

COWETA CHARTER ACADEMY AT SENOIA

**Annual Financial Report
For the Fiscal Year Ended June 30, 2021**

**Presented by Finance Department
Senoia, Georgia**

COWETA CHARTER ACADEMY AT SENOIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

- TABLE OF CONTENTS -

	<u>Page</u>
I. FINANCIAL SECTION	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-9
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	15
General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP)	16
Notes to Financial Statements	17-36
Required Supplementary Information:	
Schedule of Proportionate Share of Net Pension Liability	37
Schedule of Contributions	38
Notes to Required Supplementary Information	39
Combining Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	40
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	41
Compliance Section:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	42 and 43
Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required By the Uniform Guidance	44-46
Schedule of Expenditures of Federal Awards	47
Schedule of Findings and Questioned Costs	48-51
Schedule of Prior Audit Findings	52
Management's Corrective Action Plan	53

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**To the Members of the Board
of Coweta Charter Academy at Senoia
Senoia, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of **Coweta Charter Academy at Senoia** (the "Academy"), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Coweta Charter Academy at Senoia, as of June 30, 2021, and the respective changes in financial position and the budgetary comparison for the General Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12, the Academy implemented Governmental Accounting Standards Board ("GASB") Statement No. 84, *Fiduciary Activities*, as of July 1, 2020. This standard significantly changed the accounting for the Academy's fiduciary activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Proportionate Share of the Net Pension Liability, and the Schedule of Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Coweta Charter Academy at Senoia's basic financial statements. The combining statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards and the combining statements and schedules (the “supplementary information”) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2022 on our consideration of the Academy’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy’s internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
April 6, 2022

COWETA CHARTER ACADEMY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Coweta Charter Academy at Senoia (the "Academy"), we offer readers of the Academy's basic financial statements this narrative overview and analysis of the financial activities of the Academy for the fiscal years ended June 30, 2021 and 2020.

Management's Discussion and Analysis ("MD&A") is included at the beginning of the Academy's basic financial statements to provide, in layman's terms, the current position of the Academy's financial condition. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements and other supplementary information.

FINANCIAL HIGHLIGHTS

Our basic financial statements provide these insights into the results of this year's operations:

- The net position (deficit) of the Academy as of June 30, 2021 was \$(4,435,458), as compared to net position (deficit), as restated, of \$(4,405,829) as of June 30, 2020.
- As of June 30, 2021, the Academy has a fund balance of \$2,119,784, as compared to \$1,884,604 as of June 30, 2020, as restated.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Academy's basic financial statements. The Academy's basic financial statements are comprised of three components: 1) government-wide basic financial statements, 2) fund basic financial statements, and 3) notes to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Academy's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of the Academy's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Academy is improving or deteriorating.

The statement of activities presents information showing how the Academy's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and services rendered but unpaid).

COWETA CHARTER ACADEMY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

The government-wide financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The Academy does not have any business-type activities. The governmental activities of the Academy primarily include instruction and instructional support services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Academy, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide basic financial statements, governmental fund basic financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Academy's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Academy's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Academy maintains several individual governmental funds. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balances. The General Fund is considered to be the Academy's major fund.

The Academy adopts an annual budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

Notes to Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

COWETA CHARTER ACADEMY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is the Academy's ninth year of operations. The Academy's net position (deficit) was \$(4,435,458) at June 30, 2021. This amount represents net investment in capital assets (deficit) of \$(1,749,109) and unrestricted net position (deficit) of \$(2,819,023). The Academy's net position (deficit), as restated, was \$(4,405,829) at June 30, 2020 and of this amount \$(1,901,986) represents net investment in capital assets (deficit) and \$(2,503,843) represents unrestricted net position (deficit), as restated.

Our analysis in the table below focuses on the net position of the Academy's governmental activities:

Coweta Charter Academy
Net Position (Deficit)

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
ASSETS:		
Current and other assets	\$ 3,208,020	\$ 2,790,525
Capital assets, net of depreciation	<u>8,560,165</u>	<u>8,598,826</u>
Total assets	<u>11,768,185</u>	<u>11,389,351</u>
DEFERRED OUTFLOW OF RESOURCES	<u>1,993,255</u>	<u>2,056,133</u>
LIABILITIES		
Current liabilities	1,310,677	1,203,850
Long-term liabilities	<u>16,756,910</u>	<u>16,330,960</u>
Total liabilities	<u>18,067,587</u>	<u>17,534,810</u>
DEFERRED INFLOW OF RESOURCES	<u>129,311</u>	<u>316,503</u>
NET POSITION:		
Net investment in capital assets (deficit)	(1,749,109)	(1,901,986)
Unrestricted (deficit)	<u>(2,686,349)</u>	<u>(2,503,843)</u>
Total net position (deficit)	<u><u>\$ (4,435,458)</u></u>	<u><u>\$ (4,405,829)</u></u>

COWETA CHARTER ACADEMY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

Governmental Activities

The results of the current year's operations for the Academy as a whole are reported in the statement of activities. The table below provides a condensed presentation of the Academy's revenues and expenses for fiscal years ended June 30, 2021 and 2020:

Coweta Charter Academy Change in Net Position (Deficit)		
	June 30, 2021	June 30, 2020
	<u> </u>	<u> </u>
REVENUES:		
General revenues	\$ 4,531,826	\$ 4,240,125
Charges for services	72,799	151,044
Operating grants and contributions	<u>4,110,237</u>	<u>3,663,186</u>
Total revenues	<u>8,714,862</u>	<u>8,054,355</u>
FUNCTIONS/PROGRAM		
EXPENSES:		
Instruction	4,119,879	4,517,678
Support services	3,605,509	3,159,194
Community service operations	207,828	65,713
Interest	<u>811,275</u>	<u>821,174</u>
Total expenses	<u>8,744,491</u>	<u>8,563,759</u>
Change in net position (deficit)	<u>\$ (29,629)</u>	<u>\$ (509,404)</u>

The Academy had an increase in total revenues compared to the previous year mainly due to an increase in state funding as a result of higher rate per student as well as higher grant revenues than the prior year. Total expenses increased due to higher support services spending and higher community service operations spending. The Academy ended the year with a change in net position (deficit) that was \$479,775 higher than the previous year.

COWETA CHARTER ACADEMY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

GOVERNMENTAL FUND EXPENDITURES

In the table below, we have presented the cost of the largest functions/programs as a percentage of total governmental expenditures:

Functions/Programs	2021		2020	
	Expenditures	Percent	Expenditures	Percent
Governmental expenditures:				
Instruction	\$ 3,610,094	43%	\$ 3,919,835	51%
Support Services:				
Pupil services	500,303	6%	343,568	4%
School and general administration	604,420	7%	309,819	4%
Business administration	1,154,149	14%	967,140	12%
Maintenance and operation of plant	534,152	6%	617,031	8%
Central Support Services	64,241	1%	147,295	2%
Debt service	1,007,250	12%	1,002,074	13%
All other functions/programs	922,746	10%	560,344	6%
Total governmental expenditures	<u>\$ 8,397,355</u>	<u>99%</u>	<u>\$ 7,867,106</u>	<u>100%</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

At June 30, 2021, the Academy had capital assets of \$8,560,165, net of accumulated depreciation, invested in buildings, furniture and equipment and computer equipment compared to \$8,598,826 at June 30, 2020.

