

FRANKLIN PHONETIC SCHOOL - SUNNYSLOPE CAMPUS

9317 NORTH 2nd STREET PHONE 602-870-6674 PHOENIX, ARIZONA 85020 Email niknarf@franklinphonetic

Franklin Phonetic School

Board Meeting Agenda

Monday November 29, 2021 @ 3:45PM

Call to Order

- Approval of prior board minutes from October 22, 2021
- Approval of Financial Report
- FY 2021 Annual Audit Report

New Business:

-

Old Business

- Sunnyslope Campus Update

Set Next Meeting

Meeting Adjourned

Franklin Phonetic School Sunnyslope Board Meeting Minutes

Friday, October 22, 2021

Meeting at 9317 North 2nd Street Phoenix, Arizona 85020

Call to order 3:49 pm

Members Present Riccardo Osuna, Carey Young, Audrey Wright, Alison Alva, Tom Franklin and Cindy Franklin.

Financial Reports This financial report shows that we have money left over. We have started to receive the grant money. This report looks encouraging. Tom Franklin motioned to accept the financial reports, it was seconded by Audrey Wright and the motion passed unanimously. We also discussed FY2021. This shows what we receive in income and expenses that come out from the following year. This cannot change and must go through the auditor if changes need to be made. Carey Young motioned to approve, Audrey Wright seconded and motion passed unanimously.

Approval of Prior Board meeting minutes Board meeting minutes from September 30, 2021 were accepted with a motion by Audrey Wright and seconded by Carey Young, motion passed unanimously.

New Business

Property Tax: It was brought to our attention that we were behind in property taxes. Our lawyer is looking into this, because we are a tax exempt organization. We will have this taken care of by Tuesday of next week.

Sunnyslope Campus Update

Enrollment is down, but we just had a new preschooler and 4th grader enroll. Sports are going well. Band is starting on Tuesday next week. After the concert today, the students are really excited to participate.

New Meeting Scheduled Thursday November 18, 2021 at 3:45. Riccardo Osuna motioned to accept the date and Carey Young seconded the motion. Motion passed unanimously.

Meeting adjourned Carey Young motioned to adjourn and Riccardo Osuna seconded. Motion passed unanimously.

Repair and Maintenance - Equip	0.00
Furniture & Equipment Rental	519.75 *** Copiers Lease
Telephone & Postage	282.97
Internet Services	138.99
Advertising	0.00
Supplies	0.00
Dues & Fees	0.00
Miscellaneous Expense	0.00
Legal Services	1,770.00 ***Property Taxes - Legal
Miscellaneous Purchased Service	0.00
Water/Sewer	0.00
Cleaning & Disposal Services	2,148.65 ***Plan B
Lawn Care	0.00
Security Services	227.48
Repair and Maintenance - Build	0.00
Repair and Maintenance - Equip	0.00
P/C Insurance	0.00
Supplies	0.00
Natural Gas/Propane	0.00
Electricity	0.00
Dues & Fees	0.00
Miscellaneous Purchased Service	0.00
Repair and Maintenance - Equip	0.00
Gasoline	0.00
Due & Fees	0.00
Teachers - Certified	240.00
Teachers - Certified	0.00
Teacher Aides	9,386.38
Employee Insurance	0.00
Teachers - Certified	3,769.22
Supplies	0.00
Contracted Counselor/Therapist	255.00
Contracted Counselor/Therapist	765.00
Supplies	0.00
Teachers - Certified	120.00
Continuing Education	0.00
Employee Insurance	0.00
Field Trips	0.00
Teachers - Certified	1,331.78
Supplies - FF & E <\$5,000	0.00
Other Food	734.28 ***Café
Dues & Fees	0.00
Supplies	0.00
Dues & Fees	0.00
Field Trips	0.00
Total Expenses	47,344.64
Net Income	\$ 3,543.85

Franklin Phonetic Primary School, Inc. Franklin, PA
 SS Income Statement 11-1-21 thru 11-16-21 (month 3)

Current Month

Revenues	
Extended After Care - SS	\$ 5,370.65
Extracurricular Fund Raising	0.00
Cont/Donations Private	0.00
Unrestricted Donations	0.00
Miscellaneous Revenue	0.00
State Equalization Assistance	40,763.07
Esser Grants SS	0.00
Prop 301 - 1011	1,901.90
Prop 301 - 1012	1,901.90
Prop 301 - 1013	950.97
Title I	0.00
Title II	0.00
Title III	0.00
IDEA Basic	0.00
IDEA-Pre School	0.00
Extracurricular Activities Fee	0.00
	<hr/>
Total Revenues	50,888.49
	<hr/>
Cost of Sales	
	<hr/>
Total Cost of Sales	0.00
	<hr/>
Gross Profit	50,888.49
	<hr/>
Expenses	
Teachers - Certified	10,729.02
Substitute Teachers	620.00
Other - Non-Certified	0.00
Employee Insurance	97.82
Social Security	5,561.49
Retirement Plan	0.00
Long-Term Disability	91.94
Miscellaneous Purchased Servic	29.50 Aide Tutoring
Continuing Education	0.00
Supplies	0.00
Curriculum Supplies	0.00
Supplies-FF & E < \$5000	0.00
Books, Periodicals, & Inst. Ai	0.00
Instructional Aids	0.00
Dues & Fees	0.00
Miscellaneous Expense	0.00
Miscellaneous Purchased Servic	0.00
Dues & Fees	0.00
Other - Non-Certified	8,525.37
Employee Insurance	0.00
Miscellaneous Purchased Servic	0.00

FRANKLIN PHONETIC PRIMARY SCHOOL, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021

SEELY, MULLINS & ASSOCIATES, P.C.
Certified Public Accountants

**FRANKLIN PHONETIC PRIMARY SCHOOL, INC.
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2021**

INDEPENDENT AUDITORS' REPORT	3
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	7
STATEMENT OF FUNCTIONAL EXPENSES	8
STATEMENT OF CASH FLOWS	9
NOTES TO FINANCIAL STATEMENTS	10-18
COMPLIANCE AND INTERNAL CONTROL	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS	19-21



SEELY, MULLINS & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

7141 N. 51st Avenue, Suite C, Glendale, AZ 85301
Phone (623) 939-7581 ♦ Fax (623) 931-4785

Loren I. Greenberg, C.P.A.

INDEPENDENT AUDITORS' REPORT

Board of Directors
Franklin Phonetic Primary School, Inc.
Prescott Valley, Arizona

Opinion

We have audited the accompanying financial statements of Franklin Phonetic Primary School, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Franklin Phonetic Primary School, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Franklin Phonetic Primary School, Inc. 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 audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

**Board of Directors
Franklin Phonetic Primary School, Inc.**

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 Franklin Phonetic Primary School, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 opinion. 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 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, including omissions, 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, 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 Franklin Phonetic Primary School Inc.'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 Franklin Phonetic Primary School Inc.'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.

**Board of Directors
Franklin Phonetic Primary School, Inc.**

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2021, on our consideration of Franklin Phonetic Primary School, Inc.'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 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 Franklin Phonetic Primary School, Inc.'s internal control over financial reporting and compliance.


SEELY, MULLINS & ASSOCIATES, P.C.

Glendale, Arizona

November 9, 2021

FRANKLIN PHONETIC PRIMARY SCHOOL, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

CURRENT ASSETS	
Cash and Equivalents	\$ 1,149,679
Accounts Receivable	6,030
Other Receivables	25,000
Prepaid Expenses	42,898
Employee Advances	820
Due from Related Party	<u>58,240</u>
Total Current Assets	<u>1,282,667</u>
PROPERTY AND EQUIPMENT, NET	<u>4,894,873</u>
OTHER ASSETS	
Land Closing Costs, Net of Amortization	12,480
Bond Reserve Funds	<u>1,195,311</u>
Total Other Assets	<u>1,207,791</u>
Total Assets	<u><u>\$ 7,385,331</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts Payable	\$ 30,129
Accrued Payroll Liabilities	221,952
Accrued Interest Payable	188,347
Current Maturities of Long-Term Debt	<u>75,000</u>
Total Current Liabilities	<u>515,428</u>
LONG-TERM DEBT, Net of Current Maturities, Bond Discount, and Debt Issuance Costs	<u>5,894,783</u>
Total Liabilities	<u>6,410,211</u>
NET ASSETS	
Without Donor Restrictions	<u>975,120</u>
Total Liabilities and Net Assets	<u><u>\$ 7,385,331</u></u>

See Notes to Financial Statements

**FRANKLIN PHONETIC PRIMARY SCHOOL, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2021**

	Net Assets without Donor Restrictions	Total
REVENUES AND OTHER SUPPORT		
Equalization and State Funding	\$ 5,029,266	\$ 5,029,266
Federal Grants	815,298	815,298
Contributions	13,555	13,555
Rental Income	37,899	37,899
Interest Income	1	1
PPP Loan Forgiveness	534,309	534,309
Other Revenues	165,818	165,818
Total Revenues and Other Support	6,596,146	6,596,146
EXPENSES		
Program Services:		
Instruction, Operations and Other	5,224,642	5,224,642
Supporting Services:		
Administration, Operations and Other	772,086	772,086
Total Expenses	5,996,728	5,996,728
CHANGE IN NET ASSETS	599,418	599,418
Net Assets, Beginning of Year	375,702	375,702
NET ASSETS, END OF YEAR	\$ 975,120	\$ 975,120

See Notes to Financial Statements

FRANKLIN PHONETIC PRIMARY SCHOOL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Total</u>
Personnel Services			
Salaries and Wages	\$ 2,517,387	\$ 459,257	\$ 2,976,644
Payroll Taxes and Benefits	642,642	27,190	669,832
Total Personnel Services	<u>3,160,029</u>	<u>486,447</u>	<u>3,646,476</u>
Operating Expenses			
Instruction	184,416	-	184,416
Student Support	223,705	-	223,705
School Administration	-	209,265	209,265
Business Support	-	76,374	76,374
Operation & Maintenance	416,752	-	416,752
Student Transportation	27,462	-	27,462
Depreciation Expense	106,783	-	106,783
Café Food Service	198,146	-	198,146
Non-Instructional Student Activities	4,988	-	4,988
Loss on Sale of Land	501,729	-	501,729
Interest & Amortization Expense	400,632	-	400,632
Total Operating Expenses	<u>2,064,613</u>	<u>285,639</u>	<u>2,350,252</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 5,224,642</u>	<u>\$ 772,086</u>	<u>\$ 5,996,728</u>

See Notes to Financial Statements

**FRANKLIN PHONETIC PRIMARY SCHOOL, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets		\$	599,418
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:			
Depreciation			106,783
Amortization			21,664
Loss on Sale of Land			501,729
(Increase) Decrease in Assets:			
Receivables			68,994
Related Party Receivables			29,621
Prepaid Expenses			(10,053)
Bond Reserve Funds			125,599
Increase (Decrease) in Liabilities:			
Accounts Payable			(63,247)
Accounts Interest Payable			(1,794)
Accrued Expenses			(28,133)
			1,350,581
Net Cash Provided by Operating Activities			1,350,581

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment			(1,074,646)
Sale of Land			843,177
			(231,469)
Net Cash Used by Investing Activities			(231,469)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal Payments on Notes Payable			(70,000)
Forgiveness of PPP Loan			(534,309)
			(604,309)
Net Cash Used by Financing Activities			(604,309)

NET CHANGE IN CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents - Beginning of Year

CASH AND CASH EQUIVALENTS - END OF YEAR

SUPPLEMENTAL CASH FLOW INFORMATION

Cash Paid for Interest

378,487

See Notes to Financial Statements

FRANKLIN PHONETIC PRIMARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Franklin Phonetic Primary School, Inc. (the School) was incorporated in November 15, 1995 as an Arizona non-profit organization dedicated to prepare students with academic skills and personal attributes that will allow them to be successful in their future college and career choices for grade levels from kindergarten through eighth grade. Revenues are derived principally from Arizona State Equalization Assistance Funds for charter schools.

The School was authorized to operate as a charter school in accordance with the Arizona State Board for Charter Schools dated June 17, 1996 located in Prescott Valley. The term of the original agreement was fifteen years. The charter was renewed with the Arizona State Board for Charter Schools on March 2, 2011 for an additional twenty years. The School opened a second location under a separate contract located in Phoenix, Arizona. The effective date of the contract is July 1, 2014 for fifteen years and can be renewed on June 30, 2014 for an additional twenty years.

Basis of Presentation

The financial statements of the School have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). The School has adopted (ASC) 958-205 and was effective on July 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the School and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the School. The School's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

FRANKLIN PHONETIC PRIMARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The School considers all monetary instruments with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consist of state funds that have been earned based on student enrollment, but not yet received as of the balance sheet date. The School estimates an allowance of doubtful accounts based upon an evaluation of the current status of receivables, historical experience, and other factors as necessary. As of June 30, 2021, the School did not anticipate any losses on accounts receivable, and no allowance was recorded. Accounts receivable for the year ended June 30, 2021 and June 30, 2020 totaled \$6,030 and \$75,024, respectively. There were no contract assets or contract liabilities recorded as the School has performed all its contract obligations and the right to payment is unconditional.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, authoritative guidance for *Revenue from Contracts with Customers* (Topic 606). The School does not anticipate this standard will have any significant impact on its operations. The School adopted (ASC) Topic 606 and was effective on July 1, 2018.

The School recognizes revenue from contracts, primarily with federal and state agencies, when services are rendered. A receivable is recorded to the extent the revenue earned exceeds payments received.

Donated Services

Donated services are recognized as contributions in accordance with FASB ASC No. 958, if the services (a) create or enhance non-financial assets; or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. The School utilizes the services of volunteers to perform a variety of tasks that assist the School with specific programs. No amounts have been reflected in the financial statements for those services because they do not meet the criteria for recognition.

Contributions

Contributions are received and recorded as either support with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. When a donor restriction expires (when stipulated time restriction expires or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the School reports the support as net assets without donor restrictions.

Functional Expenses

The costs of providing programs and support services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Expenses have been classified on the actual direct expenditures and cost allocations based on time and effort, square footage, and/or management's estimates.

FRANKLIN PHONETIC PRIMARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Land, buildings and improvements with a cost of \$5,000 or more and vehicles, furniture and equipment of \$5,000 or more and an estimated useful life of one year or more are recorded and stated at cost, if purchased, or at their estimated fair value, if donated. Donations of property and equipment are recorded at fair value as of the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the School reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The School reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the respective assets, which range from five to thirty-nine years. Maintenance and repairs are charged to expense as incurred.

Income Exempt Status

The School is exempt from income taxes under both Federal (Internal Revenue Code Section 501(c)(3)) and state income tax laws, and is classified as other than private foundation. Accordingly, no provision for federal and state income taxes is made in the financial statements. Income from certain activities not directly related to the School's tax-exempt purpose, however, may be subject to taxation as unrelated business taxable income (UBIT).

The School applies the income tax standard for uncertain tax positions. This standard clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. This standard prescribes recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The School is not aware of any activities that would jeopardize its tax-exempt status.

Compensated Absences

Employees of the School are entitled to paid vacation depending on employment classification. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The School's policy is to recognize the costs of compensated absences when actually paid to employees.

Advertising

The School follows the policy of charging advertising costs to operations when incurred. Advertising expense for the year ended June 30, 2021 was \$3,722.

Management's Review

The School has evaluated subsequent events through November 9, 2021, the date which the financial statements were available to be issued noting no significant events.

FRANKLIN PHONETIC PRIMARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 – LIQUIDITY AND AVAILABILITY

The School regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the School considers all expenditures related to its ongoing activities, including both program and administrative expenses. The following represents the School's financial assets at June 30, 2021:

Liquidity

Cash and Cash Equivalents	\$ 1,149,679
Accounts Receivable	6,030
Other Receivables	25,000
Prepaid Expenses	<u>42,898</u>
 Total Financial Assets	 <u>1,223,607</u>
 Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	 <u>\$ 1,223,607</u>

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

The School maintains its cash balances in two financial institutions. At June 30, 2021 uninsured deposits totaled \$763,800. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash balances.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2021:

Land & Land Improvements	\$ 1,782,761
Building Improvements	3,238,183
Equipment & Fixtures	572,863
Transportation Equipment	270,559
Building	<u>1,047,746</u>
 Total Costs	 6,912,112
Less Accumulated Depreciation	(2,017,239)
Property and Equipment, Net	<u>\$ 4,894,873</u>

Depreciation expense for the year ended June 30, 2021 totaled \$106,783.

**FRANKLIN PHONETIC PRIMARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 – BOND ASSETS

Bond assets consist of the following accounts:

Debt Service Reserve Fund (DSRF)

In accordance with the provisions of the Series 2017 bonds financing, the Bond Trustee established and maintains a separate DSRF. The DSRF shall be maintained in an amount equal to the DSRF requirement. The fund is to be used to make up any deficiencies needed to pay interest or principal on the bonds.

Bond Fund

The bond fund accumulates monthly principal and interest payments made by the School until principal is returned to bondholders once annually and interest is distributed to bondholders twice annually.

Revenue Fund

The revenue fund receives state equalization payments on behalf of the School. The majority of each set of monthly payments is then disbursed to the School once the required amounts are transferred to the bond fund.

Expense Fund

The expense fund directs the trustee to withdraw sufficient funds to pay the trustee an amount equal to one-half (1/2) of the trustee's fees and expenses for that year including fees for services performed by the bond's rebate analyst, so long as any Tax-Exempt Bonds remain outstanding.

Tax and Insurance Fund

Funds accumulate in the tax and insurance fund to pay insurance premiums for all policies required to be maintained by the School relative to insure the School's facilities.

Project Fund

The project fund will be in the custody of the trustee but in the name of the Issuer, and the Issuer authorizes and directs the trustee to withdraw sufficient funds from the appropriate subaccount of the project fund for costs of the project requisitioned by the School as required in the bond agreement.

The following schedule summarizes total bond assets at June 30, 2021.

Bond Fund	\$ 300,998
Debt Service Reserve Fund	457,840
Expense Fund	27,754
Project Fund	279,591
Revenue Fund	1
Tax and Insurance Fund	129,127
	<hr/>
Total Bond Fund Assets	\$ 1,195,311

FRANKLIN PHONETIC PRIMARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 – RELATED PARTY TRANSACTIONS

Due from Franklin Educational Properties, LLC

Franklin Educational Properties, LLC, a company owned by the president and vice president of the governing board of the School, purchased the land, building, and improvements of the Phoenix school location that the School then leases from Franklin Educational Properties, LLC. The School paid for the cost of the purchase of the land, building, and improvements which is to be repaid by Franklin Educational Properties, LLC. As of the year ended June 30, 2021, the amount due from the related party totaled \$58,240. See Note 9 for information on the related party leases.

Franklin Educational Distributions – Curriculums

The School entered into a contract with Franklin Educational Distributions, a company owned by the president and vice president of the governing board of the School, in July 2012. Franklin Educational Distributions provides the School with language arts curriculums for an annual fee of \$6,000. Amounts billed and paid for the year ended June 30, 2021 totaled \$6,000. The contract renews automatically for periods of one year unless cancelled by either party.

NOTE 7 – PAYCHECK PROTECTION PROGRAM

On May 4, 2020, the School received a loan from a financial institution pursuant to the Paycheck Protection Program (PPP) under the CARES Act totaling \$534,309. The loan bears interest at 1%, us due 24 months after receipt of the funds with the initial payment deferred for 6-months, and is unsecured. Principal and interest are forgivable after an 8 or 24-week period as elected by the School as long as it uses the funds for eligible purposes, including payroll, benefits, rent, mortgage payments, interest and utilities, and maintains its payroll levels.

The amount of forgiveness will be reduced if the School terminates employees or reduces salaries during the 8 or 24-week period. Payments of the principal and interest are not due until the lender determines loan forgiveness or 10 months after the covered period if the loan forgiveness application is not filed. Amounts not forgiven will be payable over a 2-year period. The School intends to use the proceeds for purposes consistent with the PPP, however at this time it cannot assure that it will not take action that could cause the loan to be ineligible for forgiveness in whole or in part. This loan was forgiven in its entirety, including interest, by the Small Business Administration on April 21, 2021.

