

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

**HARDING FINE ARTS ACADEMY DISTRICT NO. G-011,
OKLAHOMA COUNTY, OKLAHOMA**

JUNE 30, 2023

Audited by

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

BROKEN ARROW, OK

HARDING FINE ARTS ACADEMY DISTRICT NO. G-011, OKLAHOMA COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2023

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HARDING FINE ARTS ACADEMY DISTRICT NO. G-011, OKLAHOMA COUNTY
JUNE 30, 2023

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JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Education
Harding Fine Arts Academy District No. G-011
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 Harding Fine Arts Academy District No. G-011, Oklahoma City, Oklahoma County, Oklahoma (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District'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 District as of June 30, 2023, 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 District as of June 30, 2023, 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 District 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 District, 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 District'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 District'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 District'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 District'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 16, 2024, 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 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 District'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 District's internal control over financial reporting and compliance.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

February 16, 2024



BLEDSON, HEWETT & GULLEKSON
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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**

The Honorable Board of Education
Harding Fine Arts Academy District No. G-011
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 Harding Fine Arts Academy District No. G-011, Oklahoma City, Oklahoma County, Oklahoma (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 16, 2024, 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 District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of District'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 District'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*. We noted one immaterial instance of noncompliance that we included in a separate letter to management dated February 16, 2024.

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 District'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 16, 2024



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

The Honorable Board of Education
Harding Fine Arts Academy District No. G-011
Oklahoma City, Oklahoma County, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Harding Fine Arts Academy District No. G-011, Oklahoma City, Oklahoma County, Oklahoma's (the District) 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 District's major federal programs for the year ended June 30, 2023. The District'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 District 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, 2023.

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 District 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 District'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 District'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 District'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 District'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 District'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 District'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 District'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 16, 2024

HARDING FINE ARTS ACADEMY DISTRICT NO. G-011, OKLAHOMA COUNTY
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND
MATERIAL INSTANCES OF NONCOMPLIANCE
JUNE 30, 2023

There were no prior year significant deficiencies.

HARDING FINE ARTS ACADEMY DISTRICT NO. G-011, OKLAHOMA COUNTY
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

Section 1 - Summary of Auditor's Results

1. An adverse opinion was issued on the combined financial statements in the conformity with the 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 the 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 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 the Uniform Guidance, 2 CFR 200.516(a).
7. Program determined to be major is the Charter School Program Grant (84.282), which is not clustered in determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$750,000.
9. The District 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

HARDING FINE ARTS ACADEMY DISTRICT NO. G-011, OKLAHOMA COUNTY
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
 ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
 JUNE 30, 2023

	<u>GOVERNMENTAL FUND TYPES</u>		<u>FIDUCIARY FUND TYPES</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>TRUST AND AGENCY FUNDS</u>	
<u>ASSETS</u>				
Cash and Investments	\$ 506,606	156,610	167,954	831,170
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Warrants/checks payable	\$ 276,770		5,378	282,148
Encumbrances	18,376		3,000	21,376
Funds held for school organizations			139,667	139,667
Total liabilities	<u>295,146</u>	<u>0</u>	<u>148,045</u>	<u>443,191</u>
Fund Balances:				
Restricted		156,610	19,909	176,519
Unassigned	211,460			211,460
Fund balances	<u>211,460</u>	<u>156,610</u>	<u>19,909</u>	<u>387,979</u>
Total Liabilities and Fund Equity	<u>\$ 506,606</u>	<u>156,610</u>	<u>167,954</u>	<u>831,170</u>

