by GASB 34.

The financial statements are essentially prepared on the 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 inventory assets.
- Warrants/checks payable are recorded as liabilities when issued.
- Long-term debt is recorded in the General Long-Term Debt Account Group and not in the basic financial statements.
- Compensated absences are recorded as expenditures when paid and not recorded as a liability.
- Fixed assets are recorded in the General Fixed Asset Account Group and not in the basic financial statements. Fixed assets are not depreciated.

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; and, when revenues are earned.



ASTEC CHARTER SCHOOL NO G-004, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

**C. Basis of Accounting and Presentation – cont'd**

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 basis of accounting. Revenues are recognized when they are received rather than earned and expenditures are generally recognized when encumbered/reserved rather than at the time the related fund liability is incurred. These practices differ from accounting principles generally accepted in the United States.

**D. Budgets and Budgetary Accounting**

The School is required by state law to prepare an annual budget. The Board of Education must request an initial temporary appropriations budget from their County Excise Board before June 30. The District uses the temporary appropriation amounts as their legal expenditure limit until the annual Estimate of Needs is completed.

A budget is legally adopted by the Board of Education for all funds (with the exception of the trust and agency funds) that includes revenues and expenditures. No later than October 1, each Board of Education shall prepare a financial statement and Estimate of Needs to be filed with the applicable County Clerk and the State Department of Education.

The 2021-22 Estimate of Needs was not amended by any supplemental appropriations. Any amendments must be approved by the County Excise Board.

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. Unencumbered appropriations lapse at the end of each fiscal year. While the Debt Service Fund is a governmental fund, a comparison of budget to actual schedule is presented in the financial statements, although the Board can exercise no control of the revenue sources for this fund (except interest earnings), and no control over its expenditures.

ASTEC CHARTER SCHOOL NO G-004, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

**E. Assets, Liabilities and Fund Balance**

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

Investments – The School considers investments of direct obligations of the United States government and agencies, certificates of deposits, savings accounts or savings certificates with maturities of greater than three months. All investments are recorded at cost, which approximates market value.

Inventories – The value of consumable inventories at June 30, 2022 is not material to the combined financial statements.

Fixed Assets and Property, Plant and Equipment – The School has not maintained a record of general fixed assets, and, accordingly, a General Fixed Assets Account Group required by the regulatory basis of accounting prescribed by the Oklahoma State Department of Education is not included in the financial statements. General fixed assets purchased are recorded as expenditures in the various funds at the time of purchase.

Warrants/Checks Payable – Warrants/checks 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/checks that have yet to be cashed by the School's bank.

Encumbrances – Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the School for which a warrant has not been issued. An expenditure is recorded and a liability is recognized for outstanding encumbrances at year end in accordance with the regulatory basis of accounting. While the regulatory basis that is used for the Debt Service Fund approximates full accrual accounting, the accruals recorded are reported to meet regulatory requirements, as opposed to the requirements of generally accepted accounting principles.

Compensated Absences – The School provides vacation and sick leave benefits in accordance with Title 70 of the Oklahoma Statutes, Article 6-104, which provides for annual sick leave and personal business days. School policy allows certified employees to accumulate such days to a maximum number of days. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources had not been reported as an expenditure of the governmental fund that will pay it since the financial statements have been prepared on the regulatory basis of accounting. This practice differs from generally accepted accounting principles.

ASTEC CHARTER SCHOOL NO G-004, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d**

**E. Assets, Liabilities and Fund Balance – cont’d**

Funds Held for School Organizations – Funds held for school organizations represent the funds received or collected from students or other cocurricular and extracurricular activities conducted in the School, control over which is exercised by the board of education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

Long-Term Debt – Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund 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 – In the fund financial statements, 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.

ASTEC CHARTER SCHOOL NO G-004, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d**

**E. Assets, Liabilities and Fund Balance – cont’d**

*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 include 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 purposes 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 assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

**F. Revenue 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. The School is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the School. These property taxes are distributed to the School’s general, building and sinking funds based on the levies approved for each fund. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax rolls for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1. If the first payment is not made in a timely manner, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1, of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property. Other local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

Intermediate Revenues - Revenue from intermediate sources is the amount of money from funds collected by an intermediate administrative unit, or a political subdivision between the School and the state, and distributed to Schools in amounts that differ in proportion to those which are collected within such systems.