**FRANKLIN PHONETIC PRIMARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 – LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2021:

Industrial Development Authority Education Facility Revenue and Refunding Bonds, Series 2017 bearing interest at 5.125% at June 30, 2019, with maturity date of July 1, 2029.	\$ 850,000
Industrial Development Authority Education Facility Revenue and Refunding Bonds, Series 2017 bearing interest at 5.50% at June 30, 2019, with maturity date of July 1, 2037.	1,160,000
Industrial Development Authority Education Facility Revenue and Refunding Bonds, Series 2017 bearing interest at 5.75% at June 30, 2019, with maturity date of July 1, 2047.	2,380,000
Industrial Development Authority Education Facility Revenue and Refunding Bonds, Series 2017 bearing interest at 5.875% at June 30, 2019, with maturity date of July 1, 2052.	<u>2,255,000</u>
Total Long-Term Debt	6,645,000
Less: Unamortized Debt Issuance Costs, Net	(476,561)
Less: Unamortized Bond Discount, Net	(198,656)
Less: Current Maturities	<u>(75,000)</u>
Total Long-Term Debt, Net of Current Maturities, Bond Discount, and Debt Issuance Costs	<u>\$ 5,894,783</u>

Interest costs related to debt incurred and charged to expense for the year ended June 30, 2021 totaled \$378,487.

Series 2017 Bonds

On July 1, 2017, the School entered into Series 2017 Bond agreements with the Industrial Development Authority Education Facility Revenue and Refunding Bonds to (1) refinance the outstanding Education Revenue Bonds, Series 2006, issued by the Industrial Development Authority of the County of Pima, (2) finance the costs of acquisition, construction, improvement, furnishing and quipping of land and charter school facilities, (3) fund reserve funds as noted in Note 5. The Series 2017 Bonds are secured by the deed of trust for the School.

Restrictive Covenants

The provisions of the bond agreement contain restrictive covenants pertaining to financial and operational requirements of the School.

FRANKLIN PHONETIC PRIMARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – LONG-TERM DEBT (Continued)

Scheduled annual principal maturities of long-term debt at June 30, 2021, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 75,000
2023	80,000
2024	85,000
2025	90,000
2026	95,000
Thereafter	<u>6,220,000</u>
Total	<u>\$ 6,645,000</u>

NOTE 9 – OPERATING LEASES

In November 2016, the School entered into a rental agreement with the related party Franklin Educational Properties, LLC, which is owned by the president and vice president of the governing board of the School, for the rental of the land, buildings, and improvements of the Phoenix school location. Under the terms of the lease, monthly payments are \$9,200 a month for ten years with an option to renew for an additional ten years. Total rental payments for this lease and for related party rents for the year ended June 30, 2021 totaled \$110,400.

The School also has an operating lease with a non-related party for various office equipment. This lease was entered into in September 2018 and it expires in September 2024. The lease payments are \$2,042 per month.

Future minimum lease payments under these operating leases at June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 141,908
2023	141,908
2024	120,903
2025	110,400
2026	<u>110,400</u>
Total	<u>\$ 625,519</u>

Total lease expense for the year ended June 30, 2021 totaled \$150,630.

FRANKLIN PHONETIC PRIMARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10 - RETIREMENT PLAN

The School participates in the cost-sharing multiple-employer defined benefits pension plan administered by the Arizona State Retirement System (ASRS). ASRS is governed by the Arizona State Retirement System Board according to the provisions of ARS Title 38, Chapter 5, Article 2. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits.

The Arizona State Legislature established and may amend active plan members' and the School's contribution rates. For the year ended June 30, 2021, ASRS member required by statute to contribute at the actuarially determined rate of 12.22% (12.04% for retirement and 0.18% for long-term disability) of the member's annual covered payroll. The School's contributions to ASRS for the year ended June 30, 2021, totaled \$242,418.

NOTE 11 – ECONOMIC DEPENDENCY

The School's revenue for the year ended June 30, 2021, approximately 96% was derived from funds passed through or provided by the Arizona Department of Education. Collection from the state is reasonably assured, provided the School complies with contract terms stipulated in its contract with the Arizona State Board for Charter Schools. Changes in state funding levels for charter schools could have a significant impact on the School's ability to operate.

NOTE 12 – COMMITMENTS AND CONTINGENT LIABILITIES

Litigation - The School is contingently liable for claims and judgments resulting from lawsuits incidental to normal operations. In the opinion of the School's management, adverse decisions that might result, to the extent not covered by insurance, would not have a material effect on the financial statements. No provision has been made in the financial statements for possible losses of this nature.

Compliance - The School's compliance with certain laws and regulations is subject to review by its Sponsor. Although such reviews could result in a reduction of state equalization assistance, any required reductions are not expected to be significant.



SEELY, MULLINS & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

7141 N. 51st Avenue, Suite C, Glendale, AZ 85301
Phone (623) 939-7581 ♦ Fax (623) 931-4785

Loren I. Greenberg, C.P.A.

Independent Auditors' 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*

Board of Directors
Franklin Phonetic Primary School, Inc.
Prescott Valley, Arizona

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 financial statements of Franklin Phonetic Primary School, Inc. (School), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated November 9, 2021.

Internal Control Over Financial

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

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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



SEELY, MULLINS & ASSOCIATES, P.C.

Glendale, Arizona
November 9, 2021



SEELY, MULLINS & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

7141 N. 51st Avenue, Suite C, Glendale, AZ 85301
Phone (623) 939-7581 ♦ Fax (623) 931-4785

Loren I. Greenberg, C.P.A.

Independent Accountants' Report

Board of Directors
Franklin Phonetic Primary School, Inc.
Prescott Valley, Arizona

We have performed the procedures enumerated below, which were agreed to by Franklin Phonetic Primary School, Inc. (School) and the Arizona State Board for Charter Schools (Sponsor) solely to assist the specified parties in evaluating the School's compliance with applicable legal requirements during the year ended June 30, 2021. Management is responsible for the School's compliance with those requirements. The sufficiency of these procedures is solely the responsibility of those specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and related findings, if any, are disclosed in the accompanying Arizona State Board for Charter Schools Uniform System of Financial Records for Charter Schools Compliance Questionnaire and Procurement Compliance Questionnaire in accordance with the instructions contained therein. We found no noncompliance with the Uniform System of Financial Records for Charter Schools Compliance Questionnaire and Procurement Compliance Questionnaire.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the School and the Arizona State Board for Charter Schools and is not intended to be and should not be used by anyone other than these specified parties.


SEELY, MULLINS & ASSOCIATES, P.C.
Glendale, Arizona
November 9, 2021



Arizona State Board for Charter Schools
Legal Compliance Questionnaire
Franklin Phonetic Primary School, Inc. 138751000
Fiscal Year Ended June 30, 2021

Table of Contents

<u>Topic</u>	<u>Page</u>
INSTRUCTIONS	2
PERSONNEL	4
REQUIRED FILINGS.....	5
SPECIAL EDUCATION	6
CLASSROOM SITE FUND	6
STUDENT ATTENDANCE REPORTING.....	7
OPEN MEETING LAW	11
INSURANCE REQUIREMENTS	11
TUITION	11
RECORDS MANAGEMENT	12
SIGNATURE PAGE.....	12

INSTRUCTIONS

NOTE: This questionnaire should only be used for charters that are exempt from the Uniform System of Financial Records for Arizona Charter Schools (charters that HAVE an exception). If a charter is subject to procurement requirements pursuant to A.R.S. §§15-189.02 and 41-2535(A), this questionnaire should be used in conjunction with the Procurement Compliance Questionnaire (see audit guidelines) which is available on the Arizona State Board for Charter Schools' website <https://asbcs.az.gov>.

In order to determine whether a charter that is exempt from the requirements of the Uniform System of Financial Records for Arizona Charter Schools (USFRCS) is complying with applicable legal requirements, the auditors must complete the following Legal Compliance Questionnaire in accordance with both the agreed upon procedures (instructions contained herein) and the attestation standards established by the American Institute of Certified Public Accountants. (Note: This questionnaire is not comprehensive of all legal requirements for charter schools. As such, this document should not be the sole reference to determine all laws and regulations that are applicable to charter schools).

The following prescribed minimum agreed upon procedures, as well as those identified throughout the questionnaire, must be used for completing the Legal Compliance Questionnaire in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The State Board for Charter Schools may reject questionnaires not meeting these standards.

- ◆ Sufficient, appropriate evidence must be obtained annually for each question to satisfactorily determine whether the charter complies with the legal requirements, and the evidence must be included in the documentation.
- ◆ Evidence may be obtained through test work, observation, examination, and client assertion. However, client assertion alone is not adequate evidence to support "Yes" answers to the questionnaire.
- ◆ Population size should be considered in determining the number of items to test, and the items selected should be representative of the population.
- ◆ The number of items tested must be sufficient to determine whether a deficiency was the result of an isolated incident or a recurring problem. Therefore, testing one transaction, record, or item is not sufficient.
- ◆ The sample size should be expanded if the audit firm cannot clearly determine whether the charter complies with the legal requirements of the question.

- ◆ If sufficient evidence has been obtained and documented during the current audit, that evidence may be referenced to answer questions.
- ◆ All “No” and “N/A” answers must be adequately explained in the comments column or in an attachment. Findings must be described in sufficient detail to enable the State Board for Charter Schools to describe the finding in a letter. The description should include the number of items tested and the number of exceptions noted.
- ◆ A “Yes” answer indicates that the audit firm has determined that the charter complies with the legal requirements of the question and a “No” answer indicates the charter does not comply. However, the final determination of compliance on each question, as well as overall compliance with legal requirements, is made by the State Board for Charter Schools based on the evidence presented in the questionnaire, audit reports, resulting documentation, and any other sources.

The resulting documentation supporting the audit firm’s answers to the Legal Compliance Questionnaire must be made available on request for review by the State Board for Charter Schools. To facilitate this review, the audit firm may wish to include in the documentation a copy of the questionnaire containing references to procedures performed for each question.

Legal Compliance Questionnaire¹

Questions/Subject Area	Yes/No	Comments
Personnel		
1. Did the school have valid fingerprint clearance cards (FCC) for 100% of the required personnel as of the testing date? A.R.S. §15-183(C)(5) and A.R.S. §15-512(H)	Yes	
(QUESTIONS #2a THROUGH 2c ONLY APPLY TO NEW HIRES REQUIRED PURSUANT TO A.R.S. §15-183(C)(5) TO HAVE VALID FCCS AND DO NOT APPLY IF AN INDIVIDUAL'S FCC HAS EXPIRED.)		
2. For each individual referenced in #1 that did not have a valid FCC, please provide the following information (provide supplemental pages, if necessary) (See agency guidance available on the Board's website prior to completing these questions) A.R.S. §15-183(C)(5) :		
a. Was an application for a FCC on file with the Department of Public Safety (DPS) as of the testing date?	N/A	Does not apply per question #1 above.
b. Did DPS receive the application prior to the hire date?	N/A	Does not apply per question #1 above.
c. Prior to placement, did the school do all of the following?		
i) Document the necessity for hiring/placing the individual prior to receiving a FCC?	N/A	Does not apply per question #1 above.
ii) Obtain statewide criminal history information on the individual?	N/A	Does not apply per question #1 above.
iii) Obtain references from the applicant's current and previous employers?	N/A	Does not apply per question #1 above.
3. Did the charter school maintain up-to-date fingerprints of all Governing Body members as of the testing date? Charter Contract²	Yes	
4. Were all other personnel fingerprint checked as of the testing date? A.R.S. §15-183(C)(5) and A.R.S. §15-512	Yes	
5. Did the charter school inform the parents and guardians of pupils enrolled in the school of the availability of	Yes	

¹ For the purposes of this questionnaire, please note that "Governing Body" means the group of persons required by A.R.S. §15-183(E)(8) that is responsible for policy decisions of the charter school. The term "Governing Board" means the group of persons that the charter holder has assigned the responsibility addressed by the question. The applicable group of persons may be the Governing Body or the officers, directors, members or partners of the charter holder. The applicable group of persons may vary depending on the issue addressed by the question.

² Specific contract cites could not be provided as term references vary per contract year.

information about the educational and teaching background and experience in a particular academic content subject area for all current employees who provide instruction to pupils? A.R.S. §15-183(F)		
	Yes/No	Comments
Required Filings		
1. Is the school in good standing with the following regulatory bodies:		
a. Internal Revenue Service U.S.C. Title 26		
i. For payroll taxes, income taxes (if applicable) and applicable tax forms required to be filed during the audited fiscal year?	Yes	
ii. The school did not have any payroll or income taxes payable from a prior year(s) as of audited fiscal year end (June 30 th) is a true statement.	Yes	
iii. If the response to 1.a.i, 1.a.ii, or both is "no", does the school have a payment plan in place with the Internal Revenue Service?	N/A	Answered yes to i and ii
iv. If the answer to Question 1.a.iii is "yes", has the school made all of the required payments under the payment plan as of audited fiscal year end (June 30 th)?	N/A	Answered yes to i and ii
b. Arizona Department of Revenue A.R.S. §43-401 and §43-1111		
i. For payroll taxes, state income taxes (if applicable) and applicable tax forms required to be filed during the audited fiscal year?	Yes	
ii. The school did not have any payroll or income taxes payable from a prior year(s) as of audited fiscal year end (June 30 th) is a true statement.	Yes	
iii. If the response to 1.b.i, 1.b.ii, or both is "no", does the school have a payment plan in place with the Arizona Department of Revenue?	N/A	Answered yes to i and ii
iv. If the answer to Question 1.b.iii is "yes", has the school made all of the required payments under the payment plan as of audited fiscal year end (June 30 th)?	N/A	Answered yes to i and ii
c. Arizona Department of Economic Security A.R.S. §§23-701 through 23-757		
i. State unemployment contributions requirements for the audited fiscal year?	Yes	
ii. The school did not have any state unemployment contributions payable from a prior year(s) as of audited fiscal year end (June 30 th) is a true statement.	Yes	
iii. If the response to 1.c.i, 1.c.ii, or both is "no", does the school have a payment plan in place with the Arizona Department of Economic Security?	N/A	Answered yes to i and ii

iv. If the answer to Question 1.c.iii is "yes", has the school made all of the required payments under the payment plan as of audited fiscal year end (June 30 th)?	N/A	Answered yes to i and ii
d. Corporation Commission (e.g., annual report)? Charter Contract	Yes	
2. Was a copy of the adopted budget submitted electronically to the Superintendent of Public Instruction no later than July 18 th ? A.R.S. §15-905(E) and §15-183(E)(6)	Yes	
3. Was the Annual Financial Report (AFR) sent to the Superintendent of Public Instruction by October 15 th ? A.R.S. §15-183(E)(6) and 15-904(A)	Yes	
Special Education		
1. Is the staff the school uses to provide special education services (internal or contracted) certified in special education?	Yes	
2. Does the school conduct 45 day screenings on all new students? AAC R7-2-401	Yes	
3. Are evaluations and IEPs on file for special education students? 34 CFR 300.341-350 and 300.531-536	Yes	
Classroom Site Fund - A.R.S. §15-977 & OAG Memorandum No. 44		
1. Did the school properly allocate Classroom Site Fund receipts among the following projects: 1011 – Base Salary (20%), 1012 – Performance Pay (40%), and 1013 – Other (40%)?	Yes	
2. For Project 1011, were expenses only for teacher base salary increases and employment-related expenses?	Yes	
3. For Project 1012, were expenses only for performance-based teacher compensation increases and employment-related expenses?	Yes	
4. For Project 1013, were expenses only for class size reduction, teacher compensation increases, assessment intervention programs, teacher development, dropout prevention programs, and teacher liability insurance premiums?	Yes	
5. Did the school use Classroom Site Fund monies to supplement rather than supplant, existing funding from all other sources? (See USFRCS Memorandum No. 44 for guidance on the Classroom Site Fund.)	Yes	
6. If the school had monies remaining at year-end, were they properly carried forward in the three Classroom Site Projects (1011, 1012, and 1013) to help ensure that the restrictions placed on the original allocation of revenues is applied in future years?	Yes	

7. Did the school have sufficient cash at year-end to cover the carry over monies, and what was the Classroom Site Fund <u>cash</u> carryover balance at year-end?	Yes	Carryover balance was \$35,404 on June 30, 2021.								
Student Attendance Reporting										
If test work performed in this section discloses a net overstatement or understatement of membership and/or absence days, based on A.R.S. and ADE's school finance external guidelines, report the net overstatement or understatement in the "Comments" column next to each applicable question.										
	Yes/No	Comments								
1. Did the school's calendar ensure school was in session for the required days and students received the required instructional hours per grade level, including Arizona Online Instruction (AOI) Programs as prescribed in A.R.S. §§15-808(J)(1), 15-901(A)(1) and 15-901.07?	Yes									
<p>For Student Attendance Reporting questions, the audit firm must select and test the specified number of transactions (records, entries, withdrawals, or days) as shown in the sample size instructions before each section. These samples should include <u>3</u> or more grade levels and <u>3</u> or more campuses, where applicable. The listed sample sizes represent the minimum level of required test work. The audit firm should use its judgment in determining whether a larger sample is needed. All student attendance records tested should be selected from the first 100 days of school. In the parentheses provided within the questions, write the actual number of transactions tested. If all transactions were tested, indicate such in the "Comments" column.</p>										
<p>For question 2, select at least 3 student attendance records.</p> <p>2. If the school had an early (pre-) kindergarten program, based upon review of (___) early (pre-) kindergarten students' attendance records, did the school only calculate and submit membership information for this program for students with disabilities? A.R.S. §15-901(A)(1)(a)(i) and USFRCS Memorandum No. 33</p>	N/A	No pre-kindergarten program.								
<p>For question 3, use the following sample sizes:</p> <table border="1" data-bbox="212 1435 1002 1653"> <thead> <tr> <th data-bbox="212 1435 603 1518"><u>SCHOOLWIDE ADM</u></th> <th data-bbox="603 1435 1002 1518"><u>Student Attendance Records</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="212 1518 603 1570"><1,000</td> <td data-bbox="603 1518 1002 1570">5</td> </tr> <tr> <td data-bbox="212 1570 603 1621">1,000-5,000</td> <td data-bbox="603 1570 1002 1621">10</td> </tr> <tr> <td data-bbox="212 1621 603 1653">>5,000</td> <td data-bbox="603 1621 1002 1653">15</td> </tr> </tbody> </table>			<u>SCHOOLWIDE ADM</u>	<u>Student Attendance Records</u>	<1,000	5	1,000-5,000	10	>5,000	15
<u>SCHOOLWIDE ADM</u>	<u>Student Attendance Records</u>									
<1,000	5									
1,000-5,000	10									
>5,000	15									