Debt

At June 30, 2021, the Academy had outstanding bonds payable of \$11,500,000 as compared to \$11,695,000 at June 30, 2020.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues were favorable to budget at year-end due to more state and federal funding than anticipated. Total expenditures were favorable to the budget mainly due to savings in instructional expenditures and savings in costs for maintenance and operations of plant. The Academy ended the year with a change in fund balance that was favorable to the budget by approximately \$1,022,498.

COWETA CHARTER ACADEMY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In FY 2021, total revenue increased for the Academy primarily due to a rise in grants. The Academy benefitted from Coronavirus Aid, Relief, and Economic Security ("CARES") Act funds intended to address the impact of Coronavirus Disease 2019 ("COVID-19") on schools. In FY 2022, the total per student revenue is anticipated to increase due to a rise in Quality Basic Education ("QBE") funding with changes in the Georgia Department of Education's budget. Grant revenue is also expected to increase relative to fiscal year 2021 levels due to new Elementary and Secondary School Emergency Relief ("ESSER") funds. These funds are to be awarded to address the continued impact of COVID-19 on elementary and secondary schools across the Nation. A 2% merit increase for all staff is included. All other expenditures are budgeted in alignment with enrollment changes and the Academy's strategic objectives.

REQUESTS FOR INFORMATION

If you have questions about this report or need additional information, please contact Myrna Laine-Hyppolite, Senior Vice President of Finance and Accounting; Charter Schools USA; 800 Corporate Drive, Suite 700; Fort Lauderdale, Florida 33334.

COWETA CHARTER ACADEMY AT SENOIA

**STATEMENT OF NET POSITION
JUNE 30, 2021**

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,185,878
Due from other governments	780,788
Restricted cash and cash equivalents	1,190,726
Prepaid items	28,402
Deposits	22,226
Capital assets (depreciable, net of accumulated depreciation)	8,560,165
Total assets	<u>11,768,185</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension related items	1,993,255
Total deferred outflows of resources	<u>1,993,255</u>
<u>LIABILITIES</u>	
Accounts payable	495,090
Salaries and benefits payable	344,339
Due to management company	165,552
Accrued expenses	67,559
Net pension liability	5,450,865
Bonds payable, due in one year	205,000
Bonds payable, due in more than one year	11,295,000
Compensated absences, due in one year	33,137
Compensated absences, due in more than one year	11,045
Total liabilities	<u>18,067,587</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension related items	129,311
Total deferred inflows of resources	<u>129,311</u>
<u>NET POSITION (DEFICIT)</u>	
Net investment in capital assets	(1,749,109)
Unrestricted (deficit)	<u>(2,686,349)</u>
Total net position (deficit)	<u>\$ (4,435,458)</u>

The accompanying notes are an integral part of these financial statements.

COWETA CHARTER ACADEMY AT SENOIA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<u>GOVERNMENTAL ACTIVITIES</u>				
Instruction	\$ 4,119,879	\$ -	\$ 3,135,794	\$ (984,085)
Support services:				
Pupil services	607,622	-	-	(607,622)
Improvement of instructional services	5,280	-	5,280	-
Educational media services	20,411	-	-	(20,411)
General administration	14,612	-	49,880	35,268
School administration	605,049	-	181,815	(423,234)
Business administration	1,154,149	-	-	(1,154,149)
Student transportation	13,788	-	13,788	-
Maintenance and operation of plant	794,246	-	433,600	(360,646)
Food services	295,033	11,424	278,433	(5,176)
Central support services	87,362	-	-	(87,362)
Other support services	7,957	-	11,647	3,690
Community service operations	207,828	61,375	-	(146,453)
Interest	811,275	-	-	(811,275)
 Total governmental activities	<u>\$ 8,744,491</u>	<u>\$ 72,799</u>	<u>\$ 4,110,237</u>	<u>(4,561,455)</u>
 General revenues:				
State supplement				4,432,505
Miscellaneous				99,321
 Total general revenues				<u>4,531,826</u>
 Change in net position				(29,629)
 Net position (deficit) - beginning of fiscal year				<u>(4,405,829)</u>
 Net position (deficit) - end of fiscal year				<u>\$ (4,435,458)</u>

The accompanying notes are an integral part of these financial statements.

COWETA CHARTER ACADEMY AT SENOIA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2021

	General Fund	Other Governmental Funds	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,185,878	\$ -	\$ 1,185,878
Due from other governments	720,593	60,195	780,788
Restricted cash	1,190,726	-	1,190,726
Interfund receivable	60,195	-	60,195
Deposits	22,226	-	22,226
Prepaid items	28,402	-	28,402
	<u>\$ 3,208,020</u>	<u>\$ 60,195</u>	<u>\$ 3,268,215</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Accounts payable	\$ 495,090	\$ -	\$ 495,090
Salaries and benefits payable	344,339	-	344,339
Due to management company	165,552	-	165,552
Interfund payable	-	60,195	60,195
Accrued expenditures	928	-	928
	<u>1,005,909</u>	<u>60,195</u>	<u>1,066,104</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue	34,620	47,707	82,327
	<u>34,620</u>	<u>47,707</u>	<u>82,327</u>
<u>FUND BALANCES</u>			
Non-spendable:			
Prepaid items	28,402	-	28,402
Deposits	22,226	-	22,226
Restricted for:			
Debt service	1,190,726	-	1,190,726
Unassigned	926,137	(47,707)	878,430
	<u>2,167,491</u>	<u>(47,707)</u>	<u>2,119,784</u>
Total fund balance	<u>2,167,491</u>	<u>(47,707)</u>	<u>2,119,784</u>
Total liabilities and fund balances	<u>\$ 3,208,020</u>	<u>\$ 60,195</u>	<u>\$ 3,268,215</u>

The accompanying notes are an integral part of these financial statements.

COWETA CHARTER ACADEMY AT SENOIA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total fund balance - governmental funds		\$ 2,119,784
---	--	--------------

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. These assets consist of:

Historical cost of capital assets	\$ 12,013,154	
Less accumulated depreciation	(3,452,989)	
Total capital assets		8,560,165

The net pension liability is not due and payable in the current period and is, therefore, not reported in governmental funds, along with related amounts.

Net pension liability	\$ (5,450,865)	
Deferred outflows of resources - pension items	1,993,255	
Deferred inflows of resources - pension items	(129,311)	(3,586,921)

Receivable not collected within 60 days of fiscal year-end are not considered available and are deferred inflows of resources on the governmental funds' balance sheet but are recognized as revenue on the government-wide statement of net position.

82,327

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

Bonds payable	\$ (11,500,000)	
Accrued interest payable	(66,631)	
Compensated absences	(44,182)	(11,610,813)

Net position of governmental activities		<u>\$ (4,435,458)</u>
---	--	-----------------------

The accompanying notes are an integral part of these financial statements.

