

# **COWETA CHARTER ACADEMY AT SENOIA**

**Annual Financial Report  
For the Fiscal Year Ended June 30, 2022**

**Presented by Finance Department  
Senoia, Georgia**

**COWETA CHARTER ACADEMY AT SENOIA**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

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

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

#### ***Opinions***

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, 2022, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

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 the Coweta Charter Academy at Senoia, as of June 30, 2022, and the respective changes in financial position, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

#### ***Emphasis of Matter***

As described in Note 12 to the financial statements, the Academy implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, as of July 1, 2021. This standard significantly changed the accounting for the Academy's leases. Our opinions are not modified with respect to this matter.

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

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

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

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

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, no such opinion is expressed.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
  - Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for a reasonable period of time.

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

***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 is the responsibility of management and, 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 GAAS, 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.

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**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards, as required by Title 2, U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the schedule of expenditures of federal awards and the combining and individual nonmajor fund financial statements and schedules are 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 November 30, 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 the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
November 30, 2022

# COWETA CHARTER ACADEMY

## MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2022

### 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, 2022, and 2021.

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, 2022, was \$(4,053,830), as compared to net position (deficit) of \$(4,435,458) as of June 30, 2021.
- As of June 30, 2022, the Academy has a fund balance of \$2,344,942, as compared to \$2,119,784 as of June 30, 2021.

#### **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, 2022

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 statement 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, 2022

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

This is the Academy's tenth year of operations. The Academy's net position (deficit) was \$(4,053,830) at June 2022. This amount represents net investment in capital assets (deficit) of \$(3,114,770) and unrestricted net position (deficit) of \$(1,968,982). The Academy's net position (deficit) was \$(4,435,458) at June 30, 2021 and of this amount \$(1,749,109) represents net investment in capital assets (deficit) and \$(2,686,349) represents unrestricted net position (deficit).

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

Coweta Charter Academy Net Position (Deficit)		
	June 30, 2022	June 30, 2021
ASSETS:		
Current and other assets	\$ 2,967,043	\$ 3,208,020
Capital assets, net of depreciation and amortization	<u>9,566,832</u>	<u>8,560,165</u>
Total assets	<u>12,533,875</u>	<u>11,768,185</u>
DEFERRED OUTFLOW OF RESOURCES	<u>2,020,193</u>	<u>1,993,255</u>
LIABILITIES		
Current liabilities	890,449	1,310,677
Long-term liabilities	<u>14,552,008</u>	<u>16,756,910</u>
Total liabilities	<u>15,442,457</u>	<u>18,067,587</u>
DEFERRED INFLOW OF RESOURCES	<u>3,165,441</u>	<u>129,311</u>
NET POSITION:		
Net investment in capital assets (deficit)	(3,114,770)	(1,749,109)
Restricted for debt service	1,029,922	-
Unrestricted	<u>(1,968,982)</u>	<u>(2,686,349)</u>
Total net position (deficit)	<u><u>\$ (4,053,830)</u></u>	<u><u>\$ (4,435,458)</u></u>

COWETA CHARTER ACADEMY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022

**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, 2022 and 2021:

Coweta Charter Academy Change in Net Position (Deficit)		
	June 30, 2022	June 30, 2021
REVENUES:		
General revenues	\$ 5,078,284	\$ 4,531,826
Charges for services	151,942	72,799
Operating grants and contributions	4,184,483	4,110,237
	<u>9,414,709</u>	<u>8,714,862</u>
FUNCTIONS/PROGRAM		
EXPENSES:		
Instruction	3,826,770	4,119,879
Support services	4,010,992	3,605,509
Community service operations	328,398	207,828
Interest	866,921	811,275
	<u>9,033,081</u>	<u>8,744,491</u>
Change in net position (deficit)	<u>\$ 381,628</u>	<u>\$ (29,629)</u>

The Academy had an increase in total revenues compared to the previous year mainly due to an increase in state funding 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 \$411,257 higher than the previous year.