<p>3. Based upon review of 5 students' attendance records, did the school appropriately track and report elementary, junior high, and high school students' membership and absences? A.R.S. §§15-901(A)(1)(a)(i) and 15-901(A)(5)(a)(i), and USFRCS Memorandum No. 33</p>	<p>Yes</p>									
<p>For questions 4-7, use the following sample sizes:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>SCHOOLWIDE</u> <u>ADM</u></th> <th style="text-align: center;"><u>Student Attendance Records</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><1,000</td> <td style="text-align: center;">3</td> </tr> <tr> <td style="text-align: center;">1,000-5,000</td> <td style="text-align: center;">5</td> </tr> <tr> <td style="text-align: center;">>5,000</td> <td style="text-align: center;">7</td> </tr> </tbody> </table>			<u>SCHOOLWIDE</u> <u>ADM</u>	<u>Student Attendance Records</u>	<1,000	3	1,000-5,000	5	>5,000	7
<u>SCHOOLWIDE</u> <u>ADM</u>	<u>Student Attendance Records</u>									
<1,000	3									
1,000-5,000	5									
>5,000	7									
<p>4. Based upon review of (___) high school students' attendance records, did the school prorate the membership of the students enrolled in less than 4 subjects?</p>	<p>N/A</p>	<p>No high school programs</p>								
<p>5. For schools-Based on a review of (___) students' (enrolled in a program provided by a CTED in a facility owned or operated by a school) attendance records, did the school report the actual enrollment for only the school classes the student was enrolled in at the school site (excluding CTED program classes) under the school's CTDS number?</p>	<p>N/A</p>	<p>Not an AOI School.</p>								
<p>6. For schools offering an AOI Program, based upon a review of (___) AOI students' attendance records for 4 weeks: (ADE's guideline SF-0003-AOI Participation)</p> <p>a. Was the guardian-approved or school computer-generated daily log describing the amount of time spent by the student on academic tasks maintained by the participating AOI school? A.R.S. §15-808(E)</p>	<p>N/A</p>	<p>Not an AOI School.</p>								
<p>b. Did the hours reported to ADE agree to the guardian-approved or school computer-generated daily log?</p>	<p>N/A</p>	<p>Not an AOI School.</p>								
<p>c. Were all students who participated in an AOI Program residents of this state? A.R.S. §15-808(B)</p>	<p>N/A</p>	<p>Not an AOI School.</p>								
<p>d. Was the student's Intended Full Time Equivalency Enrollment Statement maintained?</p>	<p>N/A</p>	<p>Not an AOI School.</p>								
<p>7. Based upon review of the student attendance records in question 6, did the school follow its procedures to re-determine the actual FTE for each student enrolled in an AOI Program following a student's withdrawal or after the end of the school</p>	<p>N/A</p>	<p>Not an AOI School.</p>								

year?										
<p>For questions 8-12, use the following sample sizes:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">SCHOOLWIDE ADM</th> <th style="text-align: center;">Student Attendance Records</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><1,000</td> <td style="text-align: center;">5</td> </tr> <tr> <td style="text-align: center;">1,000-5,000</td> <td style="text-align: center;">10</td> </tr> <tr> <td style="text-align: center;">>5,000</td> <td style="text-align: center;">15</td> </tr> </tbody> </table>	SCHOOLWIDE ADM	Student Attendance Records	<1,000	5	1,000-5,000	10	>5,000	15		
SCHOOLWIDE ADM	Student Attendance Records									
<1,000	5									
1,000-5,000	10									
>5,000	15									
8. Based upon review of (____) students withdrawn for having 10 consecutive unexcused absences (all grades), was the student only counted in membership through the last day of actual attendance or excused absence? A.R.S. §15-901(A)(1)	N/A	No students met withdrawal criteria.								
9. Based upon review of 5 entries, does the student's name entered in the student management system match the name on the legal document on file? A.R.S. §15-828(D)	Yes									
10. Based upon review of (____) entries: (Note: Enrollment forms are not required for continuing students at the same school.)	Yes									
a. Were the entry dates entered into the school's computerized attendance system within 5 working days after the actual date of entry and was documentation maintained to support the date of data entry?	Yes									
b. Did the entry date in the computerized attendance system agree to the entry form?	Yes									
c. Did membership begin on the first day of actual attendance or, for continuing/pre-enrolled students, the first day that classroom instruction was offered, provided that the students actually attend within the first 10 days of school? ADE's External Guideline GE-17	Yes									
d. Did the school obtain and maintain verifiable documentation of Arizona residency upon enrollment? A.R.S. §15-802(B)(1) and ADE's Arizona Residency Documentation Guidelines	Yes									

11. Did the school exclude nonresident students from the school's student count and state aid calculations and charge tuition, as applicable? A.R.S. §15-823(G) and (L)	N/A	All tested were Arizona residents.
12. Based upon review of 5 withdrawals:		
a. Were the withdrawal dates entered into the school's computerized attendance system within 5 working days after the actual day of withdrawal and was documentation maintained to support the date of data entry? (Note: "Day of withdrawal" for determining timely data entry means: a. the later of the student's withdrawal date or the day the school is notified the student will not be returning; or b. the 10 th day of unexcused absence for students withdrawn for having 10 consecutive unexcused absences.)	Yes	
b. Did the withdrawal date in the computerized attendance system agree to the withdrawal form? (Note: If the computerized attendance system requires the school to input the day following the withdrawal date for a student to be counted in membership through the last day of actual attendance or excused absence, the withdrawal date on the system should be the school day following the withdrawal date on the form.)	Yes	
c. Did the school prepare and retain an <i>Official Notice of Pupil Withdrawal</i> form that a school administrator signed for each withdrawal? A.R.S. §15-827	Yes	

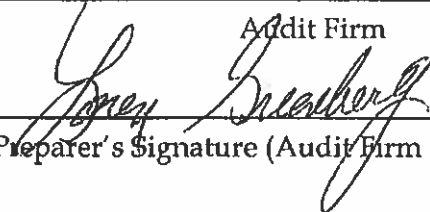
13. Based upon review of the school's student data uploaded to ADE (AzEDS ADM15 or ABSATT10 report, as applicable), did the membership and absences agree to the school's computerized attendance system records for the first 100 days of school? (Note: For an AOI Program, review year-end attendance information.)	Yes	
14. Did the school report students that completed all high school requirements with the applicable graduation code and use the appropriate year-end status code for other students?	N/A	No high school programs
15. For students participating in distance learning, did the school follow attendance procedures defined in the distance learning plan approved by ADE?	Yes	
	Yes/No	Comments
Open Meeting Law A.R.S. § 38-431.01 and § 38-431.02 (See also Attorney General Opinion 100-009)		
1. Did the school conspicuously post a statement on its website stating where all public notices of its meetings will be posted, including the physical and electronic locations?	Yes	
2. Did the school post all public meeting notices on its website?	Yes	
3. Did the school maintain a record of notices that includes a copy of each notice that was posted and information regarding the date, time and place of posting?	Yes	
4. Were notices and agenda of public meetings posted at least 24 hours before the meeting?	Yes	
5. Were written minutes prepared or a recording made of Governing Body meetings?	Yes	
Insurance Requirements A.R.S. §15-183(M)		
Does the school have the required insurance for liability and property loss?	Yes	
Tuition A.R.S. §15-185(B)(6) (See also Attorney General Opinion I98-007)		
Did the school refrain from charging fees that may be considered tuition other than as provided for in A.R.S. §15-185(B)(6) [nonresidents]?	Yes	

Records Management		
1. Did the school retain records in accordance with the <i>General Retention Schedules for Education - K-12</i> published by the Arizona State Library, Archives and Public Records (based on the testing conducted during the course of the audit)? (www.azlibrary.gov/arm/retention-schedules)	Yes	
2. Was adequate documentation retained to support amounts in the financial statements (if the school is not the primary reporting entity - was adequate documentation retained to support revenue and expenses in the charter school)?	Yes	

This Questionnaire was completed in accordance with the minimum standards as set forth in the instructions on pages 2 and 3.

Seely, Mullins & Associates, P.C

Audit Firm

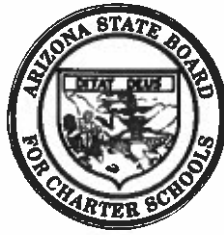

Preparer's Signature (Audit Firm Representative)

11-15-2021

Date

SHARE HOLDER

Title



**ARIZONA STATE BOARD FOR CHARTER SCHOOLS
PROCUREMENT COMPLIANCE QUESTIONNAIRE**

Franklin Phonetic Primary School, Inc. 138751000

Fiscal Year Ended June 30, 2021

INSTRUCTIONS

NOTE: This questionnaire should only be used for charters that are subject to procurement laws (charters that do NOT have an exception). If a charter is subject to procurement requirements, this questionnaire should be completed in conjunction with the Legal Compliance Questionnaire or the Uniform System of Financial Records for Charter Schools Compliance Questionnaire (see audit guidelines) which are available on the Arizona State Board for Charter Schools' website <https://asbcs.az.gov>.

A.R.S. §15-213(F) requires schools to have a systematic review of their purchasing practices performed in conjunction with their audits. The purpose of this review is to determine whether the charter is in compliance with procurement laws. In order to determine whether a charter is complying with applicable procurement requirements, the auditors must complete the following Procurement Compliance Questionnaire in accordance with both the agreed upon procedures (instructions contained herein) and the attestation standards established by the American Institute of Certified Public Accountants.

The following prescribed minimum agreed upon procedures, as well as those identified throughout the questionnaire, must be used for completing the Procurement Compliance Questionnaire in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The State Board for Charter Schools may reject questionnaires not meeting these standards.

- ◆ Sufficient, appropriate evidence must be obtained annually for each question to satisfactorily determine whether the charter complies with the legal requirements, and the evidence must be included in the documentation.
- ◆ Evidence may be obtained through test work, observation, examination, and client assertion. However, client assertion alone is not adequate evidence to support “Yes” answers to the questionnaire.
- ◆ Population size should be considered in determining the number of items to test, and the items selected should be representative of the population.
- ◆ The number of items tested must be sufficient to determine whether a deficiency was the result of an isolated incident or a recurring problem. Therefore, testing one transaction, record, or item is not sufficient.
- ◆ The sample size should be expanded if the audit firm cannot clearly determine whether the charter complies with the legal requirements of the question.
- ◆ If sufficient evidence has been obtained and documented during the current audit, that evidence may be referenced to answer questions.
- ◆ All “No” and “N/A” answers must be adequately explained in the comments column or in an attachment. Findings must be described in sufficient detail to enable the State Board for Charter Schools to describe the finding in a letter. The description should include the number of items tested and the number of exceptions noted.
- ◆ A “Yes” answer indicates that the audit firm has determined that the charter complies with the legal requirements of the question and a “No” answer indicates the charter does not comply. However, the final determination of compliance on each question, as well as overall compliance with legal requirements, is made by the State Board for Charter Schools based on the evidence presented in the questionnaire, audit reports, resulting documentation, and any other sources.

The resulting documentation supporting the audit firm’s answers to the Procurement Compliance Questionnaire must be made available on request for review by the State Board for Charter Schools. To facilitate this review, the audit firm may wish to include in the documentation a copy of the questionnaire containing references to procedures performed for each question.

Procurement Compliance Questionnaire¹

DISBURSEMENTS	YES/NO	COMMENTS
1. Were the responsibilities of disbursement processing (check preparation, recordkeeping, and authorization) separated among employees? If this was not possible due to the school's limited staff size, were adequate review procedures in place?	Yes	
2. Were all disbursements approved by the Governing Board?	Yes	
3. Did the Governing Board approve all long-term contracts before the contracts were executed?	Yes	
4. Did the school ensure that sufficient cash and budget capacity was available before authorizing disbursements?	Yes	
5. Were prenumbered and numerically-controlled purchase orders prepared for all school disbursements (except for exempted items such as salaries and related costs, utilities, and in-state travel) and were they approved by personnel authorized by the Governing Board before goods or services were ordered?	Yes	
6. If the school used blanket purchase orders, did they cover a definite time period and specify an expenditure limit?	N/A	No blanket purchase orders used.
7. Were receiving reports prepared for all goods and services received, except for exempted items? Was the date of receipt, quantity received, and signature of the recipient noted on each receiving report?	Yes	

For Disbursements questions 8-10, the audit firm must select and test a specified number of procurements performed during the fiscal year based on the school's average daily membership (ADM) as shown in the table below. Auditors should consider multiple transactions, including those made by credit card with vendors, purchases of like items, and multi-year contracts to determine the appropriate level of competitive purchasing required. However, question 8 should be answered only for contracts awarded during the fiscal year.

The listed sample sizes represent the minimum level of required test work. The audit firm should use its judgment in determining whether a larger sample is needed.

ADM	SAMPLE SIZE
<1,000	5
1,000-5,000	10
>5,000	15

¹ For the purposes of this questionnaire, please note that "Governing Body" means the group of persons required by A.R.S. §15-183(E)(8) that is responsible for policy decisions of the charter school. The term "Governing Board" means the group of persons that the charter holder has assigned the responsibility addressed by the question. The applicable group of persons may be the Governing Body or the officers, directors, members or partners of the charter holder. The applicable group of persons may vary depending on the issue addressed by the question.

In the parentheses provided in questions 8-10, indicate the actual number of procurements tested. If all procurements were tested, indicate such in the "Comments" column. For question 8, at least 40 percent of the number of procurements tested must be for purchases made through competitive sealed bids and at least 40 percent of the number of procurements tested must be for purchases made through competitive sealed proposals. If these 40 percent thresholds cannot be met due to an inadequate population size, the audit firm must test all procurements made through competitive sealed bids or made through competitive sealed proposals. Of the procurements selected above, at least 1 procurement should be for traditional construction (design-bid-build), and at least 1 procurement should be for construction-manager-at-risk, design-build, job order contracting (Question 8.d), if applicable.

	YES/NO	COMMENTS
8. Based upon review of (____) procurements [__ competitive sealed bids and __ competitive sealed proposals] for the procurement of construction, materials, and services that exceeded \$100,000, did the school follow the School District Procurement Rules (R7-2-1001 et seq):	N/A	<u>No procurements were made that met or exceeded the amount requiring sealed bids.</u>
a. For purchases made through competitive sealed bidding or competitive sealed proposals, did the school:		
1) Publish and provide other adequate notice, as applicable, of the invitation for bid (IFB) or request for proposal (RFP)? R7-2-1022 or R7-2-1042(C).	N/A	<u>No procurements were made that met or exceeded the amount requiring sealed bids.</u>
2) Compile and maintain a list of persons who requested to be added to a list of prospective bidders, if any, and furnish those bidders with notice of available bids? R7-2-1023 and R7-2-1024(C).	N/A	<u>No procurements were made that met or exceeded the amount requiring sealed bids.</u>
3) Issue the IFB or RFP at least 14 days before the time and date set for bid opening or the closing date and time for receipt of proposals, and include all the required information, as applicable? R7-2-1024 or R7-2-1042. (Note: If the answer is "No," the "Comments" must specifically indicate which requirements were not complied with.)	N/A	<u>No procurements were made that met or exceeded the amount requiring sealed bids.</u>
4) Record the time and date sealed bids or proposals were received and store bids or proposals unopened until the time and date set for opening? R7-2-1029 or R7-2-1045.	N/A	<u>No procurements were made that met or exceeded the amount requiring sealed bids.</u>
5) Establish and follow procedures for the award and use of multiple contracts, if any? R7-2-1031(D) and R7-2-1050(C).	N/A	<u>No procurements were made that met or exceeded the amount requiring sealed bids.</u>
6) Follow the requirements of R7-2-1032 or R7-2-1046(A)(1) for contracts where only 1 responsive bid or proposal was received, if any, and retain documentation for that determination?	N/A	<u>No procurements were made that met or exceeded the amount requiring sealed bids.</u>

<p>b. For purchases made through competitive sealed bidding, did the school award contracts to the lowest responsible and responsive bidder whose bid conformed, in all material respects, to the requirements and evaluation criteria set forth in the IFB? (Note: If the answer is "No," the "Comments" should specifically indicate which requirements were not complied with.) R7-2-1031.</p>	<p>N/A</p>	<p>No procurements were made that met or exceeded the amount requiring sealed bids.</p>
<p>c. For purchases made through competitive sealed proposals, did the school award the contract to the offeror whose proposal was determined, with specific reason(s) in writing, to be most advantageous to the school based on the factors set forth in the RFP and retain documentation that supported the basis for the determination? (Note: If the answer is "No," the "Comments" should specifically indicate which requirements were not complied with.) R7-2-1050.</p>	<p>N/A</p>	<p>No procurements were made that met or exceeded the amount requiring sealed bids</p>
<p>d. If the school used construction-manager-at-risk, design-build, or job-order-contracting to procure construction services, did the school comply with the requirements of R7-2-1100 through R7-2-1115? (Note: If the answer is "No," the "Comments" should specifically indicate which requirements were not complied with.)</p>	<p>N/A</p>	<p>No procurements were made that met or exceeded the amount requiring sealed bids</p>
<p>e. Did the school have a signed procurement disclosure statement for all employees with job responsibilities related to each procurement or for non-employee consultants or technical advisors involved in each procurement process? R7-2-1008(C) and R7-2-1015.</p>	<p>N/A</p>	<p>No procurements were made that met or exceeded the amount requiring sealed bids</p>
<p>f. Did the school prepare written determinations, as required throughout the procurement rules, including how the determination was made? R7-2-1004.</p>	<p>N/A</p>	<p>No procurements were made that met or exceeded the amount requiring sealed bids</p>
<p>g. Did the school's procurement files include the required information, as applicable? R7-2-1001(96).</p>	<p>N/A</p>	<p>No procurements were made that met or exceeded the amount requiring sealed bids</p>
<p>h. For multi-term contracts for materials and services and contracts for job-order-contracting construction services that were entered into for more than 5 years, did the Governing Board determine in writing that a contract of longer duration would be advantageous to the school before the procurement solicitation was issued? A.R.S. §15-213(L) and R7-2-1093.</p>	<p>N/A</p>	<p>No multi-term contracts.</p>
<p>9. Based upon review of () purchases costing at least \$10,000 but less than \$50,000, did the school obtain and document oral price quotations from at least three vendors and follow the guidelines for oral price quotations prescribed by the USFRCS?</p>	<p>N/A</p>	<p>No purchases that qualify were made.</p>
<p>10. Based upon review of () purchases costing at least</p>	<p>N/A</p>	<p>No purchases that qualify</p>

<p>\$50,000 but less than \$100,000, did the school obtain written price quotations from at least three vendors and follow the guidelines for written price quotations prescribed by the USFRCS?</p>		<p>were made.</p>
<p>11. Based upon review of all emergency and sole source procurements:</p>		
<p>a. Was the basis for each emergency procurement reasonable and did the school retain a written statement documenting the basis for the emergency, the selection of the particular contractor, and why the price paid was reasonable, and was such statement signed by the individual authorized to initiate emergency procurements? R7-2-1055 and R7-2-1056.</p>	<p>N/A</p>	<p>No emergency or sole source procurements were used.</p>
<p>b. Did the Governing Board approve all sole-source procurements before any purchases were made and retain the written determinations in the procurement files? R7-2-1053 and R7-2-1086.</p>	<p>N/A</p>	<p>No emergency or sole source procurements were used.</p>
<p>12. Were purchases under current General Services Administration schedules 70-IT and 84-Law Enforcement contracts authorized by the Governing Board prior to making any purchases? A.R.S. §15-213(K) and R7-2-1196(C).</p>	<p>N/A</p>	<p>No GSA contracts.</p>
<p>13. Did the school have a cooperative purchasing agreement on file for each cooperative it used and only purchase from cooperative contracts it was a member of or use only lead entity contracts that it was listed as a member of in the solicitation or ensure its additional purchases would not have materially increased the volume stated in the original solicitation? R7-2-1191 through R7-2-1195.</p>	<p>N/A</p>	<p>No cooperative purchases used.</p>
<p>14. Did the school perform and document due diligence for a sample of contracts for each cooperative or lead entity the school made purchases from during the audit period? (Note: Indicate below the name of each cooperative or lead entity the school purchased through and whether the cooperative or lead entity complied with the School District Procurement Rules.) R7-2-1191(D).</p> <p>Cooperative/lead entity:</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>N/A</p>	<p>No cooperative purchases used.</p>
<p>15. Did the school prepare written determinations for any specified professional services, construction, construction services, or materials purchased through a school purchasing cooperative,</p>	<p>N/A</p>	<p>No purchasing cooperative used.</p>

including how the determination was made? R7-2-1004.		
16. Were cash disbursements made by prenumbered and numerically controlled checks?	Yes	
17. Were checks properly completed prior to issuance and not written payable to cash or bearer?	Yes	
18. Were unused checks physically safeguarded and access to them limited to authorized personnel who did not have access to the signature facsimile plates?	Yes	
19. Were the signature facsimile plates physically safeguarded and access to them limited to a minimum number of employees who did not have access to the blank checks?	N/A	No facsimile plates used.
20. Did the accounts payable function include maintaining documentation and matching receiving reports, vendor invoices, and purchase orders before payment?	Yes	
21. Were checks compared to supporting documentation and the check register before distribution?	Yes	
22. Was supporting documentation, including invoices, stamped "paid" or otherwise marked to prevent duplicate payments?	Yes	
23. Were expenses prepaid only when prepayment is normally required to procure the item or the item must be prepaid to receive a discounted price?	Yes	
24. Did the school prepare a list of goods or services received but not paid for on or before fiscal year-end?	Yes	

This Questionnaire was completed in accordance with the minimum standards as set forth in the instructions on page 2.