COWETA CHARTER ACADEMY AT SENOIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES			
State funds	\$ 7,626,048	\$ -	\$ 7,626,048
Local funds	61,375	11,424	72,799
Federal funds	345,191	489,176	834,367
Interest	1,154	-	1,154
Miscellaneous	98,167	-	98,167
Total revenues	<u>8,131,935</u>	<u>500,600</u>	<u>8,632,535</u>
EXPENDITURES			
Current			
Instruction	3,432,056	178,038	3,610,094
Support services:			
Pupil services	500,303	-	500,303
Improvement of instructional services	-	5,280	5,280
Educational media services	20,411	-	20,411
General administration	14,612	-	14,612
School administration	544,046	45,762	589,808
Business administration	1,154,149	-	1,154,149
Student transportation	-	13,788	13,788
Maintenance and operation of plant	526,527	7,625	534,152
Food services	5,176	289,857	295,033
Central support services	64,241	-	64,241
Other support services	-	7,957	7,957
Other outlays	207,828	-	207,828
Capital outlays	372,449	-	372,449
Debt service:			
Principal	195,000	-	195,000
Interest	812,250	-	812,250
Total expenditures	<u>7,849,048</u>	<u>548,307</u>	<u>8,397,355</u>
Net change in fund balances	282,887	(47,707)	235,180
Fund balance - beginning of fiscal year, restated	<u>1,884,604</u>	<u>-</u>	<u>1,884,604</u>
Fund balance - end of fiscal year	<u>\$ 2,167,491</u>	<u>\$ (47,707)</u>	<u>\$ 2,119,784</u>

The accompanying notes are an integral part of these financial statements.

COWETA CHARTER ACADEMY AT SENOIA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Total net change in fund balance - governmental funds	\$	235,180
---	----	---------

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay		372,450
Depreciation expense		(411,111)

In the governmental funds, current year expenditures related to pensions are comprised solely of amounts contributed to the plan for the current year. However, in the statement of activities, expenses related to pensions include amounts that do not require the use of current financial resources. This amount represents the difference in the required accounting treatment of pensions and related items. (507,365)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments		195,000
--------------------	--	---------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		82,327
---	--	--------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences		2,915
Accrued interest		975

Change in net position of governmental activities	\$	<u>(29,629)</u>
---	----	-----------------

The accompanying notes are an integral part of these financial statements.

COWETA CHARTER ACADEMY AT SENOIA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
State funds	\$ 7,318,498	\$ 7,318,498	\$ 7,626,048	\$ 307,550
Local funds	164,060	164,060	61,375	(102,685)
Federal funds	-	-	345,191	345,191
Interest	17,642	17,642	1,154	(16,488)
Miscellaneous	-	-	98,167	98,167
Total revenues	<u>7,500,200</u>	<u>7,500,200</u>	<u>8,131,935</u>	<u>631,735</u>
EXPENDITURES				
Current				
Instruction	3,743,824	3,743,824	3,432,056	311,768
Support services:				
Pupil services	272,071	272,071	500,303	(228,232)
Improvement of instructional services	22,339	22,339	-	22,339
Educational media services	-	-	20,411	(20,411)
General administration	25,329	25,329	14,612	10,717
School administration	348,779	348,779	544,046	(195,267)
Business administration	1,135,235	1,135,235	1,154,149	(18,914)
Student transportation	18,598	18,598	-	18,598
Maintenance and operation of plant	1,011,746	1,011,746	526,527	485,219
Food services	83,867	83,867	5,176	78,691
Central support services	136,579	136,579	64,241	72,338
Other outlays	61,560	61,560	207,828	(146,268)
Capital outlays - instruction	421,459	421,459	372,449	49,010
Debt service:				
Principal	195,833	195,833	195,000	833
Interest	810,299	810,299	812,250	(1,951)
Total expenditures	<u>8,287,518</u>	<u>8,287,518</u>	<u>7,849,048</u>	<u>438,470</u>
Net change in fund balance	(787,318)	(787,318)	282,887	1,070,205
Fund balances - beginning, restated	<u>1,884,604</u>	<u>1,884,604</u>	<u>1,884,604</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,097,286</u>	<u>\$ 1,097,286</u>	<u>\$ 2,167,491</u>	<u>\$ 1,070,205</u>

The accompanying notes are an integral part of these financial statements.

COWETA CHARTER ACADEMY AT SENOIA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: DESCRIPTION OF ACADEMY AND REPORTING ENTITY

REPORTING ENTITY

Georgia Charter Educational Foundation, Inc. (the “Foundation”), a not-for-profit organization organized under the laws of the State of Georgia doing business as Coweta Charter Academy at Senoia (the “Academy”) is approved to provide educational services to students from kindergarten to eighth grade. The governing body of the Academy is comprised of a six-member Board of Directors. The Academy operates under a charter with the State Charter School Commission of Georgia (the “Commission”), which is effective until June 30, 2024.

The Academy is located in Senoia, Georgia providing education for over 770 students in grades kindergarten through eighth grade.

IMPLEMENTATION OF NEW GASB STANDARDS

In the fiscal year 2021, the Academy adopted Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on: 1) whether a government is controlling the assets of the fiduciary activity, and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post-employment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. As noted in the Restatement of Net Position and Fund Balance note disclosure, the Academy restated beginning net position and beginning fund balance for the General Fund for the cumulative effect of this accounting change.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Academy. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Academy does not consider any of its activities to be business-type activities.

COWETA CHARTER ACADEMY AT SENOIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

Government-wide Statements:

The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall Academy. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Academy's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses (expenses of the Academy related to the administration and support of the Academy's programs, such as office and maintenance personnel and accounting) are not allocated to programs.
- Program revenues include: (a) charges paid by the recipients of goods or services offered by the programs; and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

In the Statement of Net Position, equity is reported as net position and consists of net investment in capital assets, amounts restricted by outside parties for specific purposes (if any), and unrestricted amounts. The net investment in capital assets is calculated by taking the capital assets, net of accumulated depreciation, less any related long-term financing arrangements, and adding back in any unspent bond or contract proceeds.

Fund Financial Statements:

The fund financial statements provide information about the Academy's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Academy reports only one major governmental fund:

- General Fund is the Academy's primary operating fund. It accounts for all financial resources of the Academy.

Additionally, the Academy reports the following non-major funds:

- The special revenue funds account for certain revenue sources that are legally restricted or committed to expenditure for specific purposes. Restricted revenues consist of federal and state grants.

The effect of interfund activity has been eliminated from the government-wide financial statements.

COWETA CHARTER ACADEMY AT SENOIA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The basis of accounting determines when transactions are reported on the financial statements. The government-wide governmental financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. On an accrual basis, revenues are recognized in the fiscal year in which they are earned. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Academy uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Academy considers all revenues reported in the governmental funds to be available if they are collected within sixty days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures to the extent they have matured and other long-term obligations which are recognized when due and payable. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

The Academy funds certain programs by a combination of specific cost-reimbursement grants, categorical grants, and general revenues. Thus, when program costs are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the Academy's policy to first apply grant resources to such programs, followed by cost-reimbursement grants, then general revenues.