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

HARDING FINE ARTS ACADEMY DISTRICT NO. G-011, OKLAHOMA COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN
 CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>GOVERNMENTAL FUND TYPES</u>		<u>FIDUCIARY FUND TYPES</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>EXPENDABLE TRUST FUNDS</u>	
Revenues Collected:				
Local sources	\$ 41,004		2,315	43,319
State sources	2,619,491	124,806		2,744,297
Federal sources	1,384,415			1,384,415
Total revenues collected	<u>4,044,910</u>	<u>124,806</u>	<u>2,315</u>	<u>4,172,031</u>
Expenditures:				
Instruction	1,953,228		6,800	1,960,028
Support services	1,747,675	69,202	21,592	1,838,469
Operation of noninstructional services	112,711			112,711
Other Outlays:				
Fund Transfer/Reimbursement	498			498
Clearing account	8,954			8,954
Other uses			387	387
Total expenditures	<u>3,823,066</u>	<u>69,202</u>	<u>28,779</u>	<u>3,921,047</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	221,844	55,604	(26,464)	250,984
Other financing sources (uses):				
Adjustments to prior year encumbrances	<u>928</u>	<u>0</u>	<u>134</u>	<u>1,062</u>
Excess of revenues collected and other financing sources over (under) expenditures and other financing sources (uses)	222,772	55,604	(26,330)	252,046
Cash fund balances, beginning of year	<u>(11,312)</u>	<u>101,006</u>	<u>46,239</u>	<u>135,933</u>
Cash fund balances, end of year	<u>\$ 211,460</u>	<u>156,610</u>	<u>19,909</u>	<u>387,979</u>

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

HARDING FINE ARTS ACADEMY DISTRICT NO. G-011, OKLAHOMA COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

	GENERAL FUND			Prior Year (Memorandum Only)
	Original/Final Budget	Original/Final Budget	Actual	
Revenues Collected:				
Local sources	\$		41,004	1,355
State sources	2,385,919	2,792,115	2,619,491	2,347,337
Federal sources	559,689	1,217,533	1,384,415	181,437
Nonrevenue receipts				2,522
Total revenues collected	<u>2,945,608</u>	<u>4,009,648</u>	<u>4,044,910</u>	<u>2,532,651</u>
Expenditures:				
Instruction	1,674,079	2,738,119	1,953,228	1,543,219
Support services	1,136,498	1,136,498	1,747,675	1,154,396
Operation of noninstructional services	111,750	111,750	112,711	105,992
Other outlays:				
Fund Transfer/Reimbursement	500	500	498	
Clearing account	11,469	11,469	8,954	1,473
Total expenditures	<u>2,934,296</u>	<u>3,998,336</u>	<u>3,823,066</u>	<u>2,805,080</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	11,312	11,312	221,844	(272,429)
Other financing sources (uses):				
Adjustments to prior year encumbrances	<u>0</u>	<u>0</u>	<u>928</u>	<u>7,268</u>
Excess of revenues collected and other financing sources over (under) expenditures and other financing sources (uses)	11,312	11,312	222,772	(265,161)
Cash fund balance, beginning of year	<u>(11,312)</u>	<u>(11,312)</u>	<u>(11,312)</u>	<u>253,849</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>211,460</u>	<u>(11,312)</u>

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

HARDING FINE ARTS ACADEMY DISTRICT NO. G-011, OKLAHOMA COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

	SPECIAL REVENUE FUNDS (Building Fund)		
	Original/Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:			
State sources	\$ 80,000	124,806	103,490
Expenditures:			
Support services	181,006	69,202	2,484
Excess of revenues collected over (under) expenditures	(101,006)	55,604	101,006
Cash fund balances, beginning of year	101,006	101,006	0
Cash fund balances, end of year	\$ 0	156,610	101,006

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

NOTES TO COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

HARDING FINE ARTS ACADEMY DISTRICT NO. G-011, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Harding Fine Arts Academy, Inc., d/b/a Harding Fine Arts Academy, District No. G-011 (the “District”), 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 District’s accounting policies are described in the following notes that are an integral part of the District’s financial statements.

A. Reporting Entity

Harding Fine Arts Academy, Inc., d/b/a Harding Fine Arts Academy, an Oklahoma not-for-profit corporation described in the Internal Revenue Code Section 501(c)(3), was formed for the benefit of a school to be called Harding Fine Arts Academy. Currently, no other activity is conducted by the corporation. The District was formed under the provisions of the Oklahoma Charter Schools Act (Oklahoma Statutes 70-3-130) through a contract with The University of Science and Arts. The contract commenced on July 1, 2021 and terminates on June 30, 2026. Harding Fine Arts Academy, Inc., d/b/a Harding Fine Arts Academy, is entitled to receive its pro rata share of revenue generated by the District’s enrollment as calculated by the State Department of Education, minus a 3% administrative fee retained by the Oklahoma City Public Schools. The governing body of the District is the Board of Directors of Harding Fine Arts Academy, Inc.