Seely, Mullins & Associates, P.C.

 Audit Firm

 Preparer's Signature (Audit Firm Representative)

11-15-2021

 Date
 STEPHEN RADER

 Title



Franklin Phonetic Primary School, Inc. 138751000
Arizona State Board for Charter Schools
Uniform System of Financial Records for Charter Schools
Compliance Questionnaire
Fiscal Year Ended June 30, 2021

Table of Contents

<u>Topic</u>	<u>Page</u>
INSTRUCTIONS.....	2
BUDGETS.....	3
ACCOUNTING RECORDS.....	3
CASH.....	3
SUPPLIES INVENTORY.....	4
CAPITAL ASSETS.....	5
RECEIPTS.....	6
CLASSROOM SITE FUND.....	6
PAYROLL.....	7
TRAVEL.....	8
FINANCIAL REPORTING.....	8
AUDIT REQUIREMENTS.....	9
FOOD SERVICE.....	9
AUXILIARY OPERATIONS.....	10
STUDENT ACTIVITIES.....	11
STUDENT ATTENDANCE REPORTING.....	12
RECORDS MANAGEMENT.....	15
OPEN MEETING LAW.....	15
PERSONNEL.....	16
SPECIAL EDUCATION.....	17
INSURANCE.....	17
TUITION.....	17

INSTRUCTIONS

NOTE: This questionnaire should only be used for charters that are subject to the Uniform System of Financial Records for Arizona Charter Schools (USFRCS) (charters that do NOT have an exception). If a charter is subject to procurement requirements pursuant to A.R.S §15-189.02 and 41-2535(A), this questionnaire should be used in conjunction with the Procurement Compliance Questionnaire (see audit guidelines) which is available on the Arizona State Board for Charter Schools' website <https://asbcs.az.gov>.

Arizona Revised Statutes (A.R.S.) §15-183(E)(6) and 15-271, and Laws 1999, 1st Special Session, Chapter 4, sec.15, require the Office of the Auditor General, the State Board of Education, or the Arizona State Board for Charter Schools to inform any charter failing to establish and maintain the requirements prescribed by the *Uniform System of Financial Records for Arizona Charter Schools* (USFRCS) that it has 90 days to correct the cited deficiencies. To assist the State Board for Charter Schools in determining whether a charter has attained an acceptable degree of compliance with the requirements of the USFRCS, the audit firm must complete this USFRCS Compliance Questionnaire in accordance with both the agreed upon procedures (instructions contained herein) and the attestation standards established by the American Institute of Certified Public Accountants. A copy of the questionnaire completed in accordance with the attestation standards established by the American Institute of Certified Public Accountants must be submitted with the audit reporting package to the State Board for Charter Schools.

The following prescribed minimum agreed upon procedures, as well as those identified throughout the questionnaire, must be used for completing the USFRCS Compliance Questionnaire in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The State Board for Charter Schools may reject questionnaires not meeting these standards.

- ◆ Sufficient, appropriate evidence must be obtained annually for each question to satisfactorily determine whether the charter complies with the USFRCS, and the evidence must be included in the documentation.
- ◆ Evidence may be obtained through test work, observation, examination, and client assertion. However, client assertion alone is not adequate evidence to support “Yes” answers to the questionnaire.
- ◆ Population size should be considered in determining the number of items to test, and the items selected should be representative of the population.
- ◆ The number of items tested must be sufficient to determine whether a deficiency was the result of an isolated incident or a recurring problem. Therefore, testing one transaction, record, or item is not sufficient.
- ◆ The sample size should be expanded if the audit firm cannot clearly determine whether the charter complies with the USFRCS and/or legal requirements on that question.
- ◆ If sufficient evidence has been obtained and documented during the current audit, that evidence may be referenced to answer questions.
- ◆ All “No” and “N/A” answers must be adequately explained in the comments column or in an attachment. Deficiencies must be described in sufficient detail to enable the State Board for Charter Schools to describe the deficiency in a letter. The description should include the number of items tested and the number of exceptions noted. Comments such as “See LOR” are not adequate.
- ◆ A “Yes” answer indicates that the audit firm has determined that the charter complies with the USFRCS and/or legal requirements on that question, and a “No” answer indicates the charter does not comply. However, the final determination of compliance on each question, as well as overall compliance with the USFRCS, is made by the State Board for Charter Schools based on the evidence presented in the questionnaire, audit reports, resulting documentation, and any other sources.

The resulting documentation supporting the audit firm’s answers on the questionnaire must be made available on request for review by the State Board for Charter Schools. To facilitate this review, the audit firm may wish to include in the documentation a copy of the questionnaire with references to the procedures performed for each question.

USFRCS Compliance Questionnaire¹

	<u>YES/NO</u>	<u>COMMENTS</u>
<u>BUDGETS</u>		
1. Were the proposed budget and a notice of public hearing and Governing Board meeting to adopt a budget uploaded for posting on ADE’s website no later than 10 days prior to the meeting, and if the school maintains a website, were the proposed budget or budget summary and hearing notification posted on the school’s website? A.R.S. §15-185(M)	Yes	
2. Was the adopted budget submitted electronically to the Superintendent of Public Instruction no later than July 18? A.R.S. §15-905 (E) and §15-183(E)(6)	Yes	
3. Was the adopted budget mathematically accurate, and did it include all school expenses?	Yes	
4. Was a copy of the budget maintained on file at the school?	Yes	
5. If the school revised the adopted budget, was the revision completed before May 15 and filed with the Superintendent of Public Instruction by May 18?	N/A	School did not revise budget.
<u>ACCOUNTING RECORDS</u>		
1. Did the school properly reconcile its accounting records to the bank account records and is the reconciliation properly supported?	Yes	
2. Were accounting records maintained in accordance with the USFRCS Chart of Accounts?	Yes	
3. Were the responsibilities of initiating, approving, and recording journal entries separated among employees, or were adequate alternative procedures in place?	Yes	
4. Were journal entries approved by an authorized school administrator before being recorded in the accounting records?	Yes	
5. Were prenumbered and numerically controlled journal entry forms prepared for all journal entries?	Yes	
<u>CASH</u>		
1. Were bank accounts authorized by the Governing Board?	Yes	
The following is a list of bank accounts allowed by the USFRCS:		
a. General account		
b. General Revolving account		
c. Payroll Clearing account		
d. State Income Tax Withholdings account		
e. Federal Payroll Tax Withholdings account		
f. Employee Insurance Programs Withholdings account		

¹ For the purposes of this questionnaire, please note that “Governing Body” means the group of persons required by A.R.S. §15-183(E)(8) that is responsible for policy decisions of the charter school. The term “Governing Board” means the group of persons that the charter holder has assigned the responsibility addressed by the question. The applicable group of persons may be the Governing Body or the officers, directors, members or partners of the charter holder. The applicable group of persons may vary depending on the issue addressed by the question.

	<u>YES/NO</u>	<u>COMMENTS</u>
--	---------------	-----------------

g. Federal Savings Bond Withholdings account		
h. Food Service account		
i. Food Service Revolving account		
j. Auxiliary Operations account		
k. Auxiliary Operations Revolving account		
l. Student Activities account (required for schools with student activities)		
m. Grants and Gifts to Teachers account		
2. Were inactive bank accounts closed?	N/A	No inactive accounts
3. Was the school's general revolving account established by a check drawn on the general bank account, maintained on an imprest basis, and reimbursed for all disbursements for the current fiscal year by year-end?	N/A	No general revolving account.
4. Were disbursements from the general revolving account only for items requiring immediate cash outlays such as postage, freight, fuel taxes, travel, and other minor disbursements? (Salaries and wages should not be paid from the revolving account.)	N/A	No general revolving account.
5. Was the school's petty cash account authorized by the Governing Board, established by a check drawn on the general revolving bank account, maintained on an imprest basis, and closed to the general revolving bank account by fiscal year-end?	N/A	No petty cash account
6. Were disbursements from the school's petty cash account only for minor disbursements when a check was not practical or immediate cash payment was required?	N/A	No petty cash account
7. Was the school's petty cash account locked in a safe or a cash box to which only the custodian has access?	N/A	No petty cash account
8. Were bank accounts reconciled monthly to the check register by an employee not involved in handling cash receipts or disbursements?	Yes	

SUPPLIES INVENTORY

1. Were the responsibilities of record keeping and custody of supplies adequately separated among employees? If this was not possible due to the school's limited staff size, were adequate review procedures in place?	N/A	No supplies inventory
2. Did the school adequately safeguard supplies inventory from unauthorized use, theft, and damage?	N/A	No supplies inventory
3. Was a complete physical inventory taken at least annually, if periodic inventory records were maintained, or at least once every 3 years if perpetual records were maintained?	N/A	No supplies inventory
4. Were the inventory accounting records adjusted when an actual physical inventory was taken?	N/A	No supplies inventory
5. If perpetual records were maintained, were periodic verifications of selected items made between inventory dates?	N/A	No supplies inventory

	<u>YES/NO</u>	<u>COMMENTS</u>
--	---------------	-----------------

- | | | |
|---|-----|-----------------------|
| 6. Was a supplies inventory list that included item and unit descriptions, purchase document numbers, quantities, unit costs, extended costs, page totals, and a grand total prepared at the end of each fiscal year for all supplies, including food service supplies, both purchased and donated, and bookstore supplies? | N/A | No supplies inventory |
| 7. Was adequate documentation maintained to support the actual cost recorded on the supplies inventory list? | N/A | No supplies inventory |

CAPITAL ASSETS

- | | | |
|---|-----|--|
| 1. Did the school prepare a capital assets list that included all equipment with unit costs of \$5,000 or more and useful lives of 1 year or more, and all land, buildings, and related improvements with a cost of \$5,000 or more? (Lower threshold amounts may be used with Governing Board approval.) | Yes | |
| 2. Does the capital assets list include the following information for each item? | | |
| a. Location (campus, department, building, etc.) | Yes | |
| b. Identification number for equipment (tag number, serial number, or other number that specifically identifies the item) | Yes | |
| c. Description (model number, size, color, etc.) | Yes | |
| d. Method of acquisition (purchase, donation, construction, trade, or lease-purchase) | Yes | |
| e. Source of funding (the project from which the item was purchased) | Yes | |
| f. Acquisition date (month and year of acquisition) | Yes | |
| g. Purchase document number (purchase order, voucher, or other document number that can be used to trace to the supporting documentation) | Yes | |
| h. Actual cost including any ancillary charges. Were donated assets recorded at fair market value at the date of donation? | N/A | No assets donated. |
| i. Condition of asset (for assets with unit costs of \$5,000 or more purchased with federal monies) | N/A | No assets purchased with federal monies. |
| j. Percentage of federal participation (for assets with unit costs of \$5,000 or more purchased with federal monies) | N/A | No assets purchased with federal monies. |
| 3. Did the school update the capital assets list at least annually for acquisitions and disposals? | Yes | |
| 4. Was proper supporting documentation retained for all items recorded on the capital assets list? | Yes | |
| 5. Were equipment items recorded on the capital assets list identified by a tag, marked with an identifying number, or specifically identified by some other means? | Yes | |
| 6. Was a physical inventory of equipment taken at least every 3 years and reconciled to the capital assets list? Was a physical inventory of equipment costing \$5,000 or more purchased with federal monies taken at least every 2 years? | Yes | |

	<u>YES/NO</u>	<u>COMMENTS</u>
7. Were disposals of capital assets properly authorized and the items removed from the capital assets list?	N/A	No disposals
8. Was obsolete or damaged equipment removed from the capital assets list?	N/A	No obsolete assets
9. Did the school reconcile changes in capital asset accounts to the capital asset additions list?	Yes	
10. Did the school reconcile the current year's capital assets list to the previous year's list?	Yes	
11. Did the school maintain adequate insurance coverage for capital assets?	Yes	

RECEIPTS

1. Were the responsibilities of receiving, depositing, and recording receipts separated among employees? If this was not possible due to the school's limited staff size, were adequate review procedures in place?	Yes	
2. Were prenumbered and numerically-controlled cash receipt forms prepared for all cash, checks, and warrants received at the school?	Yes	
3. Were daily cash receipt summaries prepared to provide a reconciliation of the amount of cash, checks, and warrants on hand to issued receipts?	Yes	
4. Were receipts adequately safeguarded prior to deposit?	Yes	
5. Were all monies received by the school deposited intact in the appropriate bank account daily, if significant, or at least weekly?	Yes	
6. Were validated bank deposit receipts agreed to applicable cash receipt summaries and copies of bank deposit slips, and maintained on file?	Yes	

CLASSROOM SITE FUND – A.R.S. §15-977 and USFRCS Memorandum No. 44

1. Did the school properly allocate Classroom Site Project receipts among the following projects: 1011—Base Salary (20%), 1012—Performance Pay (40%), and 1013—Other (40%)?	Yes	
2. For Project 1011, were expenses only for teacher base salary increases and employment-related expenses?	Yes	
3. For Project 1012, were expenses only for performance-based teacher compensation increases and employment-related expenses?	Yes	
4. For Project 1013, were expenses only for class size reduction, teacher compensation increases, assessment intervention programs, teacher development, dropout prevention programs, and teacher liability insurance premiums?	Yes	
5. Did the school use Classroom Site Fund monies to supplement rather than supplant, existing funding from all other sources? (See USFRCS Memorandum No. 44 for guidance on the Classroom Site Fund.)	Yes	
6. If the school had monies remaining at year-end, were they properly carried forward in the three Classroom Site Projects (1011, 1012, and 1013) to help ensure that the restrictions placed on the original allocation of revenues is applied in future years?	Yes	
7. Did the school have sufficient cash at year-end to cover the carry over	Yes	Carryover balance was

monies, and what was the Classroom Site Fund cash carryover balance at year-end?

YES/NO	COMMENTS
	\$35,404 on June 30, 2021

PAYROLL

1. Were payroll processing responsibilities (payroll preparation, payroll authorization, and payroll check distribution) adequately separated among employees or were adequate alternative procedures in place?	Yes	
2. Were written personnel and payroll policies established by the Governing Board and available to employees?	Yes	
3. Did the school establish a delayed payroll system to help ensure that employees were paid only the amount actually earned?	Yes	
4. Did individual personnel files include appropriate supporting documentation?	Yes	
5. Did the school maintain a system to account for the accrual and use of vacation, sick leave, and compensatory time for all employees on an ongoing basis?	Yes	
6. Did the school's policies governing leave time include prescribed accrual rates for specified years of service, maximum amounts to be accrued, and disposition of accrued time upon termination of employment?	Yes	
7. Were individual time sheets, clock cards, or other work attendance records prepared for each hourly employee for each pay period, signed by the employee, and approved by the employee's supervisor?	Yes	
8. Was all overtime pay paid no later than 16 days after the end of the most recent pay period? A.R.S. §23-351(C)(3)	Yes	
9. Were payroll registers supported by properly authorized notifications of employment, terminations, pay rate changes, withholding and voluntary deduction authorization forms, and work attendance records?	Yes	
10. Were completed payroll registers or prepayroll registers reviewed and approved by a school administrator?	Yes	
11. Were payroll checks compared to the payroll register on a test basis prior to distribution to employees?	Yes	
12. Were procedures established to record payroll expenses in the correct fiscal year?	Yes	

	<u>YES/NO</u>	<u>COMMENTS</u>
TRAVEL		
1. Did the Governing Board prescribe policies and procedures for reimbursing lodging and per diem expenses incurred for school purposes, and were the amounts within the maximums established by the Internal Revenue Service (IRS)? (Current limits are available at www.gsa.gov/perdiem .)	Yes	
2. Did the school reimburse mileage at the standard rate established by the IRS?	Yes	
3. If amounts exceeded the limits set by IRS, did the school include amounts in excess of the IRS limits authorized in IRS Publication 1542 in employees' income on Form W-2?	N/A	Did not exceed IRS limits
FINANCIAL REPORTING		
1. Was the annual financial report (AFR) sent to the Superintendent of Public Instruction by October 15?	Yes	
2. Was the AFR signed by the Governing Board?	Yes	
3. Was a copy of the AFR maintained on file at the school?	Yes	
4. Did budgeted expenses as reported on the AFR agree with the school's adopted budget or most recently revised adopted budget?	Yes	
5. Did actual revenues and expenses as reported on the AFR agree with the school's accounting records?	Yes	
6. Was all required information included in the AFR?	Yes	
7. Was disclosure in the notes to the financial statements adequate, and were all pertinent notes incorporated as an integral part of the financial statements?	Yes	
8. Was adequate documentation retained to support amounts in the financial statements (if the school is not the primary reporting entity – was adequate documentation retained to support revenue and expenses in the charter school)?	Yes	
9. If applicable, were the reporting requirements of the <i>Single Audit Act Amendments of 1996</i> met?	N/A	Single audit not required
10. Is the school in good standing with the following regulatory bodies:		
a. Internal Revenue Service U.S.C. Title 26		
i. For payroll taxes, income taxes (if applicable) and applicable tax forms required to be filed during the audited fiscal year?	Yes	
ii. The school did not have any payroll or income taxes payable from a prior year(s) as of audited fiscal year end (June 30 th) is a true statement.	Yes	
iii. If the response to 10.a.i, 10.a.ii, or both is "no", does the school have a payment plan in place with the Internal Revenue Service?	N/A	Answered yes to i and ii
iv. If the answer to Question 10.a.iii is "yes", has the school made all of the required payments under the payment plan as of audited fiscal year end (June 30 th)?	N/A	Answered yes to i and ii
b. Arizona Department of Revenue A.R.S. §43-401 and §43-1111		

	<u>YES/NO</u>	<u>COMMENTS</u>
i. For payroll taxes, state income taxes (if applicable) and applicable tax forms required to be filed during the audited fiscal year?	Yes	
ii. The school did not have any payroll or income taxes payable from a prior year(s) as of audited fiscal year end (June 30 th) is a true statement.	Yes	
iii. If the response to 10.b.i, 10.b.ii, or both is “no”, does the school have a payment plan in place with the Arizona Department of Revenue?	N/A	Answered yes to i and ii
iv. If the answer to Question 10.b.iii is “yes”, has the school made all of the required payments under the payment plan as of audited fiscal year end (June 30 th)?	N/A	Answered yes to i and ii
c. Arizona Department of Economic Security A.R.S. §§23-701 through 23-757		
i. State unemployment contribution requirements for the audited fiscal year?	Yes	
ii. The school did not have any state unemployment contributions payable from a prior year(s) as of audited fiscal year end (June 30 th) is a true statement.	Yes	
iii. If the response to 10.c.i, 10.c.ii, or both is “no”, does the school have a payment plan in place with the Arizona Department of Economic Security?	N/A	Answered yes to i and ii
iv. If the answer to Question 10.c.iii is “yes”, has the school made all of the required payments under the payment plan as of audited fiscal year end (June 30 th)?	N/A	Answered yes to i and ii
d. Corporation Commission (e.g., annual report)? Charter Contract	Yes	

AUDIT REQUIREMENTS

1. If the school exceeded the threshold of federal award expenses set forth in OMB Circular No. A-133, did the school contract with an independent audit firm to obtain an annual single audit?	N/A	No single audit requirement
2. Were the appropriate procurement rules or guidelines followed in obtaining the services of the audit firm?	Yes	
3. Was the most current audit contract and the USFRCS Compliance Questionnaire and Procurement Compliance Questionnaire, if applicable, used for the audit (referenced in ASBCS audit guidelines)?	Yes	
4. Were the supporting documents, detailed schedules, accounting records, and other information requested by the audit firm prepared and provided to the audit firm?	Yes	

