

JOHNSTON & AHLSCHEWEDE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

ASTEC CHARTER SCHOOL

FINANCIAL STATEMENTS

with

AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2011

ASTEC CHARTER SCHOOL
FINANCIAL STATEMENTS

JUNE 30, 2011

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JOHNSTON & AHLSCHEWEDE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

3545 NW 58TH STREET, SUITE 325C - OKLAHOMA CITY, OKLAHOMA 73112 - VOICE & FAX (405) 917-7272

Independent Auditors' Report

Board of Directors
ASTECC Charter School
Oklahoma City, Oklahoma

We have audited the accompanying financial statements of ASTEC Charter School, Oklahoma, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, ASTEC Charter School, Oklahoma, prepares its financial statements using accounting practices prescribed or permitted by the Oklahoma State Department of Education, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determined are presumed to be material.

In our opinion, because of the District's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of ASTEC Charter School, Oklahoma, as of June 30, 2011, or the results of its operations for the year then ended.

The financial statements referred to above do not include the general fixed assets account group, which should be included in order to conform to the regulatory basis of accounting prescribed or permitted by the Oklahoma Department of Education. The amounts that should be recorded in the general fixed assets account group is not known.

Also, in our opinion, except for the omission of the general fixed assets account group as described in the preceding paragraph, the 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 ASTEC Charter School, Oklahoma, as of June 30, 2011, and the revenues collected and expenditures paid for the year then ended on the regulatory basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 26, 2012, on our consideration of the District'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* and should be considered in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the fund type and account group financial statements within the combined financial statements. The combining fund statements and other schedules as listed in the table of contents under other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. This other supplementary 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 and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole on the regulatory basis of accounting described in Note 1.



Oklahoma City, Oklahoma
March 26, 2012

ASTEC CHARTER SCHOOL

COMBINED STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE
ALL FUND TYPES

REGULATORY BASIS

JUNE 30, 2011

ASSETS	Governmental Fund Types			Fiduciary	Total
	General	Special Revenue	Student Activity	Fund Type	
Cash	\$ 203,930	\$ 46,953	\$ 130,778		\$ 381,661
Savings accounts and certificates of deposit	1,510,884	-	-		1,510,884
Total assets	<u>\$ 1,714,814</u>	<u>\$ 46,953</u>	<u>\$ 130,778</u>		<u>\$ 1,892,545</u>

LIABILITIES AND FUND BALANCE

Liabilities					
Reserved for encumbrances	\$ 33,948	\$ -	\$ -		\$ 33,948
Due to student groups	-	-	130,778		130,778
Total liabilities	<u>33,948</u>	<u>-</u>	<u>130,778</u>		<u>164,726</u>
Fund balance	<u>1,680,866</u>	<u>46,953</u>	<u>-</u>		<u>1,727,819</u>
Total liabilities and fund balance	<u>\$ 1,714,814</u>	<u>\$ 46,953</u>	<u>\$ 130,778</u>		<u>\$ 1,892,545</u>

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

ASTECC CHARTER SCHOOL

COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID
AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES

REGULATORY BASIS

JUNE 30, 2011

	General	Special Revenue	Total (Memorandum Only)
Revenues collected			
Local sources	\$ 165,053	\$ 145,984	\$ 311,037
State sources	4,549,424	4,717	4,554,141
Federal sources	823,809	203,228	1,027,037
Total revenues collected	5,538,286	353,929	5,892,215
Expenditures paid			
Instruction	2,459,187	-	2,459,187
Support services	2,476,172	-	2,476,172
Non-instructional services	60,223	306,976	367,199
Facilities acquisition & construction services	-	-	-
Other outlays	14,262	-	14,262
Other uses	-	-	-
Repayments	1,680	-	1,680
Total expenditures paid	5,011,524	306,976	5,318,500
Revenues over (under) expenditures	526,762	46,953	573,715
Beginning fund balance	1,154,104	-	1,154,104
Estopped checks/warrants	-	-	-
Cancelled encumbrances	-	-	-
Ending fund balance	\$ 1,680,866	\$ 46,953	\$ 1,727,819

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

ASTECC HARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 — Summary of Significant Accounting Policies

The financial statements of the ASTEC Charter School (“the District”) have been prepared in conformity with another comprehensive basis of accounting required by Oklahoma Statutes. The more significant of the District’s accounting policies are described below.