COWETA CHARTER ACADEMY AT SENOIA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF ACCOUNTING/MEASUREMENT FOCUS (CONTINUED)

The State of Georgia reimburses the Academy for teachers' salaries and operating costs through the Quality Basic Education ("QBE") Formula Earnings program. State of Georgia law defines the formula driven grant that determines the cost of an academic school year and the State of Georgia's share in this cost. Generally teachers are contracted for the school year (July 1 – June 30) and paid over a twelve month contract period, which for the Academy runs July 23 through July 15. In accordance with the requirements of the enabling legislation of the QBE program, the State of Georgia reimburses the Academy over the same twelve month period in which teachers are paid, funding the academic school year expenditures. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent year are accrued as the State of Georgia has only postponed the final payment of their share of the cost until the subsequent appropriations for cash management purposes. By June 30 of each year, the State of Georgia has a signed appropriation that includes this final amount, which represents the State of Georgia's intent to fund this final payment. Based on guidance in Government Accounting Standards Board ("GASB") Statement No. 33, paragraph 74, the State of Georgia recognizes its QBE liability for the July salaries at June 30, and the Academy recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

Grant revenues, state QBE revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period if availability criteria is met. All other revenue items are considered to be measurable and available only when cash is received by the government.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

In accordance with GASB Statement No. 72, paragraph 69, the Academy's investments in money market funds are valued at amortized cost. These investments are reported as cash equivalents for financial reporting purposes.

RECEIVABLES

Receivables, which include amounts due from other governments, consist of amounts due from the various entities disclosed from information available. Receivables are recorded when either the asset or revenue recognition criteria has been met. Receivables recorded on the basic financial statements do not include any amounts which would necessitate the need for an allowance for uncollectible receivables.

COWETA CHARTER ACADEMY AT SENOIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

INTERFUND RECEIVABLES AND PAYABLES

During the course of its operations, the Academy makes transfers between funds to finance operations, provide services and acquire assets. To the extent that certain transfers between funds had not been received as of year-end, balances of interfund amounts receivable or payable have been recorded.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

CAPITAL ASSETS

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the fund financial statements at the time of purchase (including ancillary charges). On the government-wide financial statements, all purchased capital assets are valued at cost. The Academy maintains a capitalization threshold of \$750 and a useful life over one year. Donated capital assets are recorded at estimated acquisition cost on the date donated. Disposals are deleted at depreciated recorded cost. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets is not capitalized. Depreciation is computed using the straight-line method. The Academy does not capitalize book collections or works of art. Depreciation is used to allocate the actual or estimated historical cost of all capital assets over estimated useful lives.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Life</u>
Furniture and equipment	5 years
Computer equipment	3 years
Buildings	10-45 years

COWETA CHARTER ACADEMY AT SENOIA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LONG-TERM LIABILITIES

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the period in which they occur.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Governmental Activities report five types of deferred outflows of resources related to the reporting of the net pension liability. The deferred inflows of resources being recognized are: 1) a deferred outflow of resources for changes in the Academy's proportionate share of the net pension liability and the difference between the Academy's actual contributions towards the pension plan and the Academy's proportionate share of contributions; 2) differences between expected and actual experience of the plan; 3) changes in the plan's assumptions; 4) the net difference between project and actual investment earnings on the pension assets, which will be amortized over a five-year period; and 5) the Academy's actual contributions to the pension plan during the fiscal year ended June 30, 2021 which will be applied to the next future measurement period. The remaining deferred outflows will be amortized over the remaining service period of plan members.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Academy has one type of deferred inflow under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from intergovernmental revenue, and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The Academy also has one item that qualifies for reporting in this category in the governmental activities. The Governmental Activities report a deferred inflow of resources for changes in the Academy's proportionate share for the net pension liability and the difference between the Academy's actual contributions towards the pension plan and the Academy's proportionate share of contributions. The remaining deferred inflows are amortized over the remaining service lives of plan members.

COWETA CHARTER ACADEMY AT SENOIA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPENSATED ABSENCES

It is the Academy's policy to permit employees to accumulate earned but unused paid time off benefits. All paid time off pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Retirement System of Georgia ("TRS") and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

FUND EQUITY

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance - The Academy recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of the Academy and is fiscally advantageous for the Academy. The policy adopted establishes guidance concerning the desired level of fiscal year-end fund balance to be maintained by the Academy and the management of fund balance levels and is applicable only to the General Fund of the Academy.

Fund balance is a measurement of available financial resources defined as the difference between total assets/deferred outflows and total liabilities/deferred inflows in each fund.

COWETA CHARTER ACADEMY AT SENOIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND EQUITY (CONTINUED)

The Governmental Accounting Standards Board (“GASB”) Statement No. 54 distinguishes fund balance classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

Non-spendable – Fund balance reported as “non-spendable” represents fund balance associated with inventory, prepaid items, long-term amounts of loans and notes receivable, property held for resale (however, if the use of the proceeds from the collection of receivables or sale of the property is restricted, committed, or assigned, then the receivables or property should be reported in those categories), and corpus of a permanent fund (legally/contractually required to be maintained).

Restricted – Fund balance reported as “restricted” represents amounts that can be spent only on the specific purposes stipulated by law or by the external providers of those resources (such as bond resolutions and covenants and grant agreements).

Committed – Fund balance reported as “committed” includes amounts that can be used only for the specific purposes determined by a formal action of the Board. The Board as the highest level of decision making authority, will have the sole authority to commit fund balance. Constraints can be removed or changed only by the Board through a formal resolution voted on by the Board. Actions to constrain resources should occur prior to the end of the Academy’s fiscal year, though the exact amount may be determined subsequently.

Assigned – Fund balance reported as “assigned” represents amounts intended to be used for specific purposes, but not meeting the criteria to be reported as committed or restricted fund balance. The intent is expressed by the Board. If these funds should have a deficit fund balance, those deficits are required to be reported as unassigned fund balance. The Board will have the authority under this policy to assign funds for a particular purpose.

Unassigned – Fund balance reported as “unassigned” represents the residual classification of fund balance and includes all spendable amounts not contained within the other classifications.

If expenditures incurred exceed the amounts that have been restricted, committed, and assigned to a specific purpose and results in a negative residual amount for that specific purpose, amounts assigned to other purposes in that governmental fund are reduced to eliminate the deficit.

The Academy applies restricted resources first when an expenditure/expense is incurred for purposes for which both restricted and unrestricted equity is available. If restricted resources are not available, the Academy’s policy is to use committed first, then assigned funds, and lastly the unassigned.

COWETA CHARTER ACADEMY AT SENOIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The Academy adopts an annual budget for its General Fund. The budget is prepared in accordance with provisions of the Quality Basic Education Act, Official Code of Georgia Annotated (“O.C.G.A.”) §20-2-167. After the Academy has tentatively adopted the budget, such budget is advertised at least one time in a local newspaper of general circulation. At the next regular meeting of the Board after advertisement, the budget is revised as necessary and adopted as the final budget.

The following General Fund functions had excesses of actual expenditures over appropriations in the amount shown for the fiscal year ended June 30, 2021.