ASTEC CHARTER SCHOOL NO G-004, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

**F. Revenue and Expenditures – cont'd**

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 from or additions to the revenue of 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 passthrough from another government, such as the state. Entitlement is the amount of payment to which the School is entitled pursuant to an allocation formula contained in applicable statutes. All federal revenues received by the School are apportioned to the general fund.

Non-Monetary Transactions – The School receives commodities from the U.S. Department of Agriculture. The value of these commodities has been included in the Schedule of Expenditures of Federal Awards; however, they have not been included in the financial statements as either revenue or expense since they are not reported under the regulatory basis of accounting.

Interest Earnings – Represent compensation for the use of financial sources over a period of time.

Non-Revenue Receipts – Non-revenue receipts represent receipts deposited into a fund that are not new revenues to the School, but the return of assets.

ASTEC CHARTER SCHOOL NO G-004, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d**

**F. Revenue and Expenditures – cont’d**

Instruction Expenditures – Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving cocurricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Included here are the activities of teacher assistants of any type (clerks, graders, teaching machines, etc.) which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

Support Services Expenditures – Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objectives of instruction, community services and enterprise programs, rather than as entities within themselves.

Operation of Non-Instructional Services Expenditures – Activities concerned with providing non-instructional services to students, staff or the community.

Facilities Acquisition and Construction Services Expenditures – Consists of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvements to sites.

Other Outlays Expenditures – A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting control. These are classified as Other Outlays. These include debt service payments (principal and interest).

Other Uses Expenditures – This includes scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditures for self-funded employee benefit programs administered either by the School or a third-party administrator.

Repayment Expenditures – Repayment expenditures represent checks/warrants issued to outside agencies for refund or restricted revenue previously received for overpayment, non-qualified expenditures and other refunds to be repaid from School funds.

ASTEC CHARTER SCHOOL NO G-004, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d**

**F. Revenue and Expenditures – cont’d**

Interfund Transactions – Quasi-external 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.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no interfund transfers made during the 2021-22 fiscal year.

**2. CASH AND INVESTMENTS**

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the School’s deposits may not be returned to the School. The School’s cash deposits and investments at June 30, 2022 were \$7,130,278 at financial institutions and were completely insured or collateralized by federal depository insurance, direct obligations of the U.S. Government, or securities held by the School or by its agent in the School’s name.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Due to the required liquidity for those investments, these funds have no defined maturity dates. The School does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Investment Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The School does not have a formal policy limiting its investment choices, other than the limitation of state law as follows:

- Direct obligations of the U.S. Government, its agencies and instrument to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.

ASTEC CHARTER SCHOOL NO G-004, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

**2. CASH AND INVESTMENTS – cont'd**

- County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous bullet items.

Concentration of Investment Credit Risk – The School places no limit on the amount it may invest in any one issuer.

**3. INTERFUND RECEIVABLES AND PAYABLES**

There were no interfund receivables or payables at June 30, 2022.

**4. GENERAL LONG-TERM DEBT**

The District did not maintain any long-term debt as of June 30, 2022.

**5. EMPLOYEE RETIREMENT SYSTEM AND PLAN**

The School has a 401(k) plan for all employees. The School matches full time employee's contributions up to 5% of salary. For the year ended June 30, 2022 total employer contributions were \$170,341.

**6. COMMITMENTS**

Charter Contract – The School operates under a charter granted by Oklahoma State University (OSU). As the sponsoring organization, OSU exercises certain oversight responsibilities. Under this charter, the School has agreed to pay OSU an annual administrative fee equal to 3% of state aid revenue. The current charter contract is effective until June 30, 2024.



ASTEC CHARTER SCHOOL NO G-004, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

**6. COMMITMENTS – cont'd**

Building Lease – The School leases their building at 2401 NW 23rd Street, Oklahoma City, Oklahoma 73107 from VTA Oklahoma City, LLC (VTA) for a period of 10 years concluding on December 31, 2027, at a monthly rate determined by the usable square footage. The School made rental payments totaling \$1,034,382 to VTA during the 2021-22 fiscal year.

Elementary Building – The School's Foundation, The ASTEC Fund, leases the new elementary building to the School. The elementary building at 2600 General Pershing Blvd, Oklahoma City, Oklahoma, was constructed and is owned by ASTEC Fund. Under the agreement, the School will make lease payments no greater than ASTEC Fund's construction loan amount. After the loan is paid off, the lease payments will be \$1 per year. The School made lease payments to ASTEC Fund during the 2021-22 fiscal year totaling \$780,000 (see Note 9 – Related Party Transactions).