Although Harding Fine Arts Academy, Inc., d/b/a Harding Fine Arts Academy is a not-for-profit entity that would normally follow the presentation requirements of the Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) No. 958-205, the District is considered a quasi-governmental entity subject to the reporting requirements of the Oklahoma State Department of Education. Therefore, Harding Fine Arts Academy 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 and the Oklahoma Charter Schools Act.

The mission of Harding Fine Arts Academy, Inc., d/b/a Harding Fine Arts Academy, is a preparatory high school focused on the integration of arts and academics. Their mission is to provide an arts enriched learning environment merging aesthetic and academic content to enhance student achievement and to encourage arts related careers and lifelong arts appreciation.

HARDING FINE ARTS ACADEMY DISTRICT NO. G-011, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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 (GASB). The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the 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. Measurement Focus

The District 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 District 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).

HARDING FINE ARTS ACADEMY DISTRICT NO. G-011, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Measurement Focus - cont'd

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.

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 District did not maintain a co-op or child nutrition fund during the 2022-23 fiscal year.

Building Fund – The building fund consists mainly of monies derived from property taxes levied 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. The District received the State Redbud Grant in the 2022-23 fiscal year.

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 District operates their child nutrition program within the general fund.

HARDING FINE ARTS ACADEMY DISTRICT NO. G-011, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

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 District. The terms “nonexpendable” and “expendable” refer to whether or not the District is under an obligation to maintain the trust principal. 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 operation.

Expendable Trust Funds – Expendable trust funds typically include the gifts and endowments fund.

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 District.

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 District-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 and fixed assets.

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 District does not have the information necessary to include this group in its financial statements.

HARDING FINE ARTS ACADEMY DISTRICT NO. G-011, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

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 District 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.

HARDING FINE ARTS ACADEMY DISTRICT NO. G-011, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

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 District 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 2022-23 Estimate of Needs was amended by the following supplemental appropriations:

<u>Fund</u>	<u>Amount</u>
General	\$1,064,040

These amendments were approved by the Oklahoma 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.

HARDING FINE ARTS ACADEMY DISTRICT NO. G-011, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Balance

Cash and Cash Equivalents – The District 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 District 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, 2023 is not material to the combined financial statements.

Fixed Assets and Property, Plant and Equipment – The District 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 District. The District recognizes a liability for the amount of outstanding warrants/checks that have yet to be redeemed by the District's bank.

Encumbrances – Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the District 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 District 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. District 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.

HARDING FINE ARTS ACADEMY DISTRICT NO. G-011, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Balance – cont'd

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).

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

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

Committed fund balance represents amounts that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts) but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment.

Assigned fund balance represents amounts that are intended to be used for specific purposes but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances 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.

HARDING FINE ARTS ACADEMY DISTRICT NO. G-011, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures

Local Revenues – Revenue from local sources is the money generated from within the boundaries of the District and available to the District for its use. Local sources of revenues may include tuition, fees, rentals, disposals, commissions and reimbursements.

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

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

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 District is entitled pursuant to an allocation formula contained in applicable statutes. The majority of the federal revenues received by the District are apportioned to the general fund. The District also deposits federal revenues received for the child nutrition programs into the general fund.

Nonmonetary Transactions – The District does not receive 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.

HARDING FINE ARTS ACADEMY DISTRICT NO. G-011, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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

Nonrevenue Receipts – Nonrevenue receipts represent receipts deposited into a fund that are not new revenues to the District, but the return of assets.

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 Noninstructional Services Expenditures – Activities concerned with providing noninstructional 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 District or a third-party administrator.

HARDING FINE ARTS ACADEMY DISTRICT NO. G-011, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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

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 transfers made during the 2022-23 fiscal year.