A. Reporting Entity

The District is 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 District 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 the State of Oklahoma’s support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

In evaluating how to define the District, 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. 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 District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District 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 District is able to exercise oversight responsibilities.

Based upon the application of these criteria, there are no potential component units included in the District’s reporting entity.

B. Fund Accounting

The District uses funds 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 district functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

ASTECC HARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 — Summary of Significant Accounting Policies, (continued)

B. Fund Accounting, (continued)

Funds are classified into two categories: governmental 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).

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 passed through the Oklahoma City Public School District and various state and federal grants. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs, building maintenance and school construction. The general fund includes federal and state restricted monies that must be expended for specific programs.

Special Revenue Funds – Special revenue funds for the District include the child nutrition fund.

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 District. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

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

Account Groups

Account groups are not funds and consist of a self-balancing set of accounts used only to establish accounting control over long-term debt and general fixed assets not accounted for in proprietary funds.

ASTECC HARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 — Summary of Significant Accounting Policies. (continued)

Memorandum Only — Total Column

The total column on the financial statements is captioned “memorandum 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.

C. Basis of Accounting and Presentation

The District prepares its financial statements in a presentation format that is prescribed by the Oklahoma 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, *Basis Financial Statements-Management’s Discussion and Analysis-for State and Local Governments*. This format significantly differs from that required by GASB 34.

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

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Investments and inventories are recorded as assets when purchased.
- Capital assets in proprietary funds are recorded when acquired and depreciated over their useful lives.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

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 and liabilities are incurred for proprietary fund types and trust funds.

ASTECC HARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 — Summary of Significant Accounting Policies, (continued)

D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget that must be submitted to the Board of Education by October 1 for the fiscal year beginning the following July 1. The formal 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.

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 District.

E. Assets, Liabilities and Fund Balances

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

Investments — Investments consist of direct obligations of the U.S. Government and agencies or certificates of deposit with maturities greater than three months when purchased. All investments are recorded at cost, which approximates market value.

Inventories — The value of consumable inventories at June 30, 2011, is not material to the financial statements.

Fixed Assets and Property, Plant and Equipment — Fixed assets are recorded by the District as capital outlay expenditures in each fund. The District has not maintained the cost of fixed assets purchased in previous years. Thus, the General Fixed Asset Account Group is not presented.

Compensated Absences — The school does not calculate a dollar value of compensated absences. Thus, compensated absences have not been presented.

Cash Fund Balance — Cash fund balance represents the funds not encumbered by purchase order, legal contracts and outstanding warrants.

ASTECC CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 — Summary of Significant Accounting Policies, (continued)

F. Revenue, Expenses and Expenditures

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 of the year when the adjustment is made. The District 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.

G. Warrants Payable

The District has authorized the issuance of checks instead of warrants.

NOTE 2 — Cash and Investments

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or saving certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

The District's cash and cash equivalents include cash at June 30, 2011.

The District's does not have a written management and investment policy.

Deposits and Investments — The District's total cash deposits of \$1,892,545 at June 30, 2011, were collateralized by federal deposit insurance and governmental securities.

ASTECC HARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 3 — Retirement Plan

The District has a 403(b) thrift plan for all employees. The District matches full time employee's contributions up to 5% of salary. The expense of the retirement plan was \$64,942 for the year ended June 30, 2011.

NOTE 4 — Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance.

NOTE 5 — Contingencies and Commitments

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, 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 District expects such amounts, if any, to be immaterial.

As of June 30, 2011, the District had no outstanding commitments.

NOTE 6 — Surety Bonds

At June 30, 2011, the District had a \$1,000,000 employee dishonesty blanket bond with Philadelphia Insurance Company.

NOTE 7 — Related Party Transactions

During June 30, 2011, the District paid management fees and equipment usage fees in the amount of \$147,529 to ASTEC, Inc., who is part of the same tax-exempt organization doing business as Aerospace Science and Technology Education Centers, Inc. Monies are only to be used to benefit ASTEC Charter Schools.

NOTE 8 — Subsequent Events

Management has evaluated all subsequent events through March 26,2012, the date the financial statements were available to be issued.