FOOD SERVICE

1. Were cash receipts adequately safeguarded?	Yes	
2. Was all cash received in the operation of the school’s food service program deposited either in the general bank account or food service bank account daily, if practicable, or at least weekly?	Yes	
3. Were validated bank deposit receipts agreed to applicable daily cash reconciliation reports and copies of bank deposit slips, and maintained on file?	Yes	
4. Were food service change funds established by a check drawn on cash in	N/A	No change funds

the general or food service bank account?		
5. Did the school refrain from making disbursements from the food service change fund?	N/A	No change funds
6. If a food service revolving bank account was used, was it established by a check drawn on the general or food service bank account in an amount limited to \$500, maintained on an imprest basis, and reimbursed for all disbursements for the current fiscal year by year-end?	N/A	No food service revolving account
7. Were disbursements from the food service revolving bank account only for payment of freight on commodities, purchases of food required in emergencies, temporary employment not to exceed 8 hours for any person, and other minor disbursements?	N/A	No food service revolving account
8. Were the responsibilities of receiving, depositing, and recording food service receipts separated among employees? If this was not possible due to the school's limited staff size, were adequate review procedures in place?	Yes	
9. Were meal tickets prenumbered, numerically controlled, and adequately safeguarded prior to issuance? If a computerized system was used, were proper controls in place?	Yes	
10. Were daily reports prepared that document a reconciliation of meal sales to cash collections, and were cash overages and shortages resolved?	Yes	
11. Did the actual expenses as reported on the Food Service page of the AFR agree with the school's accounting records?	Yes	
12. Were expenses reported on the Food Service page of the AFR classified in accordance with the USFRCS Chart of Accounts?	Yes	
	YES/NO	COMMENTS

AUXILIARY OPERATIONS

1. Did the auxiliary operations bank account include all monies raised in connection with the activities of campus bookstores and athletics?	N/A	No auxiliary operations
2. Was the school's auxiliary operations revolving bank account established by a check drawn on the general or auxiliary operations bank account in an amount approved by the Governing Board, maintained on an imprest basis, and reimbursed for all disbursements for the current fiscal year by year-end?	N/A	No auxiliary operations
3. Was the auxiliary operations petty cash account established from the general or auxiliary operations bank account in an amount approved by the Governing Board, and operated on an imprest basis?	N/A	No auxiliary operations
4. Were receipt forms and tickets prenumbered and numerically controlled?	N/A	No auxiliary operations
5. Did the school prepare daily sales summaries of bookstore operations and athletic ticket sales that provided a reconciliation between recorded sales and actual cash collected?	N/A	No auxiliary operations
6. Were cash receipts deposited intact daily, if material, or at least weekly?	N/A	No auxiliary operations
7. Were validated bank deposit receipts agreed to applicable daily sales summaries of bookstore operations/athletic ticket sales and copies of bank deposit slips, and maintained on file?	N/A	No auxiliary operations
8. Was idle cash in the auxiliary operations bank account invested by the	N/A	No auxiliary operations

Governing Board in relatively risk-free investments such as interest-earning checking accounts, savings accounts, and certificates of deposit? Was interest earned on such investments credited to the auxiliary operations bank account?

9. Were disbursements from the revolving bank account and petty cash account supported by appropriate documentation and limited to postage, freight, fuel taxes, travel, and other minor disbursements? (Salaries and wages should not be paid from the revolving bank account and petty cash account. However, wages for game officials may be paid from the revolving bank account if the official is considered an independent contractor.)	N/A	No auxiliary operations
10. Were auxiliary operations change funds established by a check drawn on cash in the auxiliary operations (revolving) bank account?	N/A	No auxiliary operations
11. Did the school refrain from making disbursements from the auxiliary operations change fund?	N/A	No auxiliary operations
12. Were the responsibilities of receiving, depositing, and recording auxiliary operations receipts separated among employees? If this was not possible due to the school's limited staff size, were adequate review procedures in place?	N/A	No auxiliary operations
13. Were payroll taxes withheld from payments made to employees of the school who functioned as game officials, scorekeepers, ticket sellers, etc.? (Withholdings are not required for the game officials appointed by the Arizona Interscholastic Association.)	N/A	No auxiliary operations

YES/NO **COMMENTS**

STUDENT ACTIVITIES

1. Was the student activities treasurer and assistant student activities treasurer(s), if applicable, appointed by the Governing Board?	N/A	No treasurer
2. Did the student activities bank account include only monies of student clubs, organizations, school plays, or other student entertainment that were raised through the efforts of students with the approval of the Governing Board? (Note: Raffles, bingo, and other forms of gambling are not legal events for student clubs.)	Yes	
3. Were student activities monies deposited in a bank account designated as the student activities bank account?	Yes	
4. Were monies deposited intact daily, if significant, or at least weekly?	Yes	
5. Were student activities change funds established by a check drawn on cash in the student activities bank account and returned to the bank account at the end of the school year?	N/A	No change fund
6. Did the school refrain from making disbursements from the student activities change fund?	N/A	No change fund
7. Were student activities tickets prenumbered, numerically controlled, and physically safeguarded?	Yes	
8. Were reports prepared that reconciled sales to cash collected at student activities events? (When applicable, sales should be documented using	Yes	

tickets, prenumbered cash receipts, a cash register, or count items on hand before and after a sale.)		
9. Were validated bank deposit receipts agreed to applicable daily cash collection summaries and copies of bank deposit slips, and maintained on file?	Yes	
10. Was student activities' idle cash invested by the Governing Board in relatively risk-free investments such as interest-bearing checking accounts, savings accounts, and certificates of deposit? Was interest earned on such investments allocated proportionately to the appropriate clubs?	N/A	No idle cash
11. Were the responsibilities of cash handling and recordkeeping separated among employees? If this was not possible due to the District's limited staff size, were adequate review procedures in place?	Yes	
12. Were receipts adequately safeguarded prior to deposit?	Yes	
13. Was cash available in the student club accounts before disbursements were made?	Yes	
14. Were disbursements from the student activities bank account properly authorized by or on behalf of the student members of a particular club?	Yes	
15. Were checks drawn on the student activities bank account signed by the student activities treasurer or assistant treasurer and one other person authorized by the Governing Board?	Yes	
16. Were transfers of monies among student clubs properly authorized?	Yes	
17. Was a report of cash receipts, disbursements, transfers, and cash balances of the student activities bank account submitted to the Governing Board monthly?	Yes	
	YES/NO	COMMENTS

STUDENT ATTENDANCE REPORTING

If test work performed in this section discloses a net overstatement or understatement of membership and/or absence days, based on A.R.S. and ADE's school finance external guidelines, report the net overstatement or understatement in the "Comments" column next to each applicable question.

1. Did the school's calendar ensure school was in session for the required days and students received the required instructional hours per grade level, including Arizona Online Instruction (AOI) Programs as prescribed in A.R.S. §§15-808(J)(1), 15-901(A)(1) and 15-901.07?	Yes	
---	-----	--

For Student Attendance Reporting questions, the audit firm must select and test the specified number of transactions (records, entries, withdrawals, or days) as shown in the sample size instructions before each section. These samples should include 3 or more grade levels and 3 or more campuses, where applicable. The listed sample sizes represent the minimum level of required test work. The audit firm should use its judgment in determining whether a larger sample is needed. All student attendance records tested should be selected from the first 100 days of school. In the parentheses provided within the questions, write the actual number of transactions tested. If all transactions were tested, indicate such in the "Comments" column.

For question 2, select at least 3 student attendance records.

2. If the school had an early (pre-) kindergarten program, based upon review of () early (pre-) kindergarten students' attendance records, did the school only calculate and submit membership information for this program for students with disabilities? **A.R.S. §15-901(A)(1)(a)(i) and USFRCS Memorandum No. 33**

N/A No pre-Kindergarten program

For question 3, use the following sample sizes:

SCHOOLWIDE ADM	Student Attendance Records
<1,000	5
1,000-5,000	10
>5,000	15

3. Based upon review of 5 students' attendance records, did the school appropriately track and report elementary, junior high, and high school students' membership and absences? **A.R.S. §§15-901(A)(1)(a)(i) and 15-901(A)(5)(a)(i), and USFRCS Memorandum No. 33**

Yes

For questions 4-7, use the following sample sizes:

SCHOOLWIDE ADM	Student Attendance Records
<1,000	3
1,000-5,000	5
>5,000	7

4. Based upon review of () high school students' attendance records, did the school prorate the membership of the students enrolled in less than 4 subjects?

N/A No high school program

5. For schools-Based on a review of () students' (enrolled in a program provided by a CTED in a facility owned or operated by a school) attendance records, did the school report the actual enrollment for only the school classes the student was enrolled in at the school site (excluding CTED program classes) under the school's CTDS number?

N/A No CTED program

6. For schools offering an AOI Program, based upon review of () AOI students' attendance records for 4 weeks: (ADE's guideline, SF-0003-AOI Participation)

a. Was the guardian-approved or school computer-generated daily log describing the amount of time spent by the student on academic tasks maintained by the participating AOI school? **A.R.S. §15-808(E)**

N/A Not an AOI School

b. Did the hours reported to ADE agree to the guardian-approved or school computer-generated daily log?

N/A Not an AOI School

c. Were all students who participated in an AOI Program residents of this state? **A.R.S. §15-808(B)**

N/A Not an AOI School

d. Was the student's Intended Full Time Equivalency Enrollment Statement maintained?

N/A Not an AOI School

7. Based upon review of the student attendance records in question 6, did the school follow its procedures to re-determine the actual FTE for each student enrolled in an AOI Program following a student's withdrawal or after the end of the school year? N/A Not an AOI School

For questions 8-12, use the following sample sizes:

<u>SCHOOLWIDE ADM</u>	<u>Student Attendance Records</u>
<1,000	5
1,000-5,000	10
>5,000	15

8. Based upon review of (____) students withdrawn for having 10 consecutive unexcused absences (all grades), was the student only counted in membership through the last day of actual attendance or excused absence? N/A No students met withdrawal criteria
A.R.S. §15-901(A)(1)

9. Based upon review of 5 entries, does the student's name entered in the student management system match the name on the legal document on file? Yes
A.R.S. §15-828(D)

10. Based upon review of 5 entries: (**Note:** Enrollment forms are not required for continuing students at the same school.)

a. Were the entry dates entered into the school's computerized attendance system within 5 working days after the actual date of entry and was documentation maintained to support the date of data entry? Yes

b. Did the entry date in the computerized attendance system agree to the entry form? Yes

c. Did membership begin on the first day of actual attendance or, for continuing/pre-enrolled students, the first day that classroom instruction was offered, provided that the students actually attend within the first 10 days of school? **ADE's External Guideline GE-17** Yes

d. Did the school obtain and maintain verifiable documentation of Arizona residency upon enrollment? **A.R.S. §15-802(B)(1) and ADE's Arizona Residency Documentation Guidelines** Yes

11. Did the school exclude nonresident students from the school's student count and state aid calculations and charge tuition, as applicable? **A.R.S. §15-823(G) and (L)** N/A All tested were Arizona residents

12. Based upon review of 5 withdrawals:

a. Were the withdrawal dates entered into the school's computerized attendance system within 5 working days after the actual day of withdrawal and was documentation maintained to support the date of data entry? (**Note:** "Day of withdrawal" for determining timely data entry means: a. the later of the student's withdrawal date or the day the school is notified the student will not be returning; or b. the 10th day of unexcused absence for students withdrawn for having 10 consecutive unexcused absences.) Yes

- b. Did the withdrawal date in the computerized attendance system agree to the withdrawal form? (Note: If the computerized attendance system requires the school to input the day following the withdrawal date for a student to be counted in membership through the last day of actual attendance or excused absence, the withdrawal date on the system should be the school day following the withdrawal date on the form.) Yes
- c. Did the school prepare and retain an *Official Notice of Pupil Withdrawal* form that a school administrator signed for each withdrawal? A.R.S. §15-827 Yes

- 13. Based upon review of the school's student data uploaded to ADE (AzEDS ADM15 or ABSATT10 report, as applicable), did the membership and absences agree to the school's computerized attendance system records for the first 100 days of school? (Note: For an AOI Program, review year-end attendance information.) Yes
- 14. Did the school report students that completed all high school requirements with the applicable graduation code and use the appropriate year-end status code for other students? Yes
- 15. For students participating in distance learning, did the school follow attendance procedures defined in the distance learning plan approved by ADE? Yes

RECORDS MANAGEMENT

Did the school retain records in accordance with the *General Retention Schedules for Education K-12* published by the Arizona State Library, Archives and Public Records (based on the testing conducted during the course of the audit)? (www.azlibrary.gov/arm/retention-schedules) Yes

OPEN MEETING LAW A.R.S. § 38-431.01 and § 38-431.02 (See also Attorney General Opinion I00-009)

- 1. Did the school conspicuously post a statement on its website stating where all public notices of its meetings will be posted, including the physical and electronic locations? Yes
- 2. Did the school post all public meeting notices on its website? Yes
- 3. Did the school maintain a record of notices given that includes a copy of each notice that was posted and information regarding the date, time, and place of posting? Yes
- 4. Were notices and agendas of public meetings posted at least 24 hours before the meeting? Yes
- 5. Were written minutes prepared or a recording made of Governing Body meetings? Yes

PERSONNEL

1. Did the school have valid fingerprint clearance cards for 100% of the required personnel as of the testing date? **A.R.S. §15-183(C)(5) and A.R.S. §15-512(H)** Yes

(QUESTIONS #2a THROUGH 2c ONLY APPLY TO NEW HIRES REQUIRED PURSUANT TO A.R.S. 15-183(C)(5) TO HAVE VALID FCCS AND DO NOT APPLY IF AN INDIVIDUAL’S FCC HAS EXPIRED.)

2. For each individual referenced in #1 that did not have a FCC, please provide the following information (provide supplemental pages, if necessary) (See agency guidance available on the Board’s website prior to completing these questions) **A.R.S. §15-185(C)(5)**:

a. Was an application for a FCC on file with the Department of Public Safety (DPS) as of the testing date? N/A Does not apply per questions #1 above

b. Did DPS receive the application prior to the hire date? N/A Does not apply per questions #1 above

c. Prior to placement, did the school do all of the following?

i) Document the necessity for hiring/placing the individual prior to receiving a FCC? N/A Does not apply per questions #1 above

ii) Obtain statewide criminal history information on the individual? N/A Does not apply per questions #1 above

iii) Obtain references from the applicant’s current and previous employers? N/A Does not apply per questions #1 above

3. Did the charter school maintain up- to-date fingerprints of all Governing Body members as of the testing date? **Charter Contract**² Yes

4. Were all other personnel fingerprint checked as of the testing date? **A.R.S. §15-183(C)(5) and A.R.S. 15-512** Yes

5. Did the charter school inform the parents and guardians of pupils enrolled in the school of the availability of information about the educational and teaching background and experience in a particular academic content subject area for all current employees who provide instruction to pupils? **A.R.S. §15-183(F)** Yes

² Specific contract cites could not be provided as term references vary per contract year.

SPECIAL EDUCATION

- 1. Is the staff the school uses to provide special education services (internal or contracted) certified in special education? **Yes**
- 2. Does the school conduct 45 day screenings on all new students? AAC R7-2-401 **Yes**
- 3. Are evaluations and IEPs on file for special education students? 34 CFR 300.341-350 and 300.531-536 **Yes**

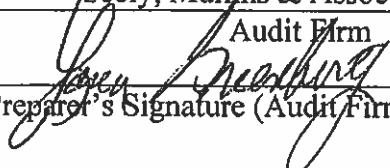
INSURANCE REQUIREMENTS A.R.S. §15-183(M)

Does the school have the required insurance for liability and property loss? **Yes**

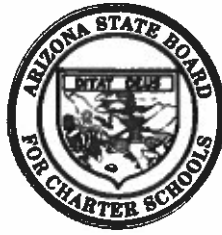
TUITION A.R.S. §15-185(B)(6) (See also Attorney General Opinion I98-007)

Did the school refrain from charging fees that may be considered tuition other than as provided for in A.R.S. §15-185(B)(6) [nonresidents]? **Yes**

This Questionnaire was completed in accordance with the minimum standards as set forth in the instructions on page 2.

Seely, Mullins & Associates, P.C.
Audit Firm

Preparer's Signature (Audit Firm Representative)

11-15-2021
Date
SHARON LOR/PARTNER
Title



**Arizona State Board for Charter Schools
Legal Compliance Questionnaire
Franklin Phonetic Primary School, Inc. 078263000**

Fiscal Year Ended June 30, 2021

Table of Contents

<u>Topic</u>	<u>Page</u>
INSTRUCTIONS	2
PERSONNEL	4
REQUIRED FILINGS.....	5
SPECIAL EDUCATION	6
CLASSROOM SITE FUND	6
STUDENT ATTENDANCE REPORTING.....	7
OPEN MEETING LAW	11
INSURANCE REQUIREMENTS	11
TUITION	11
RECORDS MANAGEMENT	12
SIGNATURE PAGE.....	12

INSTRUCTIONS

NOTE: This questionnaire should only be used for charters that are exempt from the Uniform System of Financial Records for Arizona Charter Schools (charters that HAVE an exception). If a charter is subject to procurement requirements pursuant to A.R.S. §§15-189.02 and 41-2535(A), this questionnaire should be used in conjunction with the Procurement Compliance Questionnaire (see audit guidelines) which is available on the Arizona State Board for Charter Schools' website <https://asbcs.az.gov>.

In order to determine whether a charter that is exempt from the requirements of the Uniform System of Financial Records for Arizona Charter Schools (USFRCS) is complying with applicable legal requirements, the auditors must complete the following Legal Compliance Questionnaire in accordance with both the agreed upon procedures (instructions contained herein) and the attestation standards established by the American Institute of Certified Public Accountants. (Note: This questionnaire is not comprehensive of all legal requirements for charter schools. As such, this document should not be the sole reference to determine all laws and regulations that are applicable to charter schools).

The following prescribed minimum agreed upon procedures, as well as those identified throughout the questionnaire, must be used for completing the Legal Compliance Questionnaire in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The State Board for Charter Schools may reject questionnaires not meeting these standards.

- ◆ Sufficient, appropriate evidence must be obtained annually for each question to satisfactorily determine whether the charter complies with the legal requirements, and the evidence must be included in the documentation.
- ◆ Evidence may be obtained through test work, observation, examination, and client assertion. However, client assertion alone is not adequate evidence to support "Yes" answers to the questionnaire.
- ◆ Population size should be considered in determining the number of items to test, and the items selected should be representative of the population.
- ◆ The number of items tested must be sufficient to determine whether a deficiency was the result of an isolated incident or a recurring problem. Therefore, testing one transaction, record, or item is not sufficient.
- ◆ The sample size should be expanded if the audit firm cannot clearly determine whether the charter complies with the legal requirements of the question.

- ◆ If sufficient evidence has been obtained and documented during the current audit, that evidence may be referenced to answer questions.
- ◆ All “No” and “N/A” answers must be adequately explained in the comments column or in an attachment. Findings must be described in sufficient detail to enable the State Board for Charter Schools to describe the finding in a letter. The description should include the number of items tested and the number of exceptions noted.
- ◆ A “Yes” answer indicates that the audit firm has determined that the charter complies with the legal requirements of the question and a “No” answer indicates the charter does not comply. However, the final determination of compliance on each question, as well as overall compliance with legal requirements, is made by the State Board for Charter Schools based on the evidence presented in the questionnaire, audit reports, resulting documentation, and any other sources.

The resulting documentation supporting the audit firm’s answers to the Legal Compliance Questionnaire must be made available on request for review by the State Board for Charter Schools. To facilitate this review, the audit firm may wish to include in the documentation a copy of the questionnaire containing references to procedures performed for each question.