2. CASH AND INVESTMENTS

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to the District. The District's cash deposits and investments at June 30, 2023 were \$836,107 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 District or by its agent in the District'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 District 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 District 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.

HARDING FINE ARTS ACADEMY DISTRICT NO. G-011, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

2. CASH AND INVESTMENTS – cont'd

- With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- 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 District 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, 2023.

4. LONG TERM DEBT

The District had no outstanding long-term debt at June 30, 2023.

5. EMPLOYEE RETIREMENT SYSTEM

Description of Plan

The District participates in the state-administered Oklahoma Teachers' Retirement System, which is a cost sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the Board of Trustees of the Oklahoma Teachers' Retirement System (the "System"). The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, OK 73152, or by calling 405-521-2387.

HARDING FINE ARTS ACADEMY DISTRICT NO. G-011, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

5. EMPLOYEE RETIREMENT SYSTEM – cont'd

Basis of Accounting

The System's financial statements are prepared using the cash basis of accounting, except for accruals of interest income. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when paid. The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The System has an under-funded pension benefit obligation as determined as part of the latest actuarial valuation.

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. For the 2022-23 fiscal year, the District contributed 9.5% and the State of Oklahoma contributed the remaining amount during the year. The District is allowed by Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. In addition, if a member's salary is paid in part by federal or private funds, the contribution on that portion of the salary paid by those funds must be matched by the District at 8.0%.

Annual Pension Cost

The District's total contributions for 2023, 2022 and 2021 were \$300,134, \$241,580 and \$243,131, respectively. Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2023. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. Please visit www.ok.gov/TRS for all plan information.

GASB Statement 68 became effective for fiscal years beginning after June 15, 2014, and significantly changes pension accounting and financial reporting for governmental employers who participate in a pension plan, such as the System, and who prepare published financial statements on an accrual basis using Generally Accepted Accounting Principles. Since the District does not prepare and present their financial statements on an accrual basis, the net pension amount is not required to be presented on the audited financial statements.

HARDING FINE ARTS ACADEMY DISTRICT NO. G-011, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

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

7. 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 District 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 District during the 2022-23 fiscal year. The new Uniform Guidance of Audits of States, Local Governments and Nonprofit Organizations, established uniform audit requirements for nonfederal entities which expended more than \$750,000 in federal awards. The District did not meet this threshold.

Litigation

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

Subsequent Events

Management has evaluated subsequent events through January 23, 2024, which is the date the financial statements were available to be issued, and have determined that no additional information needs to be added to the financial statements.

HARDING FINE ARTS ACADEMY DISTRICT NO. G-011, OKLAHOMA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

8. TAX STATUS

Harding Fine Arts Academy, Inc., d/b/a Harding Fine Arts Academy's gift fund activities are reported for federal and state income tax purposes under the provision of Internal Revenue Code Section 501(c)(3) and is generally exempt from income taxes. As a result, no provision for federal or state income taxes is recognized in the accompanying financial statements. Federal and State income tax statutes dictate that the returns filed in any of the previous three reporting period remain open to examination. Currently, there are no open examinations with either the Internal Revenue Service or state taxing authorities.

9. RELATED PARTY TRANSACTION

Harding Fine Arts Academy entered into a lease agreement for their facilities with the Harding Fine Arts Academy Foundations Properties, LLC, an Oklahoma not-for-profit LLC. The term of the lease is effective from July 1, 2021 to June 30, 2026. During the 2022-23 fiscal year, Harding Fine Arts Academy made lease payments, in total, the amount of \$42,000 to the Harding Fine Arts Academy Foundations Properties, LLC.