ASTECC CHARTER SCHOOL

COMBINING STATEMENT OF CHANGES IN CASH BALANCES - ACTIVITY FUNDS
REGULATORY BASIS
JULY 1, 2010 TO JUNE 30, 2011

	Balance 7/1/10	Receipts	Disbursements	Adjustments	Balance 6/30/11
	\$	\$	\$	\$	\$
Miscellaneous	7,890	7,747	24,626	14,855	5,866
Odyssey of the Mind-R. Smith	-	1,140	385	(50)	705
MS Picture Commission	446	-	-	-	446
Yearbook	757	10,058	7,915	(56)	2,844
Hospitality	202	1,095	1,086	-	211
Christmas Angels	486	1,476	1,482	-	480
Class of 2013	10,091	3,277	-	-	13,368
Class of 2012	8,364	3,901	4,047	50	8,268
Class of 2011	8,294	3,359	9,281	(50)	2,322
Class of 2010	1,827	-	66	(1,761)	-
Class of 2017	2,575	6,380	305	-	8,650
Social Studies Club-Fox	36	40	-	-	76
Class of 2014	8,027	2,905	-	-	10,932
Class of 2015	9,307	2,795	1,981	-	10,121
Found for OKC Public Schools	-	250	253	3	-
Productions	96	750	-	-	846
HS Student Council	560	2,832	2,212	-	1,180
The Arts	3,405	-	829	-	2,576
Class of 2016	7,529	3,877	245	-	11,161
National Honor Society	14	500	50	-	464
Natl Jr Honor Society-Bui	155	-	113	-	42
Great Ideas Creating OK Pride	75	-	-	-	75
Sports Banquet	83	-	-	(83)	-
Student Scholarships	4,211	1,203	-	-	5,414
Entrepreneur	-	-	1,490	2,000	510
Uniform Sponsorships	117	-	50	-	67
MS Reading	221	1,411	1,367	-	265
Class of 2018	-	3,535	-	-	3,535
Leadership MS-Curl	258	-	-	-	258
HS Soccer	-	2,190	1,670	(300)	220
MS Basketball	766	263	120	(646)	263
HS Basketball	1,057	755	192	(1,056)	564
Cheerleading	246	1,012	1,060	-	198
Target Art Grant	211	-	-	-	211
Target 6th Grade Grant	231	-	55	-	176
Wal-Mart Literacy	984	-	-	-	984
Athletics	285	4,203	3,294	(723)	471
Bookmaking Magic	-	317	-	(317)	-
HS Girls Basketball	70	5,222	3,315	(95)	1,882
RB Jones Memorial	973	1,400	65	-	2,308
OKC Foundation Grant	952	-	912	(40)	-
English Club	1,463	3,169	2,818	-	1,814
Tech	3,801	3,972	3,622	-	4,151

continued

ASTECC CHARTER SCHOOL

COMBINING STATEMENT OF CHANGES IN CASH BALANCES - ACTIVITY FUNDS
 REGULATORY BASIS
 JULY 1, 2010 TO JUNE 30, 2011

	<u>Balance 7/1/10</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Adjustments</u>	<u>Balance 6/30/11</u>
Social Studies	2,940	973	535	-	3,378
Science Department	1,248	2,515	2,462	(12)	1,289
Testing	2,605	2,319	2,238	-	2,686
8th Grade Leadership	1,972	-	-	-	1,972
Biology Club-Carson	760	300	650	25	435
Student Newspaper	126	-	-	-	126
Robotics	1,529	1,250	-	-	2,779
All Sports Day	6	-	-	(6)	-
ID Badges	2,249	-	228	-	2,021
After School Activities	2,156	7,848	6,528	-	3,476
Drama	1,681	-	-	-	1,681
Re-sale Merchandise	12,248	9,447	7,183	(7,998)	6,514
AP Science Grant	274	-	-	-	274
AP English Grant	98	-	-	-	98
MS Soccer	-	755	630	-	125
Total	\$ 115,957	\$ 106,441	\$ 95,360	\$ 3,740	\$ 130,778

ASTEC CHARTER SCHOOL
 SCHEDULE OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2011