**7. 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; or acts of God. The School purchases commercial insurance to cover these risks, including general and auto liability, property damage, public officials' liability, and workers compensation coverage. Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

**8. CONTINGENCIES**

Federal Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, 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.

Schedule of Expenditure of Federal Awards

The schedule shows the federal awards received and expended by the School during the 2021-22 fiscal year. The revised Uniform Guidance Audits of States, Local Governments and Non-Profit Organizations, established uniform audit requirements for nonfederal entities which expended more than \$750,000 in federal awards.

ASTEC CHARTER SCHOOL NO G-004, OKLAHOMA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

**8. CONTINGENCIES**

Litigation

School officials are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments against the School.

**9. RELATED PARTY TRANSACTIONS**

The Foundation for ASTEC Charter Schools, The ASTEC Fund, was formed to support the needs of ASTEC Charter Schools, as defined by the School and the ASTEC Charter Schools' governing board. ASTEC Fund is a separate legal entity and organized as a non-profit organization described in Internal Revenue Code Section 501(c)(3). During the 2021-22 fiscal year, the School made \$780,000 in lease payments to ASTEC Fund. ASTEC Fund's financial statements are not included in the School's financial statements and were not subject to audit.

## **SUPPLEMENTARY INFORMATION**

**ASTEC CHARTER SCHOOL NO. G-004, OKLAHOMA COUNTY**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**REGULATORY BASIS - ALL AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<u>Activities</u>	<u>Balance</u> <u>7/1/2021</u>	<u>Additions</u>	<u>Transfers/</u> <u>Adjustments</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2022</u>
Miscellaneous	\$ 12,919	14,675	16,993	7,433	37,154
Yearbook	3,606	4,725		443	7,888
Hospitality	819	4,850	(2,288)	3,118	263
Christmas Angels	8,647	8,133		4,991	11,789
Financial Literacy	5,000	0		0	5,000
Wes Welker Grant	150	0		0	150
Productions	1,569	0		0	1,569
HS Student Council	2,315	1,433	75	494	3,329
The Arts	2,468	0		0	2,468
Petty Cash	234	0		0	234
National Honor Society	306	764		0	1,070
National Junior Honor Society	72	60		0	132
Student Scholarships	4,539	0		0	4,539
Entrepreneur	5,669	0		0	5,669
Leadership MS	179	0		0	179
Cheerleading	1,776	0		0	1,776
Athletics	7,901	1,180		258	8,823
RB Jones Memorial	2,291	0	100	0	2,391
English Club	2,437	0		0	2,437
Class of 2024	16,463	975		5,644	11,794
Tech	8,719	0		0	8,719
MS Social Studies	3,105	0		0	3,105
MS Science	1,304	0		0	1,304
Testing	2,115	538		0	2,653
Biology Club	733	0		0	733
Academic Club	443	0		0	443
Robotics	2,581	1,500	1,000	1,794	3,287
Drama	2,653	0		0	2,653
Patches, Backpacks, Flashdrives	6,678	9,721	(2,242)	9,476	4,681
AP Club	59	0		0	59
Advanced Placement	2,232	0		0	2,232
Class of 2019	2,050	0	(2,050)	0	0
Healthcorps	2,901	0		0	2,901
Class of 2020	9,064	0	(9,064)	0	0
Film Club	2,523	0		0	2,523
Class of 2021	5,000	0	(5,000)	0	0
Chess Club	328	0		0	328
MS Student Council	812	0		0	812
AP US History Grant	575	0		0	575
Class of 2022	14,037	710	1,864	12,646	3,965
Project Lead The Way	2,992	0		0	2,992
Class of 2023	17,771	6,450	800	1,729	23,292
Phone / Gum Dues	1,672	130		0	1,802
Summer School	7,715	0		0	7,715