COWETA CHARTER ACADEMY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022

**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	2022		2021	
	Expenditures	Percent	Expenditures	Percent
Governmental expenditures:				
Instruction	\$ 3,922,929	43%	\$ 3,610,094	43%
Support Services				
Pupil services	514,313	6%	500,303	6%
School and general administration	737,153	8%	604,420	7%
Business administration	1,261,943	13%	1,154,149	14%
Maintenance and operation of plant	700,342	8%	534,152	6%
Central Support Services	107,303	1%	64,241	1%
Debt service	1,072,404	12%	1,007,250	12%
All other functions/programs	894,655	9%	922,746	11%
 Total governmental expenditures	 <u>\$ 9,211,042</u>	 <u>100%</u>	 <u>\$ 8,397,355</u>	 <u>100%</u>

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

*Capital assets*

At June 30, 2022, the Academy had capital assets of \$9,566,832, net of accumulated depreciation and amortization, invested in buildings, furniture and equipment, computer equipment, and right-to-use assets compared to \$8,560,165 at June 30, 2021.

*Debt*

At June 30, 2022, the Academy had outstanding bonds payable of \$11,315,000 as compared to \$11,500,000 at June 30, 2021.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Revenues were favorable to budget at year-end due to more federal and miscellaneous funding than anticipated. Total expenditures were unfavorable to the budget mainly due to increases in instructional expenditures and pupil services. The Academy ended the year with a change in fund balance that was unfavorable, as compared to the final budget, by approximately \$95,464.

# COWETA CHARTER ACADEMY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

In fiscal year 2022, the total per student revenue increased due to changes in the Georgia Department of Education's budget. Enrollment for fiscal year 2023 is anticipated to increase by approximately 3% which will increase total per student revenue in line with the enrollment. Schools will also benefit from the American Rescue Plan Act funds ("ARPA") that will help to address the impact of COVID-19 on schools. Grant revenue will increase from fiscal year 2022 levels. An average of approximately \$4,500 increase for all instructional staff is included. A 2% merit increase for all non-instructional 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 Yeimy Guzman, Controller for School Accounting; Charter Schools USA; 800 Corporate Drive, Suite 700; Fort Lauderdale, Florida, 33324.

**COWETA CHARTER ACADEMY AT SENOIA**

**STATEMENT OF NET POSITION  
JUNE 30, 2022**

	<b>Governmental Activities</b>
<hr/>	
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,257,930
Due from other governments	582,859
Restricted cash and cash equivalents	1,084,611
Prepaid items	19,417
Deposits	22,226
Capital assets (depreciable, net of accumulated depreciation and amortization)	9,566,832
Total assets	<u>12,533,875</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension related items	<u>2,020,193</u>
Total deferred outflows of resources	<u>2,020,193</u>
<u>LIABILITIES</u>	
Accounts payable	270,145
Salaries and benefits payable	283,884
Accrued expenses	61,925
Net pension liability	2,107,870
Bonds payable, due in one year	245,000
Bonds payable, due in more than one year	11,070,000
Lease liability, due in one year	1,722
Lease liability, due in more than one year	1,364,880
Compensated absences, due in one year	27,773
Compensated absences, due in more than one year	9,258
Total liabilities	<u>15,442,457</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension related items	<u>3,165,441</u>
Total deferred inflows of resources	<u>3,165,441</u>
<u>NET POSITION (DEFICIT)</u>	
Net investment in capital assets	(3,114,770)
Restricted for debt service	1,029,922
Unrestricted (deficit)	<u>(1,968,982)</u>
Total net position (deficit)	<u>\$ (4,053,830)</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, 2022**