Federal CFDA Number	Pass-Through Grantor's Number	Recognized Revenue	Expenditures
U.S. Department of Education			
Passed through Oklahoma Department of Education			
Improving the Academic Achievement			
of the Disadvantaged Title I, Part A			
84,010	73-6017987*	\$ 193,521	\$ 198,653
84,389	73-6017987*	45,530	45,709
84,027	73-6017987*	148,735	141,662
84,367	73-6017987*	13,474	39,539
84,318	73-6017987*	-	710
84,365	73-6017987*	7,588	11,896
84,391	73-6017987*	76,331	65,892
84,410	73-6017987*	139,373	152,922
84,394	73-6017987*	199,256	208,568
ARRA, Education Stabilization Fund			
Education Jobs Fund			
ARRA, IDEA- Part B			
Title III, Language			
Title II, Part D			
Title II, Part A			
Individuals with Disabilities, IDEA- Part B			
U.S. Department of Labor			
Passed through Oklahoma State Emp Group Insurance			
ARRA, Cobra Co-Payment			
17,151	not provided	-	2,880
U.S. Department of Agriculture			
Passed through Oklahoma Department of Education			
Nutrition Cluster			
National School Lunch Program			
10,555	73-6017987*	148,328	148,328
10,553	73-6017987*	29,175	29,175
TOTAL FEDERAL AWARDS			
		<u>\$ 1,001,311</u>	<u>\$ 1,045,934</u>

* Provided by State Agency

ASTEC CHARTER SCHOOL
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
 BUDGETED GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED JUNE 30, 2011
 UNAUDITED

	General Fund		
	Budget	Actual	Variance
Beginning fund balances, budgetary basis	\$ 1,154,104	\$ 1,154,104	\$ -
Revenues			
Local sources	344,480	165,053	(179,427)
State sources	4,827,191	4,549,424	(277,767)
Federal sources	990,109	823,809	(166,300)
Total revenues, budgetary basis	<u>6,161,780</u>	<u>5,538,286</u>	<u>(623,494)</u>
Expenditures			
Instruction	2,752,390	2,459,187	293,203
Support Services	2,904,792	2,476,172	428,620
Non-Instructional services	65,026	60,223	4,803
Facilities acquisition & construction services	-	-	-
Other outlays	4,397	14,262	(9,865)
Other uses	1,589,279	-	1,589,279
Repayments	-	1,680	(1,680)
Total expenditures, budgetary basis	<u>7,315,884</u>	<u>5,011,524</u>	<u>2,304,360</u>
Excess of revenues and beginning fund over expenditures - budgetary basis	<u>\$ -</u>	<u>1,680,866</u>	<u>\$ 1,680,866</u>
Estopped warrants			
Cancelled encumbrances			
Excess of revenues, estopped warrants, cancelled encumbrances and beginning fund balances over expenditures		<u>1,680,866</u>	
Ending fund balances		<u>\$ 1,680,866</u>	

ASTEC CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
BUDGETED GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED JUNE 30, 2011
UNAUDITED

	Special Revenue - Child Nutrition Fund		
	Budget	Actual	Variance
Beginning fund balances, budgetary basis	\$ -	\$ -	\$ -
Revenues			
Local sources	-	145,984	145,984
State sources	-	4,717	4,717
Federal sources	-	203,228	203,228
Total revenues, budgetary basis	-	353,929	353,929
Expenditures			
Instruction	-	-	-
Support Services	-	-	-
Non-Instructional services	-	306,976	(306,976)
Facilities acquisition & construction services	-	-	-
Other outlays	-	-	-
Other uses	-	-	-
Repayments	-	-	-
Total expenditures, budgetary basis	-	306,976	(306,976)
Excess of revenues and beginning fund over expenditures - budgetary basis	\$ -	46,953	\$ 46,953
Estopped warrants		-	
Cancelled encumbrances		-	
Excess of revenues, estopped warrants, cancelled encumbrances and beginning fund balances over expenditures		46,953	
Ending fund balances		\$ 46,953	

JOHNSTON & AHLSCHEWEDE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

3545 NW 58th STREET, SUITE 325C – OKLAHOMA CITY, OKLAHOMA 73112 – VOICE & FAX (405) 917-7272

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*

Independent Auditor's Report

Board of Directors
ASTEC Charter School
Oklahoma City, Oklahoma

We have audited the financial statements of ASTEC Charter School, Oklahoma, as of and for the year ended June 30, 2011, and have issued our report thereon dated March 26, 2012. Our report was adverse with respect to the presentation of financial statements in conformity with accounting principles generally accepted in the United State of America, and qualified with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education for the effect on the financial statements for the omission of the general fixed assets account group. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations,

contracts and grants, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted other matters involving the internal control over financial reporting that we have reported to the District's management in a separate letter dated March 26, 2012.