SUPPLEMENTARY INFORMATION

HARDING FINE ARTS ACADEMY NO. G-011 OKLAHOMA COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

	BALANCE 7-1-22	ADDITIONS	TRANSFERS/ ADJUSTMENTS	DEDUCTIONS	BALANCE 6-30-23
<u>ASSETS</u>					
Cash	\$ 139,519	127,241	8,217	135,310	139,667
<u>LIABILITIES</u>					
Funds held for school organizations:					
Athletics - General	\$ 200	0	(200)	0	0
Basketball Boys	383	50		32	401
Basketball Girls	1,904	0		1,147	757
Volleyball Girls	759	1,917	250	2,862	64
Cheerleading	31	5,017		4,205	843
Cross Country	179	0		0	179
Gate/referees	3,367	7,467	(906)	4,469	5,459
Concesssion	2,536	4,775	(880)	3,220	3,211
Tennis	0	0	1,500	0	1,500
Drama	12,106	8,310		3,645	16,771
Dance	418	1,245	344	0	2,007
Speech and Debate	1,010	0		836	174
Martial Arts	7,576	20,470	(711)	18,204	9,131
Instrumental Music	7,514	898	173	3,091	5,494
Piano	2,217	117		1,165	1,169
Guitar	5,967	3,661	(1,693)	1,143	6,792
Concert Choir	595	2,430	284	2,389	920
Show Choir	100	36	(100)	0	36
Studio Art	4,190	4,145	1,145	6,098	3,382
Photography	4,481	0		1,180	3,301
Yearbook	2,696	0		0	2,696
Graphic Design	1,500	0	325	0	1,825
Math	411	0		0	411
Science	4,614	893		0	5,507
English	3,029	180		180	3,029
Social Studies	1,246	0		0	1,246
Foreign language	5	140	(70)	70	5
Student Council	3,618	10,303	3,176	14,210	2,887
National Honor Society	1,688	820		1,144	1,364
Latino Leadership	2,518	0		145	2,373
New Student Organization	856	0	266	715	407
Black Student Alliance	1,227	1,802	(250)	828	1,951
Key Club	266	0	(266)	0	0
Israel Cultural Exchange	5,974	7,741	9,500	19,000	4,215
National Thespian Society	486	300		372	414
Senior Activities	8,001	0	(8,001)	0	0

HARDING FINE ARTS ACADEMY NO. G-011 OKLAHOMA COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

	BALANCE 7-01-22	ADDITIONS	TRANSFERS/ ADJUSTMENTS	DEDUCTIONS	BALANCE 6-30-23
Capstone	\$ 31	0		0	31
Advisory	1,440	0		0	1,440
Library Media Center	3,181	3,520	840	2,935	4,606
PTO	1,896	5,023	820	4,995	2,744
Volunteer Days	4,831	0		257	4,574
Counselor Parent Liasion	475	0		0	475
Facilites	9,927	0	(418)	1,978	7,531
Student Support	2,406	1,396		2,936	866
Child Nutrition Refund	614	7,093	(341)	0	7,366
Gifted and Talented	1,363	0		0	1,363
Advance Placement	940	0	(940)	0	0
Testing Fees	3,472	8,114	940	8,034	4,492
Out of Uniform Day	4,038	418	(1,791)	1,662	1,003
Ignite Arts Festival	1,886	0		0	1,886
General Office Activitites	2,532	4,375	(950)	4,572	1,385
Vending Machines	177	0	(177)	0	0
Ballroom	10	0	(10)	0	0
Stomp	9	0	(9)	0	0
Spectrum	104	0		0	104
Fine Arts Department	299	0		0	299
Class of 2022	2,522	0	(1,455)	1,067	0
Class of 2023	0	12,380	3,114	14,305	1,189
Class of 2024	0	0	1,970	0	1,970
Class of 2025	0	0	1,576	0	1,576
Special Education	2,384	0		405	1,979
Video Productions	650	0		0	650
Class Leadership Club	664	0	(250)	46	368
Class of 2026	0	0	1,576	0	1,576
Baking Club	0	229		0	229
Youth & Government	0	1,976	(82)	1,768	126
Unidentified Variance	0	0	(82)	0	(82)
Total Liabilities	\$ 139,519	127,241	8,217	135,310	139,667