Legal Compliance Questionnaire¹

Questions/Subject Area	Yes/No	Comments
Personnel		
1. Did the school have valid fingerprint clearance cards (FCC) for 100% of the required personnel as of the testing date? A.R.S. §15-183(C)(5) and A.R.S. §15-512(H)	Yes	
(QUESTIONS #2a THROUGH 2c ONLY APPLY TO NEW HIRES REQUIRED PURSUANT TO A.R.S. §15-183(C)(5) TO HAVE VALID FCCS AND DO NOT APPLY IF AN INDIVIDUAL'S FCC HAS EXPIRED.)		
2. For each individual referenced in #1 that did not have a valid FCC, please provide the following information (provide supplemental pages, if necessary) (See agency guidance available on the Board's website prior to completing these questions) A.R.S. §15-183(C)(5) :		
a. Was an application for a FCC on file with the Department of Public Safety (DPS) as of the testing date?	N/A	Does not apply per question #1 above.
b. Did DPS receive the application prior to the hire date?	N/A	Does not apply per question #1 above.
c. Prior to placement, did the school do all of the following?		
i) Document the necessity for hiring/placing the individual prior to receiving a FCC?	N/A	Does not apply per question #1 above.
ii) Obtain statewide criminal history information on the individual?	N/A	Does not apply per question #1 above.
iii) Obtain references from the applicant's current and previous employers?	N/A	Does not apply per question #1 above.
3. Did the charter school maintain up-to-date fingerprints of all Governing Body members as of the testing date? Charter Contract²	Yes	
4. Were all other personnel fingerprint checked as of the testing date? A.R.S. §15-183(C)(5) and A.R.S. §15-512	Yes	
5. Did the charter school inform the parents and guardians of pupils enrolled in the school of the availability of	Yes	

¹ For the purposes of this questionnaire, please note that "Governing Body" means the group of persons required by A.R.S. §15-183(E)(8) that is responsible for policy decisions of the charter school. The term "Governing Board" means the group of persons that the charter holder has assigned the responsibility addressed by the question. The applicable group of persons may be the Governing Body or the officers, directors, members or partners of the charter holder. The applicable group of persons may vary depending on the issue addressed by the question.

² Specific contract cites could not be provided as term references vary per contract year.

information about the educational and teaching background and experience in a particular academic content subject area for all current employees who provide instruction to pupils? A.R.S. §15-183(F)		
	Yes/No	Comments
Required Filings		
1. Is the school in good standing with the following regulatory bodies:		
a. Internal Revenue Service U.S.C. Title 26		
i. For payroll taxes, income taxes (if applicable) and applicable tax forms required to be filed during the audited fiscal year?	Yes	
ii. The school did not have any payroll or income taxes payable from a prior year(s) as of audited fiscal year end (June 30 th) is a true statement.	Yes	
iii. If the response to 1.a.i, 1.a.ii, or both is "no", does the school have a payment plan in place with the Internal Revenue Service?	N/A	Answered yes to i and ii
iv. If the answer to Question 1.a.iii is "yes", has the school made all of the required payments under the payment plan as of audited fiscal year end (June 30 th)?	N/A	Answered yes to i and ii
b. Arizona Department of Revenue A.R.S. §43-401 and §43-1111		
i. For payroll taxes, state income taxes (if applicable) and applicable tax forms required to be filed during the audited fiscal year?	Yes	
ii. The school did not have any payroll or income taxes payable from a prior year(s) as of audited fiscal year end (June 30 th) is a true statement.	Yes	
iii. If the response to 1.b.i, 1.b.ii, or both is "no", does the school have a payment plan in place with the Arizona Department of Revenue?	N/A	Answered yes to i and ii
iv. If the answer to Question 1.b.iii is "yes", has the school made all of the required payments under the payment plan as of audited fiscal year end (June 30 th)?	N/A	Answered yes to i and ii
c. Arizona Department of Economic Security A.R.S. §§23-701 through 23-757		
i. State unemployment contributions requirements for the audited fiscal year?	Yes	
ii. The school did not have any state unemployment contributions payable from a prior year(s) as of audited fiscal year end (June 30 th) is a true statement.	Yes	
iii. If the response to 1.c.i, 1.c.ii, or both is "no", does the school have a payment plan in place with the Arizona Department of Economic Security?	N/A	Answered yes to i and ii

iv. If the answer to Question 1.c.iii is "yes", has the school made all of the required payments under the payment plan as of audited fiscal year end (June 30 th)?	N/A	Answered yes to i and ii
d. Corporation Commission (e.g., annual report)? Charter Contract	Yes	
2. Was a copy of the adopted budget submitted electronically to the Superintendent of Public Instruction no later than July 18 th ? A.R.S. §15-905(E) and §15-183(E)(6)	Yes	
3. Was the Annual Financial Report (AFR) sent to the Superintendent of Public Instruction by October 15 th ? A.R.S. §15-183(E)(6) and 15-904(A)	Yes	
Special Education		
1. Is the staff the school uses to provide special education services (internal or contracted) certified in special education?	Yes	
2. Does the school conduct 45 day screenings on all new students? AAC R7-2-401	Yes	
3. Are evaluations and IEPs on file for special education students? 34 CFR 300.341-350 and 300.531-536	Yes	
Classroom Site Fund - A.R.S. §15-977 & OAG Memorandum No. 44		
1. Did the school properly allocate Classroom Site Fund receipts among the following projects: 1011 – Base Salary (20%), 1012 – Performance Pay (40%), and 1013 – Other (40%)?	Yes	
2. For Project 1011, were expenses only for teacher base salary increases and employment-related expenses?	Yes	
3. For Project 1012, were expenses only for performance-based teacher compensation increases and employment-related expenses?	Yes	
4. For Project 1013, were expenses only for class size reduction, teacher compensation increases, assessment intervention programs, teacher development, dropout prevention programs, and teacher liability insurance premiums?	Yes	
5. Did the school use Classroom Site Fund monies to supplement rather than supplant, existing funding from all other sources? (See USFRCS Memorandum No. 44 for guidance on the Classroom Site Fund.)	Yes	
6. If the school had monies remaining at year-end, were they properly carried forward in the three Classroom Site Projects (1011, 1012, and 1013) to help ensure that the restrictions placed on the original allocation of revenues is applied in future years?	Yes	

year?										
<p>For questions 8-12, use the following sample sizes:</p> <table border="1"> <thead> <tr> <th>SCHOOLWIDE ADM</th> <th>Student Attendance Records</th> </tr> </thead> <tbody> <tr> <td><1,000</td> <td>5</td> </tr> <tr> <td>1,000-5,000</td> <td>10</td> </tr> <tr> <td>>5,000</td> <td>15</td> </tr> </tbody> </table>	SCHOOLWIDE ADM	Student Attendance Records	<1,000	5	1,000-5,000	10	>5,000	15		
SCHOOLWIDE ADM	Student Attendance Records									
<1,000	5									
1,000-5,000	10									
>5,000	15									
8. Based upon review of (____) students withdrawn for having 10 consecutive unexcused absences (all grades), was the student only counted in membership through the last day of actual attendance or excused absence? A.R.S. §15-901(A)(1)	N/A	No students met withdrawal criteria.								
9. Based upon review of 5 entries, does the student's name entered in the student management system match the name on the legal document on file? A.R.S. §15-828(D)	Yes									
10. Based upon review of (____) entries: (Note: Enrollment forms are not required for continuing students at the same school.)	Yes									
a. Were the entry dates entered into the school's computerized attendance system within 5 working days after the actual date of entry and was documentation maintained to support the date of data entry?	Yes									
b. Did the entry date in the computerized attendance system agree to the entry form?	Yes									
c. Did membership begin on the first day of actual attendance or, for continuing/pre-enrolled students, the first day that classroom instruction was offered, provided that the students actually attend within the first 10 days of school? ADE's External Guideline GE-17	Yes									
d. Did the school obtain and maintain verifiable documentation of Arizona residency upon enrollment? A.R.S. §15-802(B)(1) and ADE's Arizona Residency Documentation Guidelines	Yes									

<p>11. Did the school exclude nonresident students from the school's student count and state aid calculations and charge tuition, as applicable? A.R.S. §15-823(G) and (L)</p>	<p>N/A</p>	<p>All tested were Arizona residents.</p>
<p>12. Based upon review of 5 withdrawals:</p>		
<p>a. Were the withdrawal dates entered into the school's computerized attendance system within 5 working days after the actual day of withdrawal and was documentation maintained to support the date of data entry? (Note: "Day of withdrawal" for determining timely data entry means: a. the later of the student's withdrawal date or the day the school is notified the student will not be returning; or b. the 10th day of unexcused absence for students withdrawn for having 10 consecutive unexcused absences.)</p>	<p>Yes</p>	
<p>b. Did the withdrawal date in the computerized attendance system agree to the withdrawal form? (Note: If the computerized attendance system requires the school to input the day following the withdrawal date for a student to be counted in membership through the last day of actual attendance or excused absence, the withdrawal date on the system should be the school day following the withdrawal date on the form.)</p>	<p>Yes</p>	
<p>c. Did the school prepare and retain an <i>Official Notice of Pupil Withdrawal</i> form that a school administrator signed for each withdrawal? A.R.S. §15-827</p>	<p>Yes</p>	

13. Based upon review of the school's student data uploaded to ADE (AzEDS ADM15 or ABSATT10 report, as applicable), did the membership and absences agree to the school's computerized attendance system records for the first 100 days of school? (Note: For an AOI Program, review year-end attendance information.)	Yes	
14. Did the school report students that completed all high school requirements with the applicable graduation code and use the appropriate year-end status code for other students?	N/A	No high school programs
15. For students participating in distance learning, did the school follow attendance procedures defined in the distance learning plan approved by ADE?	Yes	
	Yes/No	Comments
Open Meeting Law A.R.S. § 38-431.01 and § 38-431.02 (See also Attorney General Opinion I00-009)		
1. Did the school conspicuously post a statement on its website stating where all public notices of its meetings will be posted, including the physical and electronic locations?	Yes	
2. Did the school post all public meeting notices on its website?	Yes	
3. Did the school maintain a record of notices that includes a copy of each notice that was posted and information regarding the date, time and place of posting?	Yes	
4. Were notices and agenda of public meetings posted at least 24 hours before the meeting?	Yes	
5. Were written minutes prepared or a recording made of Governing Body meetings?	Yes	
Insurance Requirements A.R.S. §15-183(M)		
Does the school have the required insurance for liability and property loss?	Yes	
Tuition A.R.S. §15-185(B)(6) (See also Attorney General Opinion I98-007)		
Did the school refrain from charging fees that may be considered tuition other than as provided for in A.R.S. §15-185(B)(6) [nonresidents]?	Yes	

Records Management		
1. Did the school retain records in accordance with the <i>General Retention Schedules for Education - K-12</i> published by the Arizona State Library, Archives and Public Records (based on the testing conducted during the course of the audit)? (www.azlibrary.gov/arm/retention-schedules)	Yes	
2. Was adequate documentation retained to support amounts in the financial statements (if the school is not the primary reporting entity - was adequate documentation retained to support revenue and expenses in the charter school)?	Yes	

This Questionnaire was completed in accordance with the minimum standards as set forth in the instructions on pages 2 and 3.

Seely, Mullins & Associates, P.C

Audit Firm

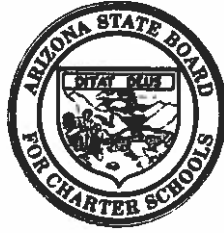
Preparer's Signature (Audit Firm Representative)

11-15-2021

Date

SHAREHOLDER

Title



**ARIZONA STATE BOARD FOR CHARTER SCHOOLS
PROCUREMENT COMPLIANCE QUESTIONNAIRE**

Franklin Phonetic Primary School, Inc. 078263000

Fiscal Year Ended June 30, 2021

INSTRUCTIONS

NOTE: This questionnaire should only be used for charters that are subject to procurement laws (charters that do NOT have an exception). If a charter is subject to procurement requirements, this questionnaire should be completed in conjunction with the Legal Compliance Questionnaire or the Uniform System of Financial Records for Charter Schools Compliance Questionnaire (see audit guidelines) which are available on the Arizona State Board for Charter Schools' website <https://asbcs.az.gov>.

A.R.S. §15-213(F) requires schools to have a systematic review of their purchasing practices performed in conjunction with their audits. The purpose of this review is to determine whether the charter is in compliance with procurement laws. In order to determine whether a charter is complying with applicable procurement requirements, the auditors must complete the following Procurement Compliance Questionnaire in accordance with both the agreed upon procedures (instructions contained herein) and the attestation standards established by the American Institute of Certified Public Accountants.

The following prescribed minimum agreed upon procedures, as well as those identified throughout the questionnaire, must be used for completing the Procurement Compliance Questionnaire in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The State Board for Charter Schools may reject questionnaires not meeting these standards.

- ◆ Sufficient, appropriate evidence must be obtained annually for each question to satisfactorily determine whether the charter complies with the legal requirements, and the evidence must be included in the documentation.
- ◆ Evidence may be obtained through test work, observation, examination, and client assertion. However, client assertion alone is not adequate evidence to support “Yes” answers to the questionnaire.
- ◆ Population size should be considered in determining the number of items to test, and the items selected should be representative of the population.
- ◆ The number of items tested must be sufficient to determine whether a deficiency was the result of an isolated incident or a recurring problem. Therefore, testing one transaction, record, or item is not sufficient.
- ◆ The sample size should be expanded if the audit firm cannot clearly determine whether the charter complies with the legal requirements of the question.
- ◆ If sufficient evidence has been obtained and documented during the current audit, that evidence may be referenced to answer questions.
- ◆ All “No” and “N/A” answers must be adequately explained in the comments column or in an attachment. Findings must be described in sufficient detail to enable the State Board for Charter Schools to describe the finding in a letter. The description should include the number of items tested and the number of exceptions noted.
- ◆ A “Yes” answer indicates that the audit firm has determined that the charter complies with the legal requirements of the question and a “No” answer indicates the charter does not comply. However, the final determination of compliance on each question, as well as overall compliance with legal requirements, is made by the State Board for Charter Schools based on the evidence presented in the questionnaire, audit reports, resulting documentation, and any other sources.

The resulting documentation supporting the audit firm’s answers to the Procurement Compliance Questionnaire must be made available on request for review by the State Board for Charter Schools. To facilitate this review, the audit firm may wish to include in the documentation a copy of the questionnaire containing references to procedures performed for each question.

Procurement Compliance Questionnaire¹

DISBURSEMENTS	YES/NO	COMMENTS
1. Were the responsibilities of disbursement processing (check preparation, recordkeeping, and authorization) separated among employees? If this was not possible due to the school's limited staff size, were adequate review procedures in place?	Yes	
2. Were all disbursements approved by the Governing Board?	Yes	
3. Did the Governing Board approve all long-term contracts before the contracts were executed?	Yes	
4. Did the school ensure that sufficient cash and budget capacity was available before authorizing disbursements?	Yes	
5. Were prenumbered and numerically-controlled purchase orders prepared for all school disbursements (except for exempted items such as salaries and related costs, utilities, and in-state travel) and were they approved by personnel authorized by the Governing Board before goods or services were ordered?	Yes	
6. If the school used blanket purchase orders, did they cover a definite time period and specify an expenditure limit?	N/A	No blanket purchase orders used.
7. Were receiving reports prepared for all goods and services received, except for exempted items? Was the date of receipt, quantity received, and signature of the recipient noted on each receiving report?	Yes	

For Disbursements questions 8-10, the audit firm must select and test a specified number of procurements performed during the fiscal year based on the school's average daily membership (ADM) as shown in the table below. Auditors should consider multiple transactions, including those made by credit card with vendors, purchases of like items, and multi-year contracts to determine the appropriate level of competitive purchasing required. However, question 8 should be answered only for contracts awarded during the fiscal year.

The listed sample sizes represent the minimum level of required test work. The audit firm should use its judgment in determining whether a larger sample is needed.

ADM	SAMPLE SIZE
<1,000	5
1,000-5,000	10
>5,000	15

¹ For the purposes of this questionnaire, please note that "Governing Body" means the group of persons required by A.R.S. §15-183(E)(8) that is responsible for policy decisions of the charter school. The term "Governing Board" means the group of persons that the charter holder has assigned the responsibility addressed by the question. The applicable group of persons may be the Governing Body or the officers, directors, members or partners of the charter holder. The applicable group of persons may vary depending on the issue addressed by the question.

In the parentheses provided in questions 8-10, indicate the actual number of procurements tested. If all procurements were tested, indicate such in the "Comments" column. For question 8, at least 40 percent of the number of procurements tested must be for purchases made through competitive sealed bids and at least 40 percent of the number of procurements tested must be for purchases made through competitive sealed proposals. If these 40 percent thresholds cannot be met due to an inadequate population size, the audit firm must test all procurements made through competitive sealed bids or made through competitive sealed proposals. Of the procurements selected above, at least 1 procurement should be for traditional construction (design-bid-build), and at least 1 procurement should be for construction-manager-at-risk, design-build, job order contracting (Question 8.d), if applicable.