This report is intended solely for the information of the District's Board of Directors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Oklahoma City, Oklahoma
March 26, 2012

JOHNSTON & AHLSCHEWEDE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

3545 NW 58TH STREET, SUITE 325C – OKLAHOMA CITY, OKLAHOMA 73112 – VOICE & FAX (405) 917-7272

Report on Compliance With Requirements That Could Have a Direct
And Material Effect on Each Major Program and on Internal Control
Over Compliance in Accordance With OMB Circular A-133

Independent Auditor's Report

Board of Directors
ASTECC Charter School
Oklahoma City, Oklahoma

Compliance

We have audited ASTEC Charter School's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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 OMB Circular A-133. Those standards and OMB Circular A-133 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 ASTEC Charter 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. Our audit does not provide a legal determination on ASTEC Charter School's compliance with those requirements.

In our opinion, ASTEC Charter School complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

Management of ASTEC Charter School is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 District's internal control over compliance.

A deficiency in an entity's 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the District's Board of Education, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Oklahoma City, Oklahoma
March 26, 2012

ASTECC CHARTER SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR YEAR ENDED JUNE 30, 2011

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued: *adverse opinion*

Internal control over financial reporting:

Material weakness(es) identified: _____yes _____no X_no

Reportable condition(s) identified that are not considered to be material weakness(es)? _____yes _____no X_none reported

Noncompliance material to financial statements noted? _____yes _____no X_no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____yes _____no X_no

Reportable condition(s) identified that are not considered to be material weakness(es)? _____yes _____no X_none reported

Type of auditors’ report issued on compliance for major programs: *unqualified*.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____yes _____no X_no

Identification of major programs:

CFDA Number(s)
84.010 & 84.389
84.027 & 84.391
84.394
Name of Federal Program or Cluster
Title I – Basis Program Cluster
Special Education Cluster
ARRA State Stabilization Funds

Dollar threshold used to distinguish between type A and B programs: \$300,000

Auditee qualified as low-risk auditee? _____yes _____no X_no

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

ASTECC CHARTER SCHOOL

SCHEDULE OF ACCOUNTANTS'
PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT

JUNE 30, 2011

STATE OF OKLAHOMA)
) SS:
COUNTY OF OKLAHOMA)

BEFORE ME, the undersigned auditing firm, Johnston & Ahlschwede, P.C., whose authorized agent, Linda Ahlschwede, is of lawful age, being first duly sworn on her 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* during the entire audit engagement with ASTEC Charter School for the audit year ended June 30, 2011.

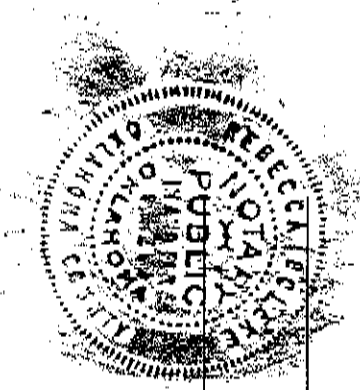
JOHNSTON & AHLSCHEWED, P.C.
Auditing Firm

Linda Ahlschwede
Linda Ahlschwede, Authorized Agent

SUBSCRIBED AND SWORN before me this 21st day of March 2012.

My Commission Expires:

Notary # 07010410
Commission Expires October 29, 2015



(SEAL)
Rebecca Blum
Notary Public

ASTEC CHARTER SCHOOL

SCHEDULE OF STATUTORY, FIDELITY AND HONESTY BONDS

FOR THE YEAR ENDED JUNE 30, 2011

Philadelphia Insurance Company – Blanket Employee dishonesty bond for \$1,000,000. Policy term:
August 3, 2010 to August 3, 2011.

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

AUDIT ACKNOWLEDGEMENT

ASTECC Charter School
Oklahoma County, Oklahoma
June 30, 2011

The annual independent audit for the ASTEC Charter School, was presented to the Board of Directors in a meeting on _____, 2012, by Johnston & Ahlschwede, P.C.

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

A copy of the audit, including this acknowledgement form, will be sent to the Oklahoma State Department of Education within 30 days from it's presentation, as stated in 70 O.S.§ 22-108:

"The local board of education shall forward a copy of the audit report to the State Board of Education within thirty (30) days after receipt of said audit."

_____	Board of Director Vice-President
_____	Board of Director Member
_____	Board of Director Member
_____	Board of Director Member
_____	Board of Director Member
_____	Board of Director Member
_____	Board of Director Member

Subscribed and sworn to before me on this ____ day of _____, 2012.
My commission expires on ____ day of _____, 20__.

Notary Public