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REGULATORY BASIS**

HARDING FINE ARTS ACADEMY DISTRICT NO. G-011, OKLAHOMA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

<u>Federal Grantor / Pass Through Grantor / Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Control Project Number</u>	<u>Total Expenditures</u>
<u>U.S. Department of Education</u>			
<u>Passed Through State Department of Education:</u>			
Title I, Basic	84.010	511	57,696
Title II, Part A	84.367	541	10,630
Title IV, Part A	84.424	552	10,000
ARP-IDEA-B Flowthrough	84.027X	628	17,595
IDEA-B Flow Through	84.027	621	70,717
<u>COVID-19 - Education Stabilization Fund (ESF):</u>			
ESSERF / CARES Act	84.425D	788	82
GEER-ESSER II Set Aside	84.425C	721	4,494
ESSER II Set Aside	84.425D	794	18,650
ESSER II Set Aside	84.425D	793	181,461
ARP - ESSER III	84.425U	795	71,240
Total COVID-19 - ESF Programs:			275,927
*Charter Schools Program Grant	84.282	771	626,911
<u>U.S. Department of Agriculture</u>			
<u>Child Nutrition Cluster:</u>			
Non-cash assistance - commodities	10.555	N/A	12,164
School Breakfast Program	10.553	764	20,622
National School Lunch Program	10.555	763	72,076
Supply Chain Asst Program	10.555	759	18,998
Total Child Nutrition Cluster:			123,860
<u>Other Child Nutrition Cluster:</u>			
P-EBT	10.649	760	628
Total Federal Assistance			\$ 1,193,964

*Major Program = 52.50%

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, 2023. 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.

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

HARDING FINE ARTS ACADEMY DISTRICT NO. G-011, OKLAHOMA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
PREPARED FOR THE OKLAHOMA STATE DEPARTMENT OF EDUCATION
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor / Pass Through Grantor / Program Title	Federal Assistance Listing Number	OCAS Project Number	Program or Award Amount	Balance at 7/1/22	Revenue Collected	Total Expenditures	Balance at 6/30/23
<u>U.S. Department of Education</u>							
<u>Passed Through State Department of Education:</u>							
Title I, Basic	84.010	511	68,166		57,696	57,696	
Title I, Basic 2021-22	84.010	799		42,950	42,950		
Title II, Part A	84.367	541	10,630		10,630	10,630	
Title II, Part A 2021-22	84.367	799		10,293	10,293		
ARP-IDEA-B Flow Through	84.027X	628	17,595		17,595	17,595	
IDEA-B, Flow Through	84.027	621	70,717		70,717	70,717	
IDEA-B, Flow Through 2021-22	84.027	799		62,872	62,872		
IDEA-B, Professional Development District	84.027	615	656				
Title IV, Part A	84.424	552	10,000		10,000	10,000	
Title IV, Part A 2021-22	84.424	799		10,000	10,000		
Charter School Program Grant	84.282	771	758,711		549,370	626,911	77,541
Charter School Program Grant 2021-22	84.282	799		141,288	141,288		
<u>COVID-19 - Education Stabilization Fund (ESF):</u>							
ESSERF / CARES Act	84.425D	788	82		82	82	
GEER-ESSER II Set Aside	84.425C	721	4,494		4,494	4,494	
ESSER II Set Aside	84.425D	794	18,650		18,650	18,650	
ESSER II Set Aside	84.425D	793	181,461		181,461	181,461	
ARP - ESSER III	84.425U	795	407,825		71,240	71,240	
Total COVID-19 -ESF			612,512	0	275,927	275,927	0
Sub Total			1,548,987	267,403	1,259,338	1,069,476	77,541
<u>U.S. Department of Agriculture</u>							
<u>Child Nutrition Programs:</u>							
P-EBT	10.649	760			628	628	
School Breakfast Program	10.553	764			20,622	20,622	
National School Lunch Program	10.555	763			84,150	72,076	
Supply Chain Asst Program	10.555	759			19,677	18,998	
Sub Total					125,077	112,324	
<u>Passed Through Department of Human Services</u>							
<u>Non-cash assistance - commodities</u>							
National School Lunch Prog.	10.555	N/A			12,164	12,164	
Total Federal Assistance			\$ 1,548,987	267,403	1,396,579	1,193,964	77,541

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 minimis indirect cost rate.