<b><u>FUNCTIONS/PROGRAMS</u></b>	<b><u>Expenses</u></b>	<b><u>Program Revenues</u></b>		<b><u>Net (Expenses) Revenues and Changes in Net Position</u></b>
		<b><u>Charges for Services</u></b>	<b><u>Operating Grants and Contributions</u></b>	
<b><u>GOVERNMENTAL ACTIVITIES</u></b>				
Instruction	\$ 3,826,770	\$ -	\$ 3,220,692	\$ (606,078)
Support services:				
Pupil services	514,313	-	76,928	(437,385)
Improvement of instructional services	13,462	-	8,208	(5,254)
Educational media services	21,741	-	-	(21,741)
General administration	48,643	-	45,003	(3,640)
School administration	688,510	-	136,343	(552,167)
Business administration	1,261,943	-	-	(1,261,943)
Student transportation	648	-	-	(648)
Maintenance and operation of plant	940,242	-	289,635	(650,607)
Food services	410,243	4,256	402,287	(3,700)
Central support services	105,860	-	-	(105,860)
Other support services	5,387	-	5,387	-
Community service operations	328,398	147,686	-	(180,712)
Interest	866,921	-	-	(866,921)
<b>Total governmental activities</b>	<b>\$ 9,033,081</b>	<b>\$ 151,942</b>	<b>\$ 4,184,483</b>	<b>(4,696,656)</b>
General revenues:				
State supplement				4,829,697
Miscellaneous				248,587
<b>Total general revenues</b>				<b>5,078,284</b>
Change in net position				381,628
Net position (deficit) - beginning of fiscal year				(4,435,458)
Net position (deficit) - end of fiscal year				<b>\$ (4,053,830)</b>

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

**COWETA CHARTER ACADEMY AT SENOIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,257,930	\$ -	\$ 1,257,930
Due from other governments	539,321	43,538	582,859
Restricted cash	1,084,611	-	1,084,611
Interfund receivable	43,538	-	43,538
Deposits	22,226	-	22,226
Prepaid items	19,417	-	19,417
	<hr/>	<hr/>	<hr/>
Total assets	\$ 2,967,043	\$ 43,538	\$ 3,010,581
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Accounts payable	\$ 270,145	\$ -	\$ 270,145
Salaries and benefits payable	283,884	-	283,884
Accrued Expenditures	7,236	-	7,236
Interfund payable	-	43,538	43,538
	<hr/>	<hr/>	<hr/>
Total liabilities	561,265	43,538	604,803
	<hr/>	<hr/>	<hr/>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue	17,298	43,538	60,836
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	17,298	43,538	60,836
	<hr/>	<hr/>	<hr/>
<u>FUND BALANCES</u>			
Non-spendable:			
Prepaid items	19,417	-	19,417
Deposits	22,226	-	22,226
Restricted for:			
Debt service	1,084,611	-	1,084,611
Unassigned	1,262,226	(43,538)	1,218,688
	<hr/>	<hr/>	<hr/>
Total fund balance	2,388,480	(43,538)	2,344,942
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 2,967,043	\$ 43,538	\$ 3,010,581
	<hr/>	<hr/>	<hr/>

**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, 2022**

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Total fund balance - governmental funds		\$ 2,344,942
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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	\$ 13,503,073	
Less accumulated depreciation and amortization	<u>(3,936,241)</u>	
Total capital assets		9,566,832

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	\$ (2,107,870)	
Deferred outflows of resources - pension items	2,020,193	
Deferred inflows of resources - pension items	<u>(3,165,441)</u>	(3,253,118)

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.