Support services:		
Pupil services	\$	228,232
Educational media services		20,411
School administration		195,267
Business administration		18,914
Other outlay		146,268
Debt service:		
Interest		1,951

These excess expenditures were funded with savings in other functions, and revenues collected in excess of anticipated levels.

COWETA CHARTER ACADEMY AT SENOIA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4: DEPOSITS AND INVESTMENTS

The table below summarizes the Academy’s cash and cash equivalents by type as of June 30, 2021:

Investment	Weighted Average Maturities ("WAM")	Amount
Deposits with Financial Institutions	---	\$ 1,185,878
Federated Treasury Obligations Fund	28 days	728,020
Blackrock T-Fund (Dollar Shares)	43 days	462,706
Total		\$ 2,376,604
As reported in the Statement of Net Position:		
Cash and cash equivalents		\$ 1,185,878
Restricted cash and cash equivalents		1,190,726
Total		\$ 2,376,604

Credit risk. State statutes authorize the Academy to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

The Federated Treasury Obligations Fund and Blackrock T-Fund (Dollar Shares) are money market mutual funds that invest primarily in short-term U.S. Treasury securities and other obligations issued or guaranteed as to principal and interest by the U.S. Treasury. Each of these funds are rated AAAM by Standard & Poor’s. In accordance with GASB Statement No. 72, paragraph 69, the Academy’s investments in these money market mutual funds are reported at amortized cost. As of June 30, 2021, the Academy considers amounts held in these money market mutual funds as cash equivalents for financial statement presentation.

Interest rate risk. The Academy does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

COWETA CHARTER ACADEMY AT SENOIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4: DEPOSITS AND INVESTMENTS (CONTINUED)

COLLATERALIZATION OF DEPOSITS

O.C.G.A. §45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to and not less than 110% of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (O.C.G.A. §45-8-13.1), the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110% of the daily pool balance.

Custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Academy will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be covered by depository insurance or pledged securities. Amounts that exceed standard depository insurance limits are required to be collateralized either: 1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or 2) participation in the State of Georgia Secure Deposit Program. As of June 30, 2021, the financial institution holding all of the Academy's deposits is a participant in the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on the tier assigned by the State. As of June 30, 2021, all of the Academy's bank balances were insured and/or collateralized as defined by GASB and required by State Statutes.

COWETA CHARTER ACADEMY AT SENOIA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4: DEPOSITS AND INVESTMENTS (CONTINUED)

Acceptable security for deposits consists of any one of or any combination of the following:

- (1) Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
- (2) Insurance on accounts provided by the Federal Deposit Insurance Corporation,
- (3) Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,
- (4) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,
- (5) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,
- (6) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and
- (7) Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States Government, which are fully guaranteed by the United States Government both as to principal and interest or debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

NOTE 5: RECEIVABLES

Intergovernmental receivables consist of grant reimbursements due from federal, state or other grantors for expenditures made but not yet reimbursed. The Georgia Department of Education is the main government agency that grants are due from as of June 30, 2021.

COWETA CHARTER ACADEMY AT SENOIA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6: CAPITAL ASSETS

The following is a summary of changes in the capital assets during the fiscal year:

<u>Governmental Activities</u>	<u>Balances June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances June 30, 2021</u>
Capital assets, being depreciated:				
Buildings	\$ 9,917,873	\$ 29,571	\$ -	\$ 9,947,444
Furniture and equipment	748,973	14,481	-	763,454
Computer equipment	973,858	328,398	-	1,302,256
Total	<u>11,640,704</u>	<u>372,450</u>	<u>-</u>	<u>12,013,154</u>
Less accumulated depreciation for:				
Buildings	1,423,725	260,094	-	1,683,819
Furniture and equipment	671,090	44,339	-	715,429
Computer equipment	947,063	106,678	-	1,053,741
Total	<u>3,041,878</u>	<u>411,111</u>	<u>-</u>	<u>3,452,989</u>
Governmental activities capital assets, net	<u>\$ 8,598,826</u>	<u>\$ (38,661)</u>	<u>\$ -</u>	<u>\$ 8,560,165</u>

Current fiscal year depreciation expense by function is as follows:

Instruction	\$ 151,017
Maintenance of Operations and Plant	<u>260,094</u>
	<u>\$ 411,111</u>

NOTE 7: RISK MANAGEMENT

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; job related illness or injuries to employees; and acts of God.

The Academy has obtained commercial insurance for risk of loss associated with torts, assets, errors or omissions, job related illness or injuries to employees and acts of God. The Academy has neither significantly reduced coverage for these risks nor incurred losses (settlements) which exceeded the Academy's insurance coverage in any of the past three fiscal years.

COWETA CHARTER ACADEMY AT SENOIA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8: LONG-TERM DEBT AND OBLIGATIONS

The changes in long-term debt and obligations during the fiscal year ended June 30, 2021, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	\$ 11,695,000	\$ -	\$ 195,000	\$ 11,500,000	\$ 205,000
Net pension liability	4,819,186	1,442,214	810,535	5,450,865	-
Compensated absences	47,097	101,133	104,048	44,182	33,137
Governmental activities long-term liabilities	<u>\$ 16,561,283</u>	<u>\$ 1,543,347</u>	<u>\$ 1,109,583</u>	<u>\$ 16,995,047</u>	<u>\$ 238,137</u>

The compensated absences, bonds payable, and the net pension liability are liquidated through the General Fund.

BONDS PAYABLE

During the fiscal year ended June 30, 2014, the Georgia Charter Educational Foundation, Inc., on behalf of the Academy, issued Tax-Exempt Charter School Revenue Bonds, Series 2014A & B for \$11,905,000 and \$580,000, respectively. The Series 2014A bonds were issued for: (i) financing of the cost of acquiring a new charter school building and facility, (ii) paying capitalized interest, (iii) funding a debt service reserve account, (iv) paying a portion of the cost of issuance of the Series 2014A bonds, and (v) paying certain operating expenses of the Georgia Charter Educational Foundation, Inc. The Series 2014B bonds were issued for the purpose of funding the remaining portion of the issuance costs of the Series 2014A bonds. The Series 2014A & B bonds contain: 1) a provision that in an event of default, the timing of repayment of outstanding amounts become immediately due if pledged revenues during the year are less than 115% of debt service coverage due in the following year, and 2) a provision that if the Academy is unable to make payment, outstanding amounts are due immediately.

COWETA CHARTER ACADEMY AT SENOIA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8: LONG-TERM DEBT AND OBLIGATIONS (CONTINUED)

The bonds are payable semi-annually with interest payments due in June and December each year, with principal payments due on June 1. The bonds mature in 2044 but with optional early redemptions beginning in 2021. The bonds carry an interest rate of 8%. The bond payable maturity schedules is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 205,000	\$ 799,575	\$ 1,004,575
2023	215,000	787,275	1,002,275
2024	230,000	774,375	1,004,375
2025	245,000	760,575	1,005,575
2026	260,000	744,038	1,004,038
2027-2031	1,590,000	3,431,625	5,021,625
2032-2036	2,205,000	2,815,950	5,020,950
2037-2041	3,100,000	1,921,969	5,021,969
2042-2044	3,450,000	571,069	4,021,069
	<u>\$ 11,500,000</u>	<u>\$ 12,606,451</u>	<u>\$ 24,106,451</u>

NOTE 9: SIGNIFICANT CONTINGENT LIABILITIES

COMMITMENTS AND CONTINGENCIES

Amounts received or receivable principally from the federal government are subject to audit and review by grantor agencies. This could result in requests for reimbursement to the grantor agency for any costs which are disallowed under grant terms. The Academy believes that such disallowances, if any, will be immaterial to its overall financial position.