**ASTEC CHARTER SCHOOL NO. G-004, OKLAHOMA COUNTY**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**REGULATORY BASIS - ALL AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<u>Activities</u>	<u>Balance</u> <u>7/1/2021</u>	<u>Additions</u>	<u>Transfers/</u> <u>Adjustments</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2022</u>
Class of 2025	\$ 14,200	1,195		0	15,395
Music	631	25	(305)	0	351
HSA	37	0		0	37
Transportation	7,813	0		0	7,813
Class of 2026	5,813	2,020		1,362	6,471
Class of 2027	3,740	3,130		213	6,657
Class of 2028	3,557	1,990		213	5,334
Class of 2029	1,522	2,225		65	3,682
Class of 2030	947	610		65	1,492
Class of 2031	1,542	600		65	2,077
Class of 2032	1,312	505		65	1,752
Class of 2033	977	590		65	1,502
Class of 2034	1,242	650		65	1,827
Elementary	0	0		0	0
Class of 2035	680	380		65	995
Elementary Music	0	0	85	0	85
Class of 2036	0	500		0	500
<b>TOTAL ASSETS - AGENCY FUNDS</b>	<b>\$ 221,435</b>	<b>70,264</b>	<b>(32)</b>	<b>50,269</b>	<b>241,398</b>

**LIABILITIES AND FUND BALANCE:**

Funds held for school organizations	<u>\$ 221,435</u>	<u>70,264</u>	<u>(32)</u>	<u>50,269</u>	<u>241,398</u>
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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REGULATORY BASIS**

ACTEC CHARTER SCHOOL DISTRICT NO. G-004, OKLAHOMA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor / Pass Through Grantor / Program Title	Federal Assistance Listing Number	Total Expenditures
<b><u>U.S. Department of Education:</u></b>		
<b><u>Passed Through State Department of Education:</u></b>		
Title I Basic Program	84.010	\$ 363,890
Title II, Part A	84.367	41,451
Title IV, Part A	84.424	1,859
Title III, Part A	84.365	31,746
IDEA-B Special Education Cluster:		
ARP IDEA-B Flow Through	84.027X	54,089
IDEA-B Flow Through	84.027	174,056
IDEA-B Professional Development	84.027	1,640
Total Special Education Cluster		<u>229,785</u>
* COVID-19 Education Stabilization Fund (ESF) -		
ESSERF / CARES Act	84.425D	35,850
ESSER II	84.425D	700,419
ARP ESSER III	84.425U	805,430
Total COVID-19 ESF		<u>1,541,699</u>
<b><u>U.S. Department of Agriculture:</u></b>		
<b><u>Passed Through State Department of Education</u></b>		
Child Nutrition Program Cluster:		
School breakfast program	10.553	67,439
National school lunch program	10.555	513,616
Emergency operational costs	10.555	56,965
Non-cash assistance - Commodities	10.555	63,960
Total Child Nutrition Program Cluster		<u>701,980</u>
<b>Total Federal Assistance</b>		<b><u>\$ 2,912,410</u></b>

**\* Major programs**

**Note 1 - Basis of Presentation** - The accompanying schedule of expenditures of federal awards includes the federal activity of the District for the year ended June 30, 2022. This 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 District, it is not intended and does not present the financial position, changes in net assets, or cash flows of the District.

**Note 2 - Summary of Significant Accounting Policies** - Expenditures reported on this schedule are reported on the regulatory basis of accounting consistent with the preparation of the combined financial statements except as noted in Note 3. 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 District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. None of the federal programs include any loan programs, loan guarantee programs, and has no sub-recipients.