60,836

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	\$ (11,315,000)	
Lease liability	(1,366,602)	
Accrued interest payable	(54,689)	
Compensated absences	<u>(37,031)</u>	<u>(12,773,322)</u>

Net position of governmental activities		<u>\$ (4,053,830)</u>
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**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, 2022**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b><u>REVENUES</u></b>			
State funds	\$ 8,204,250	\$ -	\$ 8,204,250
Local funds	147,686	4,256	151,942
Federal funds	38,104	793,317	831,421
Interest	2,742	-	2,742
Miscellaneous	245,845	-	245,845
Total revenues	<u>8,638,627</u>	<u>797,573</u>	<u>9,436,200</u>
<b><u>EXPENDITURES</u></b>			
Current			
Instruction	3,805,305	117,624	3,922,929
Support services:			
Pupil services	437,385	76,928	514,313
Improvement of instructional services	5,254	8,208	13,462
Educational media services	21,741	-	21,741
General administration	48,643	-	48,643
School administration	685,522	2,988	688,510
Business administration	1,261,943	-	1,261,943
Student transportation	648	-	648
Maintenance and operation of plant	622,280	78,062	700,342
Food services	3,700	406,543	410,243
Central support services	107,303	-	107,303
Other support services	-	5,387	5,387
Other outlays	328,398	-	328,398
Capital outlays	17,112	97,664	114,776
Debt service:			
Cost of issuance	108,530	-	108,530
Principal	193,541	-	193,541
Interest	770,333	-	770,333
Total expenditures	<u>8,417,638</u>	<u>793,404</u>	<u>9,211,042</u>
Excess of revenues over expenditures	220,989	4,169	225,158
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Issuance of bonds	11,500,000	-	11,500,000
Defeasance of bonds	(11,500,000)	-	(11,500,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	220,989	4,169	225,158
Fund balance - beginning of fiscal year	<u>2,167,491</u>	<u>(47,707)</u>	<u>2,119,784</u>
Fund balance - end of fiscal year	<u>\$ 2,388,480</u>	<u>\$ (43,538)</u>	<u>\$ 2,344,942</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, 2022**

Total net change in fund balance - governmental funds	\$	225,158
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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:</p>		
Capital outlay		114,776
Depreciation and amortization expense		(483,252)
<p>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.</p>		
		333,803
<p>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.</p>		
Issuance of bonds		(11,500,000)
Defeasance of bonds		11,500,000
Principal payments		193,541
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
		(21,491)
<p>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.</p>		
Compensated absences		7,151
Accrued interest		11,942
		11,942
Change in net position of governmental activities	\$	381,628

**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, 2022**

	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>				
State funds	\$ 8,227,900	\$ 8,227,900	\$ 8,204,250	\$ (23,650)
Local funds	119,898	119,898	147,686	27,788
Federal funds	-	-	38,104	38,104
Interest	200	200	2,742	2,542
Miscellaneous	-	-	245,845	245,845
Total revenues	<u>8,347,998</u>	<u>8,347,998</u>	<u>8,638,627</u>	<u>290,629</u>
<b>EXPENDITURES</b>				
Current				
Instruction	3,298,718	3,298,718	3,805,305	(506,587)
Support services:				
Pupil services	192,752	192,752	437,385	(244,633)
Improvement of instructional services	6,528	6,528	5,254	1,274
Educational media services	-	-	21,741	(21,741)
General administration	22,747	22,747	48,643	(25,896)
School administration	609,646	609,646	685,522	(75,876)
Business administration	1,247,012	1,247,012	1,261,943	(14,931)
Student transportation	22,550	22,550	648	21,902
Maintenance and operation of plant	559,992	559,992	622,280	(62,288)
Food services	-	-	3,700	(3,700)
Central support services	180,947	180,947	107,303	73,644
Other outlays	837,946	837,946	328,398	509,548
Capital outlays - instruction	48,324	48,324	17,112	31,212
Debt service:				
Cost of issuance	-	-	108,530	(108,530)
Principal	205,833	205,833	193,541	12,292
Interest	798,550	798,550	770,333	28,217
Total expenditures	<u>8,031,545</u>	<u>8,031,545</u>	<u>8,417,638</u>	<u>(386,093)</u>
Excess of revenues over expenditures	316,453	316,453	220,989	(95,464)
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of bonds	-	-	11,500,000	(11,500,000)
Defeasance of bonds	-	-	(11,500,000)	11,500,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	316,453	316,453	220,989	(95,464)
Fund balances - beginning	<u>2,167,491</u>	<u>2,167,491</u>	<u>2,167,491</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,483,944</u>	<u>\$ 2,483,944</u>	<u>\$ 2,388,480</u>	<u>\$ (95,464)</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, 2022**

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**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 769 students in grades kindergarten through eighth grade.