MANAGEMENT SERVICE COMMITMENT

The Academy entered into a formal agreement with Charter Schools USA at Coweta, LLC to manage, staff, and operate the Academy. The agreement expires in February 2023 or the termination date of the charter, if not renewed. The contract may be cancelled by either party. During the year ended June 30, 2021, the Academy paid \$1,123,394 in fees to the management company. Future contract terms increase up to \$2,373,027 in the fiscal year ending June 30, 2044.

OPERATING LEASE AGREEMENT

The Academy has entered into a lease agreement for land. The lease period extends through June 1, 2089 with a company affiliated with the management company. The lease payments made during the fiscal year ended June 30, 2021 were \$79,668. The terms of the lease are adjusted each year, effective June 1, to adjust the lease rental payments by the changes in the Wall Street Journal published Consumer Price Index. The adjusted rate each year shall not be lower than the previous year, and cannot increase by more than 5%, per the lease agreement. The adjusted annual rental payment for the fiscal year ended June 30, 2022 will be \$79,668.

COWETA CHARTER ACADEMY AT SENOIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10: RETIREMENT PLANS

GENERAL INFORMATION ABOUT THE TEACHERS' RETIREMENT SYSTEM OF GEORGIA ("TRS")

Plan description: All teachers of the Academy as defined in O.C.G.A. §47-3-60 of the *Official Code of Georgia Annotated* (O.C.G.A.) are provided a pension through the Teachers' Retirement System of Georgia ("TRS").

TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees ("TRS Board"). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. TRS issues a publicly available financial report that can be obtained at www.trsga.com/publications.

Benefits provided: TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2021. The Academy's contractually required contribution rate for the year ended June 30, 2021 was 19.06% of annual Academy payroll. Academy contributions to TRS were \$591,020 for the year ended June 30, 2021.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2021, the Academy reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2019. An expected total pension liability as of June 30, 2020 was determined using standard roll-forward techniques. The Academy's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2020. At June 30, 2020, the Academy's proportion was 0.0022502%, which is an increase of 0.000090% from its proportion measured as of June 30, 2019.

COWETA CHARTER ACADEMY AT SENOIA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10: RETIREMENT PLANS (CONTINUED)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

For the year ended June 30, 2021, the Academy recognized pension expense of \$1,097,188. At June 30, 2021, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 131,285	\$ -
Differences between expected and actual experience	237,387	-
Changes in proportion and differences between Academy contributions and proportionate share of contributions	472,118	129,311
Changes of assumption	561,445	-
Academy contributions subsequent to the measurement date	<u>591,020</u>	<u>-</u>
Total	<u>\$ 1,993,255</u>	<u>\$ 129,311</u>

Academy contributions subsequent to the measurement date of \$591,020 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year ending June 30,</u>
2022	\$ 374,458
2023	478,414
2024	292,236
2025	<u>127,816</u>
Total	<u>\$ 1,272,924</u>

COWETA CHARTER ACADEMY AT SENOIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10: RETIREMENT PLANS (CONTINUED)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

Actuarial assumptions: The total pension liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00 – 8.75%
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Post-retirement benefit increase	1.50%, semi-annually

Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table (ages set forward one year and adjusted 106%) was used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class based on the most recent experience study adopted by the Board are summarized in the table on the following page.

COWETA CHARTER ACADEMY AT SENOIA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10: RETIREMENT PLANS (CONTINUED)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	(0.10)%
U.S. large equities	51.00	8.90
U.S. small equities	1.50	13.20
International developed market equities	12.40	8.90
International emerging market equities	5.10	10.90
Total	100.00%	

* Rates shown are net of inflation

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Academy's proportionate share of the net pension liability to changes in the discount rate. The following presents the Academy's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current discount rate (7.25%)	1% Increase (8.25%)
Academy's proportionate share of the net pension liability	\$ 8,643,771	\$ 5,450,865	\$ 2,833,598

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report which is publicly available at www.trsga.com/publications.

COWETA CHARTER ACADEMY AT SENOIA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11: INTERFUND BALANCES

Interfund balances as of June 30, 2021 are as follows:

Payable to	Payable From	Amount
General Fund	Nonmajor Governmental Funds	\$ 60,195
		\$ 60,195

Interfund activity is comprised of grant activity paid by the General Fund on behalf of the Special Revenue Funds.

NOTE 12: PRIOR PERIOD ADJUSTMENT

In conjunction with the implementation of GASB Statement No. 84, *Fiduciary Activities*, the Academy is required to reevaluate the accounting treatment of fiduciary activities. The new standard requires the Academy to determine if funds are considered custodial funds under the new definitions of GASB Statement No. 84. Therefore, in conjunction with the implementation of GASB Statement No. 84, the following restatements were required to the beginning fund balance of the General Fund and net position of governmental activities to properly report the Academy’s student activities.

	General Fund
Fund balance, General Fund, as previously reported	\$ 1,856,353
Restatement for implementation of GASB No. 84	28,251
Fund balance, beginning of year, as restated	\$ 1,884,604
	Governmental Activities
Net position, governmental activities, as previously reported	\$ (4,434,080)
Restatement for implementation of GASB No. 84	28,251
Net position, beginning of year, as restated	\$ (4,405,829)

REQUIRED SUPPLEMENTARY INFORMATION

COWETA CHARTER ACADEMY AT SENOIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Academy's proportion of the net pension liability	0.022502%	0.022412%	0.023580%	0.017469%
Academy's proportionate share of the net pension liability	\$ 5,450,865	\$ 4,819,186	\$ 4,376,953	\$ 3,246,667
Academy's covered payroll	\$ 2,906,840	\$ 2,735,148	2,937,037	\$ 2,005,886
Academy's proportionate share of the net pension liability as a percentage of its covered payroll	187.52%	176.19%	149.03%	161.86%
Plan fiduciary net position as a percentage of the total pension liability	77.01%	80.27%	80.27%	79.33%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Academy's proportion of the net pension liability	0.017095%	0.018029%	0.014342%	0.006531%
Academy's proportionate share of the net pension liability	\$ 3,526,889	\$ 2,744,736	\$ 1,811,923	\$ 1,138,019
Academy's covered payroll	\$ 1,870,757	\$ 1,860,757	\$ 1,463,127	\$ 656,503
Academy's proportionate share of the net pension liability as a percentage of its covered payroll	188.53%	147.51%	123.84%	173.35%
Plan fiduciary net position as a percentage of the total pension liability	76.06%	81.44%	84.03%	Not available