HARDING FINE ARTS ACADEMY DISTRICT NO. G-011, OKLAHOMA COUNTY
 STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS
 FOR THE YEAR ENDED JUNE 30, 2023

BONDING COMPANY	POSITION COVERED	BOND NUMBER	COVERAGE AMOUNT	EFFECTIVE DATES
Farmer Alliance	Superintendent	72484008	\$ 100,000	8/6/22 - 8/6/23
	Treasurer	72483992	100,000	7/1/22 - 7/1/23
	Encumbrance Clerk/Minutes	72440142	100,000	2/22/22 - 2/22/24
	Minutes/Business Manager			
	Activity Fund Custodian	65699318	10,000	11/17/22 - 11/17/23

HARDING FINE ARTS ACADEMY DISTRICT NO. G-011, OKLAHOMA COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2022 TO JUNE 30, 2023


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 Harding Fine Arts Academy for the audit year 2022-23.

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

By  _____
Authorized Agent

Subscribed and sworn to before me
This 16th day of February, 2024



 _____
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 16, 2024

Mr. Taylor Stanton, Supt.
Harding Fine Arts Academy
3333 N Shartel Ave.
Oklahoma City, Oklahoma 73118

Dear Mr. Stanton:

Listed below are the audit exceptions and recommendations from the final audit work we performed for you. Please review them very carefully, along with the 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 observation relayed to management that is an immaterial instance of noncompliance, which we feel needs to be communicated to you so appropriate action may be taken to correct these deficiencies. This item is not included, but is referred to, in your audit report, as it is not considered to be a significant deficiency or material weakness. It is an immaterial deficiency that could evolve into a material finding if not addressed or corrected.

Expenditures in Excess of Appropriations

We observed during our Estimate of Needs work that the general fund had issued checks totaling \$3,823,065.94 at June 30, 2023; however, the appropriation balance for the general fund at June 30, 2023 was only \$3,795,244.38. Therefore, expenditures had exceeded appropriations by \$ 27,821.56 at June 30, 2023. A supplemental appropriations request (Form 307) was filled out requesting an additional \$203,091.59 in appropriations be approved by the County Excise Board; however, this supplemental appropriation was not approved until after June 30, 2023. It is a violation of state law for any appropriated fund to exceed the approved appropriation balance at any time during the fiscal year. We recommend that the District implement procedures to ensure that only the original legal appropriations set forth in the Estimate of Needs plus any added appropriations, which have been properly approved, be included in the School's encumbrance and appropriations ledger.

The following 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.

Activity Fund Accounts

We observed the activity fund child nutrition refund sub-account was not closed out, and the balance was not transferred to the general fund at June 30, 2023. We recommend that child nutrition accounts that operate through the activity fund be closed out and have its balance transferred to the general fund at year end, as required by the State Department of Education.

Activity Fund Gate Receipts

We observed an instance where the collections from an athletic event did not tie to the amount of sales recorded. Pre-numbered admission tickets were not being reconciled with Square credit card reports. The amount of tickets sold for each event should reconcile to the amount of collections for each event, as required by the State Department of Education.

Activity Fund Reconciliation

We observed during the audit that the custodian's activity ledger was not properly reconciled to the reconciled bank balance at the end of each month. We recommend, at the end of each month, that all deposits in transit and all checks outstanding be clearly identified and detailed on each reconciliation, and that a list of outstanding checks, giving numbers and amounts, be included. We also recommend that the bank statements be reconciled with the custodian's ledger at the end of each month.

Federal Programs

We observed an instance (Project 771) where the amount claimed for reimbursement did not match the actual amount coded to that project code, according to OCAS reports. The difference was a small amount, which was immaterial to the overall program amounts. However, it is possible that the District will be contacted by the State Department of Education about the variance, and they will require a written response regarding the difference. The amount that will be included on the Schedule of Expenditures of Federal Awards (SEFA) in your audit report will be the actual amount expended and claimed, not necessarily the amount according to OCAS. The program had expenditures coded in excess of what was received.

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,



Eric Bledsoe