**IMPLEMENTATION OF NEW GASB STANDARDS**

In the fiscal year 2022, the Academy adopted Governmental Accounting Standards Board (“GASB”) Statement No. 87, *Leases*. The primary objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of government’s financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The cumulative effect of GASB Statement No. 87 is described in the restatement note.

**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, 2022

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**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, 2022**

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**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, including lease liabilities 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, including entering into contracts giving the Academy the right to use leased assets, are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and financing through 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, 2022**

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**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, 2022

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**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:

	<b><u>Estimated Useful Life</u></b>
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, 2022**

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**INTANGIBLE RIGHT-TO-USE ASSETS**

Leases, as a lessee, are included as intangible right-to-use assets and lease obligations on the Statement of Net Position. An intangible right-to-use asset represents the Academy's right to use an underlying asset for the lease term. Lease obligations represent the Academy's liability to make lease payments arising from the lease agreement. Intangible right-to-use assets and lease obligations are recognized based on the present value of lease payments over the lease term, where the initial term exceeds 12 months. Residual value guarantees and the value of an option to extend or terminate a lease are reflected to the extent it is reasonably certain to be paid or exercised. Variable payments based on future performance or usage are not included in the measurement of the lease liability. Intangible right-to-use assets are amortized using a straight-line basis over the shorter of the lease term or useful life of the underlying asset.

**LONG-TERM LIABILITIES**

In the government-wide financial statements, long-term debt, lease liabilities 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 assets 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; and 4) the Academy's actual contributions to the pension plan during the fiscal year ended June 30, 2023 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.

**COWETA CHARTER ACADEMY AT SENOIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**DEFERRED INFLOWS/OUTFLOWS OF RESOURCES (CONTINUED)**

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 two items that qualify 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, and the net difference between project and actual investment earnings on the pension assets, which will be amortized over a five-year period. The remaining deferred inflows are amortized over the remaining service lives of plan members.

**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.

COWETA CHARTER ACADEMY AT SENOIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

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, deposits, 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.

COWETA CHARTER ACADEMY AT SENOIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**FUND EQUITY (CONTINUED)**

***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.

**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.

**COWETA CHARTER ACADEMY AT SENOIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 3: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

The following General Fund functions had excesses of actual expenditures over appropriations in the amount shown for the fiscal year ended June 30, 2022.

Instruction	\$	506,587
Support services:		
Pupil services		244,633
Educational media services		21,741
General administration		25,896
School administration		75,876
Business administration		14,931
Maintenance and operation of plant		62,288
Food services		3,700
Debt service:		
Cost of issuance		108,530

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

**NOTE 4: DEPOSITS AND INVESTMENTS**

The table below summarizes the Academy's cash and cash equivalents by type as of June 30, 2022:

<u>Investment</u>	<u>Weighted Average Maturities ("WAM")</u>	<u>Amount</u>
Deposits with Financial Institutions	---	\$ 1,257,930
Federated Treasury Obligations Fund	10 days	723,943
Blackrock T-Fund (Dollar Shares)	22 days	<u>360,668</u>
Total		<u>\$ 2,342,541</u>
As reported in the Statement of Net Position:		
Cash and cash equivalents		\$ 1,257,930
Restricted cash and cash equivalents		<u>1,084,611</u>
Total		<u>\$ 2,342,541</u>

COWETA CHARTER ACADEMY AT SENOIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022

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**NOTE 4: DEPOSITS AND INVESTMENTS (CONTINUED)**

**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, 2022, 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.

**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, 2022, 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, 2022, 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, 2022**

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**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, 2022.