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

COWETA CHARTER ACADEMY AT SENOIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 591,020	\$ 614,506	\$ 571,646	\$ 493,716	\$ 286,240
Contributions in relation to the contractually required contributions	<u>591,020</u>	<u>614,506</u>	<u>571,646</u>	<u>493,716</u>	<u>286,240</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Academy's covered payroll	\$3,100,839	\$2,906,840	\$2,735,148	\$2,937,037	\$2,005,886
Contributions as a percentage of covered payroll	19.060%	21.140%	20.900%	16.810%	14.270%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contributions	\$ 266,957	\$ 244,713	\$ 179,672	\$ 74,907	\$ 59,965
Contributions in relation to the contractually required contributions	<u>266,957</u>	<u>244,713</u>	<u>179,672</u>	<u>74,907</u>	<u>59,965</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Academy's covered payroll	\$1,870,757	\$1,860,757	\$1,463,127	\$ 656,503	\$ 583,317
Contributions as a percentage of covered payroll	14.270%	13.151%	12.280%	11.410%	10.280%

COWETA CHARTER ACADEMY AT SENOIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Changes of assumptions: In 2010 and later, the expectation of retired life mortality was changed to the RP 2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

On November 18, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, withdrawal and salary increases.

Effective with the June 30, 2018 valuation, the long-term assumed rate of return on assets (discount rate) was changed from 7.50% to 7.25%, and the assumed annual rate of inflation was changed from 2.75% to 2.50%.

In 2019 and later, the expectation of retired life mortality was changed to the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table from the RP-2000 Mortality Tables. In 2019, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

COWETA CHARTER ACADEMY AT SENOIA

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Title I Fund – This fund is used to account for the Academy’s federally funded Title I grant revenues and the related expenditures.

Title II Fund – This fund is used to account for the Academy’s federally funded Title II grant revenues and the related expenditures.

Title IV Fund – This fund is used to account for the Academy’s federally funded Title IV grant revenues and the related expenditures.

School Lunch Program Fund – This fund is used to account for the Academy’s federally funded grants and charges to students for the operation and service of the school lunch program.

Special Education Fund – This fund is used to account for the Academy’s federally funded Title VI-B Individuals with Disabilities in Education Act (“IDEA”) grant revenues and the related expenditures.

COWETA CHARTER ACADEMY AT SENOIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>Title I Fund</u>	<u>Title II Fund</u>	<u>Title IV Fund</u>	<u>School Lunch Program Fund</u>	<u>Special Education Fund</u>	<u>Total</u>
<u>ASSETS</u>						
Due from other governments	\$ 7,788	\$ 4,700	\$ 3,950	\$ -	\$ 43,757	\$ 60,195
Total assets	<u>\$ 7,788</u>	<u>\$ 4,700</u>	<u>\$ 3,950</u>	<u>\$ -</u>	<u>\$ 43,757</u>	<u>\$ 60,195</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>						
<u>LIABILITIES</u>						
Due to other funds	\$ 7,788	\$ 4,700	\$ 3,950	\$ -	\$ 43,757	\$ 60,195
Total liabilities	<u>7,788</u>	<u>4,700</u>	<u>3,950</u>	<u>-</u>	<u>43,757</u>	<u>60,195</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable revenue	-	-	3,950	-	43,757	47,707
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>3,950</u>	<u>-</u>	<u>43,757</u>	<u>47,707</u>
<u>FUND BALANCES</u>						
Unassigned fund balance	-	-	(3,950)	-	(43,757)	(47,707)
Total fund balance	<u>-</u>	<u>-</u>	<u>(3,950)</u>	<u>-</u>	<u>(43,757)</u>	<u>(47,707)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,788</u>	<u>\$ 4,700</u>	<u>\$ 3,950</u>	<u>\$ -</u>	<u>\$ 43,757</u>	<u>\$ 60,195</u>

COWETA CHARTER ACADEMY AT SENOIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>Title I Fund</u>	<u>Title II Fund</u>	<u>Title IV Fund</u>	<u>School Lunch Program Fund</u>	<u>Special Education Fund</u>	<u>Total</u>
REVENUES						
Local funds	\$ -	\$ -	\$ -	\$ 11,424	\$ -	\$ 11,424
Federal funds	76,800	17,731	10,005	278,433	106,207	489,176
Total revenues	<u>76,800</u>	<u>17,731</u>	<u>10,005</u>	<u>289,857</u>	<u>106,207</u>	<u>500,600</u>
EXPENDITURES						
Current						
Instruction	68,851	13,296	6,330	-	89,561	178,038
Support services:						
Improvement of instructional services	-	4,435	-	-	845	5,280
School administration	-	-	-	-	45,762	45,762
Student transportation services	-	-	-	-	13,788	13,788
Maintenance and operation of plant	-	-	7,625	-	-	7,625
Food services	-	-	-	289,857	-	289,857
Other support services	7,949	-	-	-	8	7,957
Total expenditures	<u>76,800</u>	<u>17,731</u>	<u>13,955</u>	<u>289,857</u>	<u>149,964</u>	<u>548,307</u>
Net change in fund balances	-	-	(3,950)	-	(43,757)	(47,707)
Fund balance - beginning of fiscal year	-	-	-	-	-	-
Fund balance - end of fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,950)</u>	<u>\$ -</u>	<u>\$ (43,757)</u>	<u>\$ (47,707)</u>

COMPLIANCE SECTION



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

**To the Members of the Board
of Coweta Charter Academy at Senoia
Senoia, Georgia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Coweta Charter Academy at Senoia (the "Academy"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated April 6, 2022. Our report includes a reference to the changes in accounting principle resulting from the implementation of the Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Academy's Responses to the Findings

The Academy's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Academy's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
April 6, 2022



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

**To the Members of the Board
of Coweta Charter Academy at Senoia
Senoia, Georgia**

Report on Compliance for Each Major Federal Program

We have audited Coweta Charter Academy at Senoia (the "Academy") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Academy's major federal programs for the year ended June 30, 2021. The Academy's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
April 6, 2022

COWETA CHARTER ACADEMY OF SENOIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass- Through Entity ID Number</u>	<u>Total Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE:			
Passed through Georgia Department of Education and Nutrition Program:			
Food Services			
School Breakfast Program	10.553	205GA324N1199	\$ 63,471
National School Snack Program	10.555	205GA324N1099	214,961
Total Child Nutrition Cluster			<u>278,432</u>
Total U.S. Department of Agriculture			<u>278,432</u>
U. S. DEPARTMENT OF EDUCATION:			
Passed through Georgia Department of Education:			
Title I Programs - Improving Academic Achievement	84.010	S010A200010	76,799
Total Title I, Part A			<u>76,799</u>
Title II Part A Programs - Improving Teacher Quality	84.367	S367A200001	17,731
Total Title II, Part A			<u>17,731</u>
Title IV - Part A, Student Support and Academic Enrichment	84.424	S424A200011	13,955
Title VI Part B Flow - IDEA Supplemental Relief Special Ed	84.027	H027A200073	918
Title VI Part B - Special Ed Ages 3-5	84.173	H173A200081	2,601
Title VI Part B - Special Ed Flowthrough	84.027	H027A200073	88,516
High Cost Fund Pool	84.027	H027A200073	57,930
Total Special Education Cluster			<u>149,965</u>
COVID-19: Charter School Program COVID Relief	84.282	S282A200012	32,820
Total Charter Schools Programs			<u>32,820</u>
Education Stabilization Fund ("ESSER")			
COVID-19: CARES Act Elementary and Secondary School Emergency Relief Fund Grant	84.425D	S425D200012	48,539
COVID-19: ESSER II - CRRSA Act - LEA	84.425D	S425D200012	225,452
COVID-19: ESSER III - Retention Bonus	84.425U	S425U200012	73,000
Total Education Stabilization Fund ("ESSER")			<u>346,991</u>
Total U.S. Department of Education			<u>638,261</u>
Total Expenditures of Federal Awards			<u>\$ 916,693</u>