**Note 3 - Non-Monetary Assistance** - Commodities received by the District were of a non-monetary nature.

ASTEC CHARTER SCHOOL DISTRICT NO. G-004, OKLAHOMA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS  
PREPARED FOR THE OKLAHOMA STATE DEPARTMENT OF EDUCATION  
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor / Pass Through Grantor / Program Title	Federal Assistance Listing Number	OCAS Project No.	Program or Award Amount	Balance at 7/1/21	Revenue Collected	Total Expenditures	Balance at 6/30/22
<u>U.S. Department of Education</u>							
<u>Passed Through State Department of Education:</u>							
Title I Basic Program	84.010	511	\$ 524,163		286,944	363,890	76,946
Title I Basic Program 2020-21	84.010	799		79,426	79,426		
Title II, Part A	84.367	541	71,043		26,167	41,451	15,284
Title II, Part A 2020-21	84.367	799		12,067	12,067		
Title IV, Part A	84.424	552	39,607		1,859	1,859	
Title IV, Part A 2020-21	84.424	799		117	117		
Title III, Part A	84.365	572	63,492		22,991	31,746	8,755
Title III, Part A 2020-21	84.365	799		7,584	7,584		
ARP IDEA-B Flow Through	84.027X	628	54,261		40,767	54,089	13,322
IDEA-B Flow Through	84.027	621	177,813		144,992	174,056	29,064
IDEA-B Flow Through 2020-21	84.027	799		15,187	15,187		
IDEA-B Professional Development	84.027	615	1,840		1,640	1,640	
<u>COVID-19 Education Stabilization Fund (ESF) -</u>							
ESSERF / CARES Act	84.425D	788	35,850		35,850	35,850	
ESSERF / CARES Act 2020-21	84.425D	799		61,785	61,785		
ESSER II	84.425D	793	700,419		656,787	700,419	43,632
ESSER II 2020-21	84.425D	799		721,868	721,868		
ARP ESSER III	84.425U	795	3,196,531		748,473	805,430	63,343
ARP ESSER Homeless II	84.425U	797	7,927				
Total COVID-19 ESF			3,940,727	783,653	2,224,763	1,541,699	106,975
Sub Total			4,872,946	898,034	2,864,504	2,210,430	250,346
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education</u>							
<u>Child Nutrition Programs:</u>							
School breakfast program	10.553	764		21,120	148,416	67,439	
National school lunch program	10.555	763		(80,334)	816,545	513,616	
Emergency operational costs	10.555	762			67,616	56,965	
Supply chain assistance	10.555	759			29,582		
Non-cash assistance - Commodities	10.555	N/A			63,960	63,960	
Sub Total				(59,214)	1,126,119	701,980	
<u>Other Child Nutrition Programs:</u>							
P-EBT	10.649	760			614	0	
<u>Other Federal Assistance:</u>							
CSP Grant 2020-21	84.282	799	0	4,341	4,341	0	0
Total Federal Assistance			\$ 4,872,946	843,161	3,995,578	2,912,410	250,346

**Note 1** - This schedule was prepared on a regulatory basis of accounting consistent with the preparation of the combined financial statements, except for the non-cash assistance noted in Note 2.

**Note 2** - Food Distribution - Non-cash assistance is reported in this schedule at the fair market value of the commodities received and disbursed.

**Note 3** - None of the federal programs include any loan programs, loan guarantee programs, has no sub-recipients and does not use the 10% de minimus indirect cost rate.



ASTEC CHARTER SCHOOL NO. G-004, OKLAHOMA COUNTY  
STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS  
FOR THE YEAR ENDED JUNE 30, 2022

<u>BONDING COMPANY</u>	<u>POSITION COVERED</u>	<u>BOND NUMBER</u>	<u>COVERAGE AMOUNT</u>	<u>EFFECTIVE DATES</u>
RLI Insurance Co	Superintendent	LSM1179379	\$ 100,000	6/01/21 - 6/01/22
	Treasurer	LSM1521176	100,000	7/26/21 - 7/26/22
	Encumbrance Clerk	LSM1150020	1,000	9/11/21 - 9/11/22
	Minutes Clerk	LSM1150020	10,000	9/11/21 - 9/11/22
	Central Office Receptionist	LSM1150020	10,000	9/11/21 - 9/11/22
	Student Activities Coordinator	LSM1150020	10,000	9/11/21 - 9/11/22
	Elementary School Secretary	LSM1150020	1,000	9/11/21 - 9/11/22
	Middle School Secretary	LSM1150020	1,000	9/11/21 - 9/11/22
	High School Secretary	LSM1150020	1,000	9/11/21 - 9/11/22
	ERISA Fidelity Bond	LFM0034288	200,000	12/02/20 - 12/02/22
	Chief Executive Officer	LSM0349096	100,000	3/08/21 - 3/08/23

ASTEC CHARTER SCHOOL NO. G-004, OKLAHOMA COUNTY  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE  
AFFIDAVIT  
JULY 1, 2021 TO JUNE 30, 2022


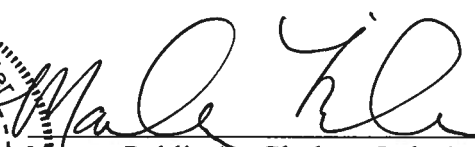
State of Oklahoma            )  
  ) ss  
County of Tulsa             )

The undersigned auditing firm of lawful ages, 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 ASTEC Charter School for the audit year 2021-22.