**COWETA CHARTER ACADEMY AT SENOIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 6: CAPITAL ASSETS**

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

<u>Governmental Activities</u>	Balances June 30, 2021 Restated	Increases	Decreases	Balances June 30, 2022
<b>Capital assets, being depreciated</b>				
Cost:				
Buildings	\$ 9,947,444	\$ -	\$ -	\$ 9,947,444
Furniture and equipment	763,454	12,946	-	776,400
Computer equipment	1,302,256	101,830	-	1,404,086
Total cost	<u>12,013,154</u>	<u>114,776</u>	<u>-</u>	<u>12,127,930</u>
Less accumulated depreciation for:				
Buildings	1,683,819	239,900	-	1,923,719
Furniture and equipment	715,429	53,368	-	768,797
Computer equipment	1,053,741	150,125	-	1,203,866
Total accumulated depreciation	<u>3,452,989</u>	<u>443,393</u>	<u>-</u>	<u>3,896,382</u>
Total net capital assets excluding lease assets	<u>8,560,165</u>	<u>(328,617)</u>	<u>-</u>	<u>8,231,548</u>
<b>Lease assets</b>				
Cost:				
Right-to-use land lease	<u>1,375,143</u>	<u>-</u>	<u>-</u>	<u>1,375,143</u>
Less accumulated amortization for:				
Right-to-use land lease	<u>-</u>	<u>39,859</u>	<u>-</u>	<u>39,859</u>
Total lease assets	<u>1,375,143</u>	<u>(39,859)</u>	<u>-</u>	<u>1,335,284</u>
Total net capital assets reported on the statement of net position	<u>\$ 9,935,308</u>	<u>\$ (368,476)</u>	<u>\$ -</u>	<u>\$ 9,566,832</u>

Current fiscal year depreciation and amortization expense by function is as follows:

Instruction	\$ 243,352
Maintenance of operations and plant	239,900
Total	<u>\$ 483,252</u>

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, the Academy is required to reevaluate the accounting treatment of its leasing activities. Therefore, in conjunction with the implementation of GASB Statement No. 87, a restatement of \$1,375,143 to beginning capital assets was required in governmental activities due to the guidance for reporting leases.



**COWETA CHARTER ACADEMY AT SENOIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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.

**NOTE 8: LONG-TERM DEBT AND OBLIGATIONS**

The changes in long-term debt and obligations during the fiscal year ended June 30, 2022, were as follows:

	Beg. Balance Restated	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable	\$ 11,500,000	\$ 11,500,000	\$ 11,685,000	\$ 11,315,000	\$ 245,000
Net pension liability	5,450,865	616,002	3,958,997	2,107,870	-
Lease liability	1,375,143	-	8,541	1,366,602	1,722
Compensated absences	44,182	205,973	213,124	37,031	27,773
Governmental activities long-term liabilities	<u>\$ 18,370,190</u>	<u>\$ 12,321,975</u>	<u>\$ 15,865,662</u>	<u>\$ 14,826,503</u>	<u>\$ 274,495</u>

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

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, the Academy is required to reevaluate the accounting treatment of its leasing activities. Therefore, in conjunction with the implementation of GASB Statement No. 87, a restatement of \$1,375,143 to beginning long-term liabilities was required in governmental activities due to the guidance for reporting leases.