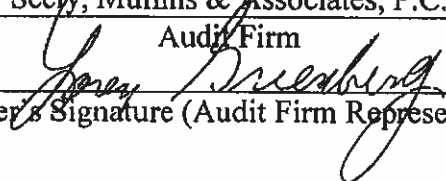
	YES/NO	COMMENTS
8. Based upon review of () procurements [__ competitive sealed bids and __ competitive sealed proposals] for the procurement of construction, materials, and services that exceeded \$100,000, did the school follow the School District Procurement Rules (R7-2-1001 et seq):	N/A	<u>No procurements were made that met or exceeded the amount requiring sealed bids.</u>
a. For purchases made through competitive sealed bidding or competitive sealed proposals, did the school:		
1) Publish and provide other adequate notice, as applicable, of the invitation for bid (IFB) or request for proposal (RFP)? R7-2-1022 or R7-2-1042(C).	N/A	<u>No procurements were made that met or exceeded the amount requiring sealed bids.</u>
2) Compile and maintain a list of persons who requested to be added to a list of prospective bidders, if any, and furnish those bidders with notice of available bids? R7-2-1023 and R7-2-1024(C).	N/A	<u>No procurements were made that met or exceeded the amount requiring sealed bids.</u>
3) Issue the IFB or RFP at least 14 days before the time and date set for bid opening or the closing date and time for receipt of proposals, and include all the required information, as applicable? R7-2-1024 or R7-2-1042. (Note: If the answer is "No," the "Comments" must specifically indicate which requirements were not complied with.)	N/A	<u>No procurements were made that met or exceeded the amount requiring sealed bids.</u>
4) Record the time and date sealed bids or proposals were received and store bids or proposals unopened until the time and date set for opening? R7-2-1029 or R7-2-1045.	N/A	<u>No procurements were made that met or exceeded the amount requiring sealed bids.</u>
5) Establish and follow procedures for the award and use of multiple contracts, if any? R7-2-1031(D) and R7-2-1050(C).	N/A	<u>No procurements were made that met or exceeded the amount requiring sealed bids.</u>
6) Follow the requirements of R7-2-1032 or R7-2-1046(A)(1) for contracts where only 1 responsive bid or proposal was received, if any, and retain documentation for that determination?	N/A	<u>No procurements were made that met or exceeded the amount requiring sealed bids.</u>

<p>b. For purchases made through competitive sealed bidding, did the school award contracts to the lowest responsible and responsive bidder whose bid conformed, in all material respects, to the requirements and evaluation criteria set forth in the IFB? (Note: If the answer is “No,” the “Comments” should specifically indicate which requirements were not complied with.) R7-2-1031.</p>	<p>N/A</p>	<p>No procurements were made that met or exceeded the amount requiring sealed bids.</p>
<p>c. For purchases made through competitive sealed proposals, did the school award the contract to the offeror whose proposal was determined, with specific reason(s) in writing, to be most advantageous to the school based on the factors set forth in the RFP and retain documentation that supported the basis for the determination? (Note: If the answer is “No,” the “Comments” should specifically indicate which requirements were not complied with.) R7-2-1050.</p>	<p>N/A</p>	<p>No procurements were made that met or exceeded the amount requiring sealed bids</p>
<p>d. If the school used construction-manager-at-risk, design-build, or job-order-contracting to procure construction services, did the school comply with the requirements of R7-2-1100 through R7-2-1115? (Note: If the answer is “No,” the “Comments” should specifically indicate which requirements were not complied with.)</p>	<p>N/A</p>	<p>No procurements were made that met or exceeded the amount requiring sealed bids</p>
<p>e. Did the school have a signed procurement disclosure statement for all employees with job responsibilities related to each procurement or for non-employee consultants or technical advisors involved in each procurement process? R7-2-1008(C) and R7-2-1015.</p>	<p>N/A</p>	<p>No procurements were made that met or exceeded the amount requiring sealed bids</p>
<p>f. Did the school prepare written determinations, as required throughout the procurement rules, including how the determination was made? R7-2-1004.</p>	<p>N/A</p>	<p>No procurements were made that met or exceeded the amount requiring sealed bids</p>
<p>g. Did the school’s procurement files include the required information, as applicable? R7-2-1001(96).</p>	<p>N/A</p>	<p>No procurements were made that met or exceeded the amount requiring sealed bids</p>
<p>h. For multi-term contracts for materials and services and contracts for job-order-contracting construction services that were entered into for more than 5 years, did the Governing Board determine in writing that a contract of longer duration would be advantageous to the school before the procurement solicitation was issued? A.R.S. §15-213(L) and R7-2-1093.</p>	<p>N/A</p>	<p>No multi-term contracts.</p>
<p>9. Based upon review of () purchases costing at least \$10,000 but less than \$50,000, did the school obtain and document oral price quotations from at least three vendors and follow the guidelines for oral price quotations prescribed by the USFRCS?</p>	<p>N/A</p>	<p>No purchases that qualify were made.</p>
<p>10. Based upon review of () purchases costing at least</p>	<p>N/A</p>	<p>No purchases that qualify</p>

<p>\$50,000 but less than \$100,000, did the school obtain written price quotations from at least three vendors and follow the guidelines for written price quotations prescribed by the USFRCS?</p>		<p>were made.</p>
<p>11. Based upon review of all emergency and sole source procurements:</p>		
<p>a. Was the basis for each emergency procurement reasonable and did the school retain a written statement documenting the basis for the emergency, the selection of the particular contractor, and why the price paid was reasonable, and was such statement signed by the individual authorized to initiate emergency procurements? R7-2-1055 and R7-2-1056.</p>	<p>N/A</p>	<p>No emergency or sole source procurements were used.</p>
<p>b. Did the Governing Board approve all sole-source procurements before any purchases were made and retain the written determinations in the procurement files? R7-2-1053 and R7-2-1086.</p>	<p>N/A</p>	<p>No emergency or sole source procurements were used.</p>
<p>12. Were purchases under current General Services Administration schedules 70-IT and 84-Law Enforcement contracts authorized by the Governing Board prior to making any purchases? A.R.S. §15-213(K) and R7-2-1196(C).</p>	<p>N/A</p>	<p>No GSA contracts.</p>
<p>13. Did the school have a cooperative purchasing agreement on file for each cooperative it used and only purchase from cooperative contracts it was a member of or use only lead entity contracts that it was listed as a member of in the solicitation or ensure its additional purchases would not have materially increased the volume stated in the original solicitation? R7-2-1191 through R7-2-1195.</p>	<p>N/A</p>	<p>No cooperative purchases used.</p>
<p>14. Did the school perform and document due diligence for a sample of contracts for each cooperative or lead entity the school made purchases from during the audit period? (Note: Indicate below the name of each cooperative or lead entity the school purchased through and whether the cooperative or lead entity complied with the School District Procurement Rules.) R7-2-1191(D). Cooperative/lead entity: _____ _____ _____</p>	<p>N/A</p>	<p>No cooperative purchases used.</p>
<p>15. Did the school prepare written determinations for any specified professional services, construction, construction services, or materials purchased through a school purchasing cooperative,</p>	<p>N/A</p>	<p>No purchasing cooperative used.</p>

including how the determination was made? R7-2-1004.		
16. Were cash disbursements made by prenumbered and numerically controlled checks?	Yes	
17. Were checks properly completed prior to issuance and not written payable to cash or bearer?	Yes	
18. Were unused checks physically safeguarded and access to them limited to authorized personnel who did not have access to the signature facsimile plates?	Yes	
19. Were the signature facsimile plates physically safeguarded and access to them limited to a minimum number of employees who did not have access to the blank checks?	N/A	No facsimile plates used.
20. Did the accounts payable function include maintaining documentation and matching receiving reports, vendor invoices, and purchase orders before payment?	Yes	
21. Were checks compared to supporting documentation and the check register before distribution?	Yes	
22. Was supporting documentation, including invoices, stamped "paid" or otherwise marked to prevent duplicate payments?	Yes	
23. Were expenses prepaid only when prepayment is normally required to procure the item or the item must be prepaid to receive a discounted price?	Yes	
24. Did the school prepare a list of goods or services received but not paid for on or before fiscal year-end?	Yes	

This Questionnaire was completed in accordance with the minimum standards as set forth in the instructions on page 2.

Seely, Mullins & Associates, P.C.
 Audit Firm

 Preparer's Signature (Audit Firm Representative)

11-15-2021
 Date
 SHARON BLOER
 Title



Franklin Phonetic Primary School, Inc. 078263000
Arizona State Board for Charter Schools
Uniform System of Financial Records for Charter Schools
Compliance Questionnaire
Fiscal Year Ended June 30, 2021

Table of Contents

<u>Topic</u>	<u>Page</u>
INSTRUCTIONS.....	2
BUDGETS	3
ACCOUNTING RECORDS.....	3
CASH.....	3
SUPPLIES INVENTORY	4
CAPITAL ASSETS	5
RECEIPTS	6
CLASSROOM SITE FUND.....	6
PAYROLL	7
TRAVEL.....	8
FINANCIAL REPORTING.....	8
AUDIT REQUIREMENTS	9
FOOD SERVICE	9
AUXILIARY OPERATIONS.....	10
STUDENT ACTIVITIES	11
STUDENT ATTENDANCE REPORTING	12
RECORDS MANAGEMENT	15
OPEN MEETING LAW	15
PERSONNEL	16
SPECIAL EDUCATION	17
INSURANCE.....	17
TUITION	17

INSTRUCTIONS

NOTE: This questionnaire should only be used for charters that are subject to the Uniform System of Financial Records for Arizona Charter Schools (USFRCS) (charters that do NOT have an exception). If a charter is subject to procurement requirements pursuant to A.R.S §15-189.02 and 41-2535(A), this questionnaire should be used in conjunction with the Procurement Compliance Questionnaire (see audit guidelines) which is available on the Arizona State Board for Charter Schools' website <https://asbcs.az.gov>.

Arizona Revised Statutes (A.R.S.) §15-183(E)(6) and 15-271, and Laws 1999, 1st Special Session, Chapter 4, sec.15, require the Office of the Auditor General, the State Board of Education, or the Arizona State Board for Charter Schools to inform any charter failing to establish and maintain the requirements prescribed by the *Uniform System of Financial Records for Arizona Charter Schools* (USFRCS) that it has 90 days to correct the cited deficiencies. To assist the State Board for Charter Schools in determining whether a charter has attained an acceptable degree of compliance with the requirements of the USFRCS, the audit firm must complete this USFRCS Compliance Questionnaire in accordance with both the agreed upon procedures (instructions contained herein) and the attestation standards established by the American Institute of Certified Public Accountants. A copy of the questionnaire completed in accordance with the attestation standards established by the American Institute of Certified Public Accountants must be submitted with the audit reporting package to the State Board for Charter Schools.

The following prescribed minimum agreed upon procedures, as well as those identified throughout the questionnaire, must be used for completing the USFRCS Compliance Questionnaire in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The State Board for Charter Schools may reject questionnaires not meeting these standards.

- ◆ Sufficient, appropriate evidence must be obtained annually for each question to satisfactorily determine whether the charter complies with the USFRCS, and the evidence must be included in the documentation.
- ◆ Evidence may be obtained through test work, observation, examination, and client assertion. However, client assertion alone is not adequate evidence to support "Yes" answers to the questionnaire.
- ◆ Population size should be considered in determining the number of items to test, and the items selected should be representative of the population.
- ◆ The number of items tested must be sufficient to determine whether a deficiency was the result of an isolated incident or a recurring problem. Therefore, testing one transaction, record, or item is not sufficient.
- ◆ The sample size should be expanded if the audit firm cannot clearly determine whether the charter complies with the USFRCS and/or legal requirements on that question.
- ◆ If sufficient evidence has been obtained and documented during the current audit, that evidence may be referenced to answer questions.
- ◆ All "No" and "N/A" answers must be adequately explained in the comments column or in an attachment. Deficiencies must be described in sufficient detail to enable the State Board for Charter Schools to describe the deficiency in a letter. The description should include the number of items tested and the number of exceptions noted. Comments such as "See LOR" are not adequate.
- ◆ A "Yes" answer indicates that the audit firm has determined that the charter complies with the USFRCS and/or legal requirements on that question, and a "No" answer indicates the charter does not comply. However, the final determination of compliance on each question, as well as overall compliance with the USFRCS, is made by the State Board for Charter Schools based on the evidence presented in the questionnaire, audit reports, resulting documentation, and any other sources.

The resulting documentation supporting the audit firm's answers on the questionnaire must be made available on request for review by the State Board for Charter Schools. To facilitate this review, the audit firm may wish to include in the documentation a copy of the questionnaire with references to the procedures performed for each question.

USFRCS Compliance Questionnaire¹

	<u>YES/NO</u>	<u>COMMENTS</u>
<u>BUDGETS</u>		
1. Were the proposed budget and a notice of public hearing and Governing Board meeting to adopt a budget uploaded for posting on ADE’s website no later than 10 days prior to the meeting, and if the school maintains a website, were the proposed budget or budget summary and hearing notification posted on the school’s website? A.R.S. §15-185(M)	Yes	
2. Was the adopted budget submitted electronically to the Superintendent of Public Instruction no later than July 18? A.R.S. §15-905 (E) and §15-183(E)(6)	Yes	
3. Was the adopted budget mathematically accurate, and did it include all school expenses?	Yes	
4. Was a copy of the budget maintained on file at the school?	Yes	
5. If the school revised the adopted budget, was the revision completed before May 15 and filed with the Superintendent of Public Instruction by May 18?	N/A	School did not revise budget.
<u>ACCOUNTING RECORDS</u>		
1. Did the school properly reconcile its accounting records to the bank account records and is the reconciliation properly supported?	Yes	
2. Were accounting records maintained in accordance with the USFRCS Chart of Accounts?	Yes	
3. Were the responsibilities of initiating, approving, and recording journal entries separated among employees, or were adequate alternative procedures in place?	Yes	
4. Were journal entries approved by an authorized school administrator before being recorded in the accounting records?	Yes	
5. Were prenumbered and numerically controlled journal entry forms prepared for all journal entries?	Yes	
<u>CASH</u>		
1. Were bank accounts authorized by the Governing Board? The following is a list of bank accounts allowed by the USFRCS:	Yes	
a. General account		
b. General Revolving account		
c. Payroll Clearing account		
d. State Income Tax Withholdings account		
e. Federal Payroll Tax Withholdings account		
f. Employee Insurance Programs Withholdings account		

¹ For the purposes of this questionnaire, please note that “Governing Body” means the group of persons required by A.R.S. §15-183(E)(8) that is responsible for policy decisions of the charter school. The term “Governing Board” means the group of persons that the charter holder has assigned the responsibility addressed by the question. The applicable group of persons may be the Governing Body or the officers, directors, members or partners of the charter holder. The applicable group of persons may vary depending on the issue addressed by the question.

	<u>YES/NO</u>	<u>COMMENTS</u>
--	---------------	-----------------

g. Federal Savings Bond Withholdings account		
h. Food Service account		
i. Food Service Revolving account		
j. Auxiliary Operations account		
k. Auxiliary Operations Revolving account		
l. Student Activities account (required for schools with student activities)		
m. Grants and Gifts to Teachers account		
2. Were inactive bank accounts closed?	N/A	No inactive accounts
3. Was the school's general revolving account established by a check drawn on the general bank account, maintained on an imprest basis, and reimbursed for all disbursements for the current fiscal year by year-end?	N/A	No general revolving account.
4. Were disbursements from the general revolving account only for items requiring immediate cash outlays such as postage, freight, fuel taxes, travel, and other minor disbursements? (Salaries and wages should not be paid from the revolving account.)	N/A	No general revolving account.
5. Was the school's petty cash account authorized by the Governing Board, established by a check drawn on the general revolving bank account, maintained on an imprest basis, and closed to the general revolving bank account by fiscal year-end?	N/A	No petty cash account
6. Were disbursements from the school's petty cash account only for minor disbursements when a check was not practical or immediate cash payment was required?	N/A	No petty cash account
7. Was the school's petty cash account locked in a safe or a cash box to which only the custodian has access?	N/A	No petty cash account
8. Were bank accounts reconciled monthly to the check register by an employee not involved in handling cash receipts or disbursements?	Yes	

SUPPLIES INVENTORY

1. Were the responsibilities of record keeping and custody of supplies adequately separated among employees? If this was not possible due to the school's limited staff size, were adequate review procedures in place?	N/A	No supplies inventory
2. Did the school adequately safeguard supplies inventory from unauthorized use, theft, and damage?	N/A	No supplies inventory
3. Was a complete physical inventory taken at least annually, if periodic inventory records were maintained, or at least once every 3 years if perpetual records were maintained?	N/A	No supplies inventory
4. Were the inventory accounting records adjusted when an actual physical inventory was taken?	N/A	No supplies inventory
5. If perpetual records were maintained, were periodic verifications of selected items made between inventory dates?	N/A	No supplies inventory

	<u>YES/NO</u>	<u>COMMENTS</u>
--	---------------	-----------------

- | | | |
|---|-----|-----------------------|
| 6. Was a supplies inventory list that included item and unit descriptions, purchase document numbers, quantities, unit costs, extended costs, page totals, and a grand total prepared at the end of each fiscal year for all supplies, including food service supplies, both purchased and donated, and bookstore supplies? | N/A | No supplies inventory |
| 7. Was adequate documentation maintained to support the actual cost recorded on the supplies inventory list? | N/A | No supplies inventory |

CAPITAL ASSETS

- | | | |
|---|-----|--|
| 1. Did the school prepare a capital assets list that included all equipment with unit costs of \$5,000 or more and useful lives of 1 year or more, and all land, buildings, and related improvements with a cost of \$5,000 or more? (Lower threshold amounts may be used with Governing Board approval.) | Yes | |
| 2. Does the capital assets list include the following information for each item? | | |
| a. Location (campus, department, building, etc.) | Yes | |
| b. Identification number for equipment (tag number, serial number, or other number that specifically identifies the item) | Yes | |
| c. Description (model number, size, color, etc.) | Yes | |
| d. Method of acquisition (purchase, donation, construction, trade, or lease-purchase) | Yes | |
| e. Source of funding (the project from which the item was purchased) | Yes | |
| f. Acquisition date (month and year of acquisition) | Yes | |
| g. Purchase document number (purchase order, voucher, or other document number that can be used to trace to the supporting documentation) | Yes | |
| h. Actual cost including any ancillary charges. Were donated assets recorded at fair market value at the date of donation? | N/A | No assets donated. |
| i. Condition of asset (for assets with unit costs of \$5,000 or more purchased with federal monies) | N/A | No assets purchased with federal monies. |
| j. Percentage of federal participation (for assets with unit costs of \$5,000 or more purchased with federal monies) | N/A | No assets purchased with federal monies. |
| 3. Did the school update the capital assets list at least annually for acquisitions and disposals? | Yes | |
| 4. Was proper supporting documentation retained for all items recorded on the capital assets list? | Yes | |
| 5. Were equipment items recorded on the capital assets list identified by a tag, marked with an identifying number, or specifically identified by some other means? | Yes | |
| 6. Was a physical inventory of equipment taken at least every 3 years and reconciled to the capital assets list? Was a physical inventory of equipment costing \$5,000 or more purchased with federal monies taken at least every 2 years? | Yes | |

	<u>YES/NO</u>	<u>COMMENTS</u>
7. Were disposals of capital assets properly authorized and the items removed from the capital assets list?	N/A	No disposals
8. Was obsolete or damaged equipment removed from the capital assets list?	N/A	No obsolete assets
9. Did the school reconcile changes in capital asset accounts to the capital asset additions list?	Yes	
10. Did the school reconcile the current year's capital assets list to the previous year's list?	Yes	
11. Did the school maintain adequate insurance coverage for capital assets?	Yes	

RECEIPTS

1. Were the responsibilities of receiving, depositing, and recording receipts separated among employees? If this was not possible due to the school's limited staff size, were adequate review procedures in place?	Yes	
2. Were prenumbered and numerically-controlled cash receipt forms prepared for all cash, checks, and warrants received at the school?	Yes	
3. Were daily cash receipt summaries prepared to provide a reconciliation of the amount of cash, checks, and warrants on hand to issued receipts?	Yes	
4. Were receipts adequately safeguarded prior to deposit?	Yes	
5. Were all monies received by the school deposited intact in the appropriate bank account daily, if significant, or at least weekly?	Yes	
6. Were validated bank deposit receipts agreed to applicable cash receipt summaries and copies of bank deposit slips, and maintained on file?	Yes	

CLASSROOM SITE FUND – A.R.S. §15-977 and USFRCS Memorandum No. 44

1. Did the school properly allocate Classroom Site Project receipts among the following projects: 1011—Base Salary (20%), 1012—Performance Pay (40%), and 1013—Other (40%)?	Yes	
2. For Project 1011, were expenses only for teacher base salary increases and employment-related expenses?	Yes	
3. For Project 1012, were expenses only for performance-based teacher compensation increases and employment-related expenses?	Yes	
4. For Project 1013, were expenses only for class size reduction, teacher compensation increases, assessment intervention programs, teacher development, dropout prevention programs, and teacher liability insurance premiums?	Yes	
5. Did the school use Classroom Site Fund monies to supplement rather than supplant, existing funding from all other sources? (See USFRCS Memorandum No. 44 for guidance on the Classroom Site Fund.)	Yes	
6. If the school had monies remaining at year-end, were they properly carried forward in the three Classroom Site Projects (1011, 1012, and 1013) to help ensure that the restrictions placed on the original allocation of revenues is applied in future years?	Yes	
7. Did the school have sufficient cash at year-end to cover the carry over	Yes	Carryover balance was

monies, and what was the Classroom Site Fund cash carryover balance at year-end?