Bledsoe, Hewett & Gullekson  
Certified Public Accountants, PLLLP  
Auditing Firm

By   
Authorized Agent

Subscribed and sworn to before me  
This 3<sup>rd</sup> day of February, 2023

   
Notary Public (or Clerk or Judge)  
My Commission Expires: 12/11/2024  
Commission No. 20014980



**BLEDSON, HEWETT & GULLEKSON**  
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP

Eric M. Bledsoe, CPA  
Jeffrey D. Hewett, CPA  
Christopher P. Gullekson, CPA

P.O. BOX 1310 • 121 E. COLLEGE ST. • BROKEN ARROW, OK 74013 • (918) 449-9991 • (800) 522-3831 • FAX (918) 449-9779

February 3, 2023

Dr. Freda Deskin, CEO  
ASTEC Charter School  
2401 NW 23<sup>rd</sup>, Suite 39A  
Oklahoma City, Oklahoma 73107

Dear Dr. Deskin:

Listed below are the observations and recommendations from the final audit work we performed for you. Please review them very carefully, along with the review copy of your audit report. If you have questions or desire additional information, please call us so that any discrepancies may be resolved.

**The following section contains the observations relayed to management that are control deficiencies, which we feel need to be communicated to you so appropriate action may be taken to correct these deficiencies. These items are not included in your audit report, as they are not considered material or immaterial in nature. They are simply observations of some minor findings that could evolve into immaterial or material findings if not addressed or corrected.**

Purchase Orders

We observed in our audit that purchase orders were not in date-purchase order number sequence, indicating that purchase orders are being completed after an invoice is received, and being dated to match the invoice date. We recommend that all School obligations be encumbered prior to the actual purchase of materials or services, as required by Oklahoma Statutes. Also, purchase orders should never be dated anything other than the actual date they are issued.

### Board Minutes

During our review of the Board minutes and agendas, we made the following observations:

- It appears the Board is properly approving encumbrances and payroll at each meeting, however, as an added internal control and to increase transparency to the Board, we recommend that the listed monthly encumbrances and payroll reports be provided to the Board at every meeting and kept as part of the permanent minutes. It appears that purchase order reports were included as part of the Board packets following our 2020-21 audit recommendation, however, payroll reports were still not included in the Board packets.
- We observed where retention stipends were approved through an ESSER III federal claim and were part of the ESSER III budget, however, we did not observe the approval of the stipends in the Board minutes. We recommend that all stipends be approved by the school Board in open meeting.

### Investments

We observed that the School had investments held with Ameriprise Financial and these investments had a loss of approximately \$45,921 in the 2021-22 fiscal year. We recommended that the School consult with their attorney and ensure that these are legal investments for a charter school. Oklahoma public school districts are limited to the types of investments they are allowed to make. Please see Note 2 (page 30) of the audit report for a listing of the allowable investments public schools can make.

### Related Party Transaction

The ASTEC Fund (the Foundation) is a legally separate, tax-exempt organization that acts primarily to support the needs of the School. The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Since the School has a lease agreement with the Foundation to provide facilities that the School operates in and the lease payments are used to repay the Foundation's debt for the facilities, the Foundation might be considered a component unit of the School.

Component units are legally separate organizations for which the Board is financially accountable for or other organizations whose nature and significant relationship with the School are such that exclusion would cause the School's financial statements to be misleading or incomplete. The School is financially accountable if it appoints a majority of the Foundation's board and (1) is able to impose its will on the Foundation, or (2) there is a potential to provide specific financial benefit or to impose a burden on the School. An additional criteria to be considered when determining if an entity is a component unit is

when the resources held by the separate entity are entirely or almost entirely for the benefit of the primary organization, such as the lease agreement and related debt of facilities.

Although the School presents its financial statements in accordance with the regulatory basis of accounting, as prescribed by OSDE, and differs from accounting principles generally accepted in the United States of America, governmental accounting standards state that component units should be presented as part of the financial statements of the School.

We recommend the School consider whether the relationship between the School and the Foundation would meet the requirements of a component unit and if the Foundation's financial statements should be presented with the School's financial statements. We also recommend that the lease agreement between the School and the Foundation be renewed annually by the Board and the terms of the lease clearly state the dollar amount of lease payments. The current lease agreement states that the School will make lease payments for no more than the cost of the loan, however, the loan terms are not disclosed in the agreement. Further, an addendum resolution made by the Board dated May 23, 2022 states that ASTEC Fund will lease the property to the School for an agreed-upon market price, but does not clearly define the what that price is.

We recommend these items be discussed with the School's attorney.

We take this opportunity to thank you and your professional staff for the outstanding cooperation and invaluable assistance you gave us during our recent onsite audit work.

Sincerely,



Christopher P. Gullekson

For

Bledsoe, Hewett & Gullekson  
Certified Public Accountants, PLLLP