COWETA CHARTER ACADEMY AT SENOIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022

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

**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. This bond was refinanced in fiscal year June 30, 2022.

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 and carry an interest rate of 5.8%. The bond payable maturity schedules is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 245,000	\$ 656,270	\$ 901,270
2024	260,000	634,810	894,810
2025	275,000	634,270	909,270
2026	290,000	610,990	900,990
2027	310,000	594,210	904,210
2028-2032	1,830,000	2,681,050	4,511,050
2033-2037	2,420,000	2,085,680	4,505,680
2038-2042	3,215,000	1,297,500	4,512,500
2043-2044	2,470,000	242,400	2,712,400
	<u>\$ 11,315,000</u>	<u>\$ 9,437,180</u>	<u>\$ 20,752,180</u>

**LEASE LIABILITY**

The Academy entered into a lease agreement as lessee for the use of land. An initial lease liability was recorded in the amount of \$1,375,143. As of June 30, 2022, the value of the lease liability was \$1,366,602. The Academy is required to make annual principal and interest payments following a payment schedule provided by Red Apple. The lease has an interest rate of 5.8%. The lease period extends through June 1, 2089 and the value of the right-to-use asset as of the end of the current fiscal year was \$1,375,143 and had accumulated amortization of \$39,859.

**COWETA CHARTER ACADEMY AT SENOIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

**LEASE LIABILITY (CONTINUED)**

The Academy's total lease liability debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,722	\$ 79,218	\$ 80,940
2024	1,825	79,115	80,940
2025	1,934	79,006	80,940
2026	2,049	78,891	80,940
2027	2,171	78,769	80,940
2028-2032	12,956	391,744	404,700
2033-2037	17,302	387,398	404,700
2038-2042	23,107	381,593	404,700
2043-2047	30,859	373,841	404,700
2048-2052	41,212	363,488	404,700
2053-2057	55,039	349,661	404,700
2058-2062	73,504	331,196	404,700
2063-2067	98,164	306,536	404,700
2068-2072	131,098	273,602	404,700
2073-2077	175,080	229,620	404,700
2078-2082	233,819	170,881	404,700
2083-2087	312,264	92,436	404,700
2088-2089	152,497	9,383	161,880
	<u>\$ 1,366,602</u>	<u>\$ 4,056,378</u>	<u>\$ 5,422,980</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, 2022, the Academy paid \$1,197,167 in fees to the management company. Future contract terms increase up to \$2,373,027 in the fiscal year ending June 30, 2044.

COWETA CHARTER ACADEMY AT SENOIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022

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**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](http://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 2022. The Academy's contractually required contribution rate for the year ended June 30, 2022 was 19.81% of annual Academy payroll. Academy contributions to TRS were \$654,709 for the year ended June 30, 2022.

**COWETA CHARTER ACADEMY AT SENOIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 10: RETIREMENT PLANS (CONTINUED)**

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

At June 30, 2022, the Academy reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2020. An expected total pension liability as of June 30, 2021 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, 2021. At June 30, 2021, the Academy's proportion was 0.023833%, which is an increase of 0.001331% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Academy recognized pension expense of \$320,906. At June 30, 2022, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 3,083,218
Differences between expected and actual experience	503,005	-
Changes in proportion and differences between Academy contributions and proportionate share of contributions	454,508	82,223
Changes of assumption	407,971	-
Academy contributions subsequent to the measurement date	654,709	-
Total	\$ 2,020,193	\$ 3,165,441

COWETA CHARTER ACADEMY AT SENOIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022

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**NOTE 10: RETIREMENT PLANS (CONTINUED)**

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

Academy contributions subsequent to the measurement date of \$654,709 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, 2023. 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>	
	2023	\$ (177,552)
	2024	(363,390)
	2025	(538,650)
	2026	<u>(720,365)</u>
Total		<u>\$ (1,799,957)</u>

**Actuarial assumptions:** The total pension liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020 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, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

**COWETA CHARTER ACADEMY AT SENOIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 10: RETIREMENT PLANS (CONTINUED)**

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

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.

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	(0.80)%
U.S. large equities	46.30	9.30
U.S. small equities	1.20	13.30
International developed market equities	11.50	9.30
International emerging market equities	6.00	11.30
Alternatives	5.00	10.60
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.