YES/NO	COMMENTS
	\$39,877 on June 30, 2021

PAYROLL

- | | |
|---|-----|
| 1. Were payroll processing responsibilities (payroll preparation, payroll authorization, and payroll check distribution) adequately separated among employees or were adequate alternative procedures in place? | Yes |
| 2. Were written personnel and payroll policies established by the Governing Board and available to employees? | Yes |
| 3. Did the school establish a delayed payroll system to help ensure that employees were paid only the amount actually earned? | Yes |
| 4. Did individual personnel files include appropriate supporting documentation? | Yes |
| 5. Did the school maintain a system to account for the accrual and use of vacation, sick leave, and compensatory time for all employees on an ongoing basis? | Yes |
| 6. Did the school's policies governing leave time include prescribed accrual rates for specified years of service, maximum amounts to be accrued, and disposition of accrued time upon termination of employment? | Yes |
| 7. Were individual time sheets, clock cards, or other work attendance records prepared for each hourly employee for each pay period, signed by the employee, and approved by the employee's supervisor? | Yes |
| 8. Was all overtime pay paid no later than 16 days after the end of the most recent pay period? A.R.S. §23-351(C)(3) | Yes |
| 9. Were payroll registers supported by properly authorized notifications of employment, terminations, pay rate changes, withholding and voluntary deduction authorization forms, and work attendance records? | Yes |
| 10. Were completed payroll registers or prepayroll registers reviewed and approved by a school administrator? | Yes |
| 11. Were payroll checks compared to the payroll register on a test basis prior to distribution to employees? | Yes |
| 12. Were procedures established to record payroll expenses in the correct fiscal year? | Yes |

TRAVEL

- | | | |
|---|-----|---------------------------|
| 1. Did the Governing Board prescribe policies and procedures for reimbursing lodging and per diem expenses incurred for school purposes, and were the amounts within the maximums established by the Internal Revenue Service (IRS)? (Current limits are available at www.gsa.gov/perdiem .) | Yes | |
| 2. Did the school reimburse mileage at the standard rate established by the IRS? | Yes | |
| 3. If amounts exceeded the limits set by IRS, did the school include amounts in excess of the IRS limits authorized in IRS Publication 1542 in employees' income on Form W-2? | N/A | Did not exceed IRS limits |

FINANCIAL REPORTING

- | | | |
|--|-----|---------------------------|
| 1. Was the annual financial report (AFR) sent to the Superintendent of Public Instruction by October 15? | Yes | |
| 2. Was the AFR signed by the Governing Board? | Yes | |
| 3. Was a copy of the AFR maintained on file at the school? | Yes | |
| 4. Did budgeted expenses as reported on the AFR agree with the school's adopted budget or most recently revised adopted budget? | Yes | |
| 5. Did actual revenues and expenses as reported on the AFR agree with the school's accounting records? | Yes | |
| 6. Was all required information included in the AFR? | Yes | |
| 7. Was disclosure in the notes to the financial statements adequate, and were all pertinent notes incorporated as an integral part of the financial statements? | Yes | |
| 8. Was adequate documentation retained to support amounts in the financial statements (if the school is not the primary reporting entity – was adequate documentation retained to support revenue and expenses in the charter school)? | Yes | |
| 9. If applicable, were the reporting requirements of the <i>Single Audit Act Amendments of 1996</i> met? | N/A | Single audit not required |
| 10. Is the school in good standing with the following regulatory bodies: | | |
| a. Internal Revenue Service U.S.C. Title 26 | | |
| i. For payroll taxes, income taxes (if applicable) and applicable tax forms required to be filed during the audited fiscal year? | Yes | |
| ii. The school did not have any payroll or income taxes payable from a prior year(s) as of audited fiscal year end (June 30 th) is a true statement. | Yes | |
| iii. If the response to 10.a.i, 10.a.ii, or both is "no", does the school have a payment plan in place with the Internal Revenue Service? | N/A | Answered yes to i and ii |
| iv. If the answer to Question 10.a.iii is "yes", has the school made all of the required payments under the payment plan as of audited fiscal year end (June 30 th)? | N/A | Answered yes to i and ii |
| b. Arizona Department of Revenue A.R.S. §43-401 and §43-1111 | | |

	<u>YES/NO</u>	<u>COMMENTS</u>
i. For payroll taxes, state income taxes (if applicable) and applicable tax forms required to be filed during the audited fiscal year?	Yes	
ii. The school did not have any payroll or income taxes payable from a prior year(s) as of audited fiscal year end (June 30 th) is a true statement.	Yes	
iii. If the response to 10.b.i, 10.b.ii, or both is “no”, does the school have a payment plan in place with the Arizona Department of Revenue?	N/A	Answered yes to i and ii
iv. If the answer to Question 10.b.iii is “yes”, has the school made all of the required payments under the payment plan as of audited fiscal year end (June 30 th)?	N/A	Answered yes to i and ii
c. Arizona Department of Economic Security A.R.S. §§23-701 through 23-757		
i. State unemployment contribution requirements for the audited fiscal year?	Yes	
ii. The school did not have any state unemployment contributions payable from a prior year(s) as of audited fiscal year end (June 30 th) is a true statement.	Yes	
iii. If the response to 10.c.i, 10.c.ii, or both is “no”, does the school have a payment plan in place with the Arizona Department of Economic Security?	N/A	Answered yes to i and ii
iv. If the answer to Question 10.c.iii is “yes”, has the school made all of the required payments under the payment plan as of audited fiscal year end (June 30 th)?	N/A	Answered yes to i and ii
d. Corporation Commission (e.g., annual report)? Charter Contract	Yes	

AUDIT REQUIREMENTS

1. If the school exceeded the threshold of federal award expenses set forth in OMB Circular No. A-133, did the school contract with an independent audit firm to obtain an annual single audit?	N/A	No single audit requirement
2. Were the appropriate procurement rules or guidelines followed in obtaining the services of the audit firm?	Yes	
3. Was the most current audit contract and the USFRCS Compliance Questionnaire and Procurement Compliance Questionnaire, if applicable, used for the audit (referenced in ASBCS audit guidelines)?	Yes	
4. Were the supporting documents, detailed schedules, accounting records, and other information requested by the audit firm prepared and provided to the audit firm?	Yes	

FOOD SERVICE

1. Were cash receipts adequately safeguarded?	Yes	
2. Was all cash received in the operation of the school’s food service program deposited either in the general bank account or food service bank account daily, if practicable, or at least weekly?	Yes	
3. Were validated bank deposit receipts agreed to applicable daily cash reconciliation reports and copies of bank deposit slips, and maintained on file?	Yes	
4. Were food service change funds established by a check drawn on cash in	N/A	No change funds

the general or food service bank account?		
5. Did the school refrain from making disbursements from the food service change fund?	N/A	No change funds
6. If a food service revolving bank account was used, was it established by a check drawn on the general or food service bank account in an amount limited to \$500, maintained on an imprest basis, and reimbursed for all disbursements for the current fiscal year by year-end?	N/A	No food service revolving account
7. Were disbursements from the food service revolving bank account only for payment of freight on commodities, purchases of food required in emergencies, temporary employment not to exceed 8 hours for any person, and other minor disbursements?	N/A	No food service revolving account
8. Were the responsibilities of receiving, depositing, and recording food service receipts separated among employees? If this was not possible due to the school's limited staff size, were adequate review procedures in place?	Yes	
9. Were meal tickets prenumbered, numerically controlled, and adequately safeguarded prior to issuance? If a computerized system was used, were proper controls in place?	Yes	
10. Were daily reports prepared that document a reconciliation of meal sales to cash collections, and were cash overages and shortages resolved?	Yes	
11. Did the actual expenses as reported on the Food Service page of the AFR agree with the school's accounting records?	Yes	
12. Were expenses reported on the Food Service page of the AFR classified in accordance with the USFRCS Chart of Accounts?	Yes	

YES/NO

COMMENTS

AUXILIARY OPERATIONS

1. Did the auxiliary operations bank account include all monies raised in connection with the activities of campus bookstores and athletics?	N/A	No auxiliary operations
2. Was the school's auxiliary operations revolving bank account established by a check drawn on the general or auxiliary operations bank account in an amount approved by the Governing Board, maintained on an imprest basis, and reimbursed for all disbursements for the current fiscal year by year-end?	N/A	No auxiliary operations
3. Was the auxiliary operations petty cash account established from the general or auxiliary operations bank account in an amount approved by the Governing Board, and operated on an imprest basis?	N/A	No auxiliary operations
4. Were receipt forms and tickets prenumbered and numerically controlled?	N/A	No auxiliary operations
5. Did the school prepare daily sales summaries of bookstore operations and athletic ticket sales that provided a reconciliation between recorded sales and actual cash collected?	N/A	No auxiliary operations
6. Were cash receipts deposited intact daily, if material, or at least weekly?	N/A	No auxiliary operations
7. Were validated bank deposit receipts agreed to applicable daily sales summaries of bookstore operations/athletic ticket sales and copies of bank deposit slips, and maintained on file?	N/A	No auxiliary operations
8. Was idle cash in the auxiliary operations bank account invested by the	N/A	No auxiliary operations

Governing Board in relatively risk-free investments such as interest-earning checking accounts, savings accounts, and certificates of deposit? Was interest earned on such investments credited to the auxiliary operations bank account?		
9. Were disbursements from the revolving bank account and petty cash account supported by appropriate documentation and limited to postage, freight, fuel taxes, travel, and other minor disbursements? (Salaries and wages should not be paid from the revolving bank account and petty cash account. However, wages for game officials may be paid from the revolving bank account if the official is considered an independent contractor.)	N/A	No auxiliary operations
10. Were auxiliary operations change funds established by a check drawn on cash in the auxiliary operations (revolving) bank account?	N/A	No auxiliary operations
11. Did the school refrain from making disbursements from the auxiliary operations change fund?	N/A	No auxiliary operations
12. Were the responsibilities of receiving, depositing, and recording auxiliary operations receipts separated among employees? If this was not possible due to the school's limited staff size, were adequate review procedures in place?	N/A	No auxiliary operations
13. Were payroll taxes withheld from payments made to employees of the school who functioned as game officials, scorekeepers, ticket sellers, etc.? (Withholdings are not required for the game officials appointed by the Arizona Interscholastic Association.)	N/A	No auxiliary operations

YES/NO COMMENTS

STUDENT ACTIVITIES

1. Was the student activities treasurer and assistant student activities treasurer(s), if applicable, appointed by the Governing Board?	N/A	No treasurer
2. Did the student activities bank account include only monies of student clubs, organizations, school plays, or other student entertainment that were raised through the efforts of students with the approval of the Governing Board? (Note: Raffles, bingo, and other forms of gambling are not legal events for student clubs.)	Yes	
3. Were student activities monies deposited in a bank account designated as the student activities bank account?	Yes	
4. Were monies deposited intact daily, if significant, or at least weekly?	Yes	
5. Were student activities change funds established by a check drawn on cash in the student activities bank account and returned to the bank account at the end of the school year?	N/A	No change fund
6. Did the school refrain from making disbursements from the student activities change fund?	N/A	No change fund
7. Were student activities tickets prenumbered, numerically controlled, and physically safeguarded?	Yes	
8. Were reports prepared that reconciled sales to cash collected at student activities events? (When applicable, sales should be documented using	Yes	

tickets, prenumbered cash receipts, a cash register, or count items on hand before and after a sale.)		
9. Were validated bank deposit receipts agreed to applicable daily cash collection summaries and copies of bank deposit slips, and maintained on file?	Yes	
10. Was student activities' idle cash invested by the Governing Board in relatively risk-free investments such as interest-bearing checking accounts, savings accounts, and certificates of deposit? Was interest earned on such investments allocated proportionately to the appropriate clubs?	N/A	No idle cash
11. Were the responsibilities of cash handling and recordkeeping separated among employees? If this was not possible due to the District's limited staff size, were adequate review procedures in place?	Yes	
12. Were receipts adequately safeguarded prior to deposit?	Yes	
13. Was cash available in the student club accounts before disbursements were made?	Yes	
14. Were disbursements from the student activities bank account properly authorized by or on behalf of the student members of a particular club?	Yes	
15. Were checks drawn on the student activities bank account signed by the student activities treasurer or assistant treasurer and one other person authorized by the Governing Board?	Yes	
16. Were transfers of monies among student clubs properly authorized?	Yes	
17. Was a report of cash receipts, disbursements, transfers, and cash balances of the student activities bank account submitted to the Governing Board monthly?	Yes	
	YES/NO	COMMENTS

STUDENT ATTENDANCE REPORTING

If test work performed in this section discloses a net overstatement or understatement of membership and/or absence days, based on A.R.S. and ADE's school finance external guidelines, report the net overstatement or understatement in the "Comments" column next to each applicable question.

1. Did the school's calendar ensure school was in session for the required days and students received the required instructional hours per grade level, including Arizona Online Instruction (AOI) Programs as prescribed in A.R.S. §§15-808(J)(1), 15-901(A)(1) and 15-901.07?	Yes	
---	-----	--

For Student Attendance Reporting questions, the audit firm must select and test the specified number of transactions (records, entries, withdrawals, or days) as shown in the sample size instructions before each section. These samples should include 3 or more grade levels and 3 or more campuses, where applicable. The listed sample sizes represent the minimum level of required test work. The audit firm should use its judgment in determining whether a larger sample is needed. All student attendance records tested should be selected from the first 100 days of school. In the parentheses provided within the questions, write the actual number of transactions tested. If all transactions were tested, indicate such in the "Comments" column.

For question 2, select at least 3 student attendance records.

2. If the school had an early (pre-) kindergarten program, based upon review of () early (pre-) kindergarten students' attendance records, did the school only calculate and submit membership information for this program for students with disabilities? **A.R.S. §15-901(A)(1)(a)(i) and USFRCS Memorandum No. 33**

N/A No pre-Kindergarten program

For question 3, use the following sample sizes:

<u>SCHOOLWIDE ADM</u>	<u>Student Attendance Records</u>
<1,000	5
1,000-5,000	10
>5,000	15

3. Based upon review of 5 students' attendance records, did the school appropriately track and report elementary, junior high, and high school students' membership and absences? **A.R.S. §§15-901(A)(1)(a)(i) and 15-901(A)(5)(a)(i), and USFRCS Memorandum No. 33**

Yes

For questions 4-7, use the following sample sizes:

<u>SCHOOLWIDE ADM</u>	<u>Student Attendance Records</u>
<1,000	3
1,000-5,000	5
>5,000	7

4. Based upon review of () high school students' attendance records, did the school prorate the membership of the students enrolled in less than 4 subjects?

N/A No high school program

5. For schools-Based on a review of () students' (enrolled in a program provided by a CTED in a facility owned or operated by a school) attendance records, did the school report the actual enrollment for only the school classes the student was enrolled in at the school site (excluding CTED program classes) under the school's CTDS number?

N/A No CTED program

6. For schools offering an AOI Program, based upon review of () AOI students' attendance records for 4 weeks: (ADE's guideline, SF-0003-AOI Participation)

a. Was the guardian-approved or school computer-generated daily log describing the amount of time spent by the student on academic tasks maintained by the participating AOI school? **A.R.S. §15-808(E)**

N/A Not an AOI School

b. Did the hours reported to ADE agree to the guardian-approved or school computer-generated daily log?

N/A Not an AOI School

c. Were all students who participated in an AOI Program residents of this state? **A.R.S. §15-808(B)**

N/A Not an AOI School

d. Was the student's Intended Full Time Equivalency Enrollment Statement maintained?

N/A Not an AOI School

7. Based upon review of the student attendance records in question 6, did the school follow its procedures to re-determine the actual FTE for each student enrolled in an AOI Program following a student's withdrawal or after the end of the school year? N/A Not an AOI School

For questions 8-12, use the following sample sizes:

<u>SCHOOLWIDE ADM</u>	<u>Student Attendance Records</u>
<1,000	5
1,000-5,000	10
>5,000	15

8. Based upon review of (____) students withdrawn for having 10 consecutive unexcused absences (all grades), was the student only counted in membership through the last day of actual attendance or excused absence? N/A No students met withdrawal criteria
A.R.S. §15-901(A)(1)

9. Based upon review of 5 entries, does the student's name entered in the student management system match the name on the legal document on file? Yes
A.R.S. §15-828(D)

10. Based upon review of 5 entries: (**Note:** Enrollment forms are not required for continuing students at the same school.)

a. Were the entry dates entered into the school's computerized attendance system within 5 working days after the actual date of entry and was documentation maintained to support the date of data entry? Yes

b. Did the entry date in the computerized attendance system agree to the entry form? Yes

c. Did membership begin on the first day of actual attendance or, for continuing/pre-enrolled students, the first day that classroom instruction was offered, provided that the students actually attend within the first 10 days of school? **ADE's External Guideline GE-17** Yes

d. Did the school obtain and maintain verifiable documentation of Arizona residency upon enrollment? **A.R.S. §15-802(B)(1) and ADE's Arizona Residency Documentation Guidelines** Yes

11. Did the school exclude nonresident students from the school's student count and state aid calculations and charge tuition, as applicable? **A.R.S. §15-823(G) and (L)** N/A All tested were Arizona residents

12. Based upon review of 5 withdrawals:

a. Were the withdrawal dates entered into the school's computerized attendance system within 5 working days after the actual day of withdrawal and was documentation maintained to support the date of data entry? (**Note:** "Day of withdrawal" for determining timely data entry means: a. the later of the student's withdrawal date or the day the school is notified the student will not be returning; or b. the 10th day of unexcused absence for students withdrawn for having 10 consecutive unexcused absences.) Yes

- b. Did the withdrawal date in the computerized attendance system agree to the withdrawal form? (Note: If the computerized attendance system requires the school to input the day following the withdrawal date for a student to be counted in membership through the last day of actual attendance or excused absence, the withdrawal date on the system should be the school day following the withdrawal date on the form.) Yes
- c. Did the school prepare and retain an *Official Notice of Pupil Withdrawal* form that a school administrator signed for each withdrawal? A.R.S. §15-827 Yes
13. Based upon review of the school's student data uploaded to ADE (AzEDS ADM15 or ABSATT10 report, as applicable), did the membership and absences agree to the school's computerized attendance system records for the first 100 days of school? (Note: For an AOI Program, review year-end attendance information.) Yes
14. Did the school report students that completed all high school requirements with the applicable graduation code and use the appropriate year-end status code for other students? Yes
15. For students participating in distance learning, did the school follow attendance procedures defined in the distance learning plan approved by ADE? Yes

RECORDS MANAGEMENT

Did the school retain records in accordance with the *General Retention Schedules for Education K-12* published by the Arizona State Library, Archives and Public Records (based on the testing conducted during the course of the audit)? (www.azlibrary.gov/arm/retention-schedules) Yes

OPEN MEETING LAW A.R.S. § 38-431.01 and § 38-431.02 (See also Attorney General Opinion I00-009)

1. Did the school conspicuously post a statement on its website stating where all public notices of its meetings will be posted, including the physical and electronic locations? Yes
2. Did the school post all public meeting notices on its website? Yes
3. Did the school maintain a record of notices given that includes a copy of each notice that was posted and information regarding the date, time, and place of posting? Yes
4. Were notices and agendas of public meetings posted at least 24 hours before the meeting? Yes
5. Were written minutes prepared or a recording made of Governing Body meetings? Yes

PERSONNEL

1. Did the school have valid fingerprint clearance cards for 100% of the required personnel as of the testing date? A.R.S. §15-183(C)(5) and A.R.S. §15-512(H)	Yes	
(QUESTIONS #2a THROUGH 2c ONLY APPLY TO NEW HIRES REQUIRED PURSUANT TO A.R.S. 15-183(C)(5) TO HAVE VALID FCCS AND DO NOT APPLY IF AN INDIVIDUAL'S FCC HAS EXPIRED.)		
2. For each individual referenced in #1 that did not have a FCC, please provide the following information (provide supplemental pages, if necessary) (See agency guidance available on the Board's website prior to completing these questions) A.R.S. §15-185(C)(5):		
a. Was an application for a FCC on file with the Department of Public Safety (DPS) as of the testing date?	N/A	Does not apply per questions #1 above
b. Did DPS receive the application prior to the hire date?	N/A	Does not apply per questions #1 above
c. Prior to placement, did the school do all of the following?		
i) Document the necessity for hiring/placing the individual prior to receiving a FCC?	N/A	Does not apply per questions #1 above
ii) Obtain statewide criminal history information on the individual?	N/A	Does not apply per questions #1 above
iii) Obtain references from the applicant's current and previous employers?	N/A	Does not apply per questions #1 above
3. Did the charter school maintain up- to-date fingerprints of all Governing Body members as of the testing date? Charter Contract²	Yes	
4. Were all other personnel fingerprint checked as of the testing date? A.R.S. §15-183(C)(5) and A.R.S. 15-512	Yes	
5. Did the charter school inform the parents and guardians of pupils enrolled in the school of the availability of information about the educational and teaching background and experience in a particular academic content subject area for all current employees who provide instruction to pupils? A.R.S. §15-183(F)	Yes	

² Specific contract cites could not be provided as term references vary per contract year.