Notes to the Schedule of Expenditures of Federal Awards

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Coweta Charter Academy of Senoia and is presented on the modified accrual basis of accounting.

The Academy did not utilize the 10% de minimis indirect cost rate.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Award. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

COWETA CHARTER ACADEMY AT SENOIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

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

Unmodified

Internal control over financial reporting:
Material weaknesses identified?

X yes no

Significant deficiencies identified?

yes X none reported

Noncompliance material to financial statements noted?

yes X no

Federal Awards

Internal Control over major programs:
Material weakness(es) identified?

yes X no

Significant deficiency(ies) identified?

yes X none reported

Type of auditor’s report issued on compliance for major programs

Unmodified

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

yes X no

Identification of major programs:

Assistance Listing Number

10.553 & 10.555
84.425D & 84.425U

Name of Federal Program or Cluster

Child Nutrition Cluster
COVID-19 Elementary & Secondary School
Emergency Relief Fund

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

\$750,000

Auditee qualified as low-risk auditee?

yes X no

COWETA CHARTER ACADEMY AT SENOIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section II – Financial Statement Findings and Responses

2021-001 Revenues and Related Balances - Repeat

Criteria: Internal controls should be in place to ensure that revenues are appropriately recognized, including any related receivables.

Condition: Internal controls were not sufficient to detect material misstatements in the reporting of the Academy's revenues and related receivables.

Context/Cause: During our testing of revenues and related receivables, certain audit adjustments were required to correct current year amounts. The nature of these adjustments is as follows:

- The General Fund required an audit adjustment of approximately \$194,000 to reduce revenue, reduce receivables and reduce related unearned revenues for grant receivables which were recorded multiple times.
- The General Fund required an audit adjustment of approximately \$48,000 to move expenditures to a special revenue fund to report grant related expenditures in the proper fund.
- The Title I Fund required an audit adjustment of approximately \$8,000 to record a receivable and interfund payables related to federal funding expended as of year-end but not recorded.
- The Title II Fund required an audit adjustment of approximately \$5,000 to record a receivable and interfund payables related to federal funding expended as of year-end but not recorded.
- The Title IV Fund required an audit adjustment of approximately \$4,000 to move expenditures from the General Fund to report grant related expenditures in the proper fund.
- The Special Education Fund required an audit adjustment of approximately \$44,000 to move expenditures from the General Fund to report grant related expenditures in the proper fund.

Effects: Audit adjustments totaling approximately \$303,000 were needed to correctly report revenues and related balances.

Recommendation: We recommend the Academy carefully review all revenue and related receivable accounts to ensure all necessary transactions are reported in the proper period, proper fund and in accordance with generally accepted accounting principles.

Auditee's Response: We concur with the finding. We will take necessary steps in the future to ensure that revenues and related receivables are properly recorded.

COWETA CHARTER ACADEMY AT SENOIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section II – Financial Statement Findings and Responses (Continued)

2021-002 Payroll Expenditures and Related Balances

Criteria: Internal controls should be in place to ensure that payroll expenditures are appropriately recorded, including any related payroll accruals.

Condition: Internal controls were not sufficient to detect material misstatements in the reporting of the Academy's payroll expenditures and related accounts.

Context/Cause: During our testing of payroll expenditures and related accounts, certain audit adjustments were required to correct current year amounts. The nature of these adjustments is as follows:

- The General Fund required an audit adjustment of approximately \$94,000 to increase cash and reduce payroll expenditures for a reconciling item included on the bank reconciliation that was recorded twice.
- The General Fund also required an audit adjustment of approximately \$174,000 to reduce payroll expenditures and related accrual for payroll expenditures that were recorded twice.

Effects: Audit adjustments totaling approximately \$268,000 were needed to correctly report payroll expenditures and related balances.

Recommendation: We recommend the Academy carefully review all payroll expenditures, related payroll accruals and bank reconciliation items to ensure all necessary transactions are reported in the proper period, proper fund and in accordance with generally accepted accounting principles.

Auditee's Response: We concur with the finding. We will take necessary steps in the future to ensure that payroll expenditures and related balances are properly recorded.

COWETA CHARTER ACADEMY AT SENOIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Section III – Federal Award Findings and Questioned Costs

None reported

COWETA CHARTER ACADEMY AT SENOIA

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

Status of Prior Year Findings

2020-001 Revenues and Related Balances

Criteria: Internal controls should be in place to ensure that revenues are appropriately recognized, including any related receivables.

Condition: Internal controls were not sufficient to detect material misstatements in the reporting of the Academy's revenues and related receivables.

Status: See 2021-001



2021-001 Revenues and Related Receivables

Name of the Contact Person Responsible for the Corrective Action Plan: Nadia Butler, Assistant Controller

Corrective Action Plan:

The following is the corrective action plan to assure all revenues and receivables are recorded accurately and timely.

We have established monthly meetings between the grants team and accounting team to evaluate qualified grant expenditures as well as discuss timing of when grant funds will be drawn down.

The accountant for the Academy has established a process for tracking all grant revenues along with proper support, including details of type of grant funding and what expenditures are covered to ensure proper coding. We have established a date by which all qualified grant expenditures must be reported to the accountant so that there is ample time to record necessary receivables for amounts not yet collected.

In addition, as part of the monthly close process, the reconciliation and recording of the grant revenues and expenditures is reviewed by the Accounting Manager and Assistant Controller.

Anticipated Completion Date: March 31, 2022

2021-002 Payroll Expenditures and Related Balances

Name of the Contact Person Responsible for the Corrective Action Plan: Nadia Butler, Assistant Controller

Corrective Action Plan:

The following is the corrective action plan to assure all payroll expenses and accruals are recorded accurately and timely.

All payroll journal entries will be posted in the proper accounting period. Wages payable will be reconciled each month and if any variances arise, they will be investigated and resolved within the accounting period impacted. All year-end pension entries will be reflected in the financials prior to submitting the financial statements to the auditors for review, time permitting, considering the information is provided by the state.

In addition, as part of the monthly close process, the reconciliation and recording of any payroll related entries and balance sheet accruals and payables are reviewed by the Accounting Manager and Assistant Controller.

Anticipated Completion Date: March 31, 2022