**COWETA CHARTER ACADEMY AT SENOIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 10: RETIREMENT PLANS (CONTINUED)**

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

	<u>1% Decrease (6.25%)</u>	<u>Current discount rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Academy's proportionate share of the net pension liability	\$ 5,678,043	\$ 2,107,870	\$ (817,641)

***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](http://www.trsga.com/publications).

**NOTE 11: INTERFUND BALANCES**

Interfund balances as of June 30, 2022 are as follows:

<u>Payable to</u>	<u>Payable From</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	<u>\$ 43,538</u>
		<u>\$ 43,538</u>

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

**NOTE 12: CHANGE IN ACCOUNTING PRINCIPLE**

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, the Academy is required to reevaluate the accounting treatment of its leasing activities. Therefore, in conjunction with the implementation of GASB Statement No. 87, the capital assets and long-term liabilities were restated. Although, there was no net effect on beginning fund balance or net position due to the implementation of GASB 87.



## **REQUIRED SUPPLEMENTARY INFORMATION**

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**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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Academy's proportion of the net pension liability	0.023833%	0.022502%	0.022412%	0.023580%	0.017469%
Academy's proportionate share of the net pension liability	\$ 2,107,870	\$ 5,450,865	\$ 4,819,186	\$ 4,376,953	\$ 3,246,667
Academy's covered payroll	\$ 3,100,839	\$ 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	67.98%	187.52%	176.19%	149.03%	161.86%
Plan fiduciary net position as a percentage of the total pension liability	92.03%	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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 654,709	\$ 591,020	\$ 614,506	\$ 571,646	\$ 493,716
Contributions in relation to the contractually required contributions	<u>654,709</u>	<u>591,020</u>	<u>614,506</u>	<u>571,646</u>	<u>493,716</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Academy's covered payroll	\$ 3,304,942	\$ 3,100,839	\$ 2,906,840	\$ 2,735,148	\$ 2,937,037
Contributions as a percentage of covered payroll	19.81%	19.06%	21.14%	20.90%	16.81%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contributions	\$ 286,240	\$ 266,957	\$ 244,713	\$ 179,672	\$ 74,907
Contributions in relation to the contractually required contributions	<u>286,240</u>	<u>266,957</u>	<u>244,713</u>	<u>179,672</u>	<u>74,907</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Academy's covered payroll	\$ 2,005,886	\$ 1,870,757	\$ 1,860,757	\$ 1,463,127	\$ 656,503
Contributions as a percentage of covered payroll	14.27%	14.27%	13.15%	12.28%	11.41%

## COWETA CHARTER ACADEMY AT SENOIA

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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***Change of benefit terms:*** There have been no changes in benefit terms.

***Changes of assumptions:*** 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, disability, withdrawal and salary increases. The expectation of retired life mortality was changed to RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males).

On May 15, 2019, the Board adopted recommended changes from the smoothed valuation interest rate methodology that has been in effect since June 30, 2009, to a constant interest rate method. In conjunction with the methodology, the long-term assumed rate of return in assets (discount rate) has been changed from 7.50% to 7.25%, and the assumed annual rate of inflation has been reduced from 2.75% to 2.50%.

In 2019 and later, the expectation of retired life mortality was changed to the Pub-2010 Teacher 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

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#### 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.

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

**COWETA CHARTER ACADEMY AT SENOIA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	<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>Title V Fund</u>	<u>Total</u>
<u>ASSETS</u>							
Due from other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	20,231	4,200	6,050	-	13,057	-	43,538
Total assets	<u>\$ 20,231</u>	<u>\$ 4,200</u>	<u>\$ 6,050</u>	<u>\$ -</u>	<u>\$ 13,057</u>	<u>\$ -</u>	<u>\$ 43,538</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>							
<u>LIABILITIES</u>							
Due to other funds	\$ 20,231	\$ 4,200	\$ 6,050	\$ -	\$ 13,057	\$ -	\$ 43,538
Total liabilities	20,231	4,200	6,050	-	13,057	-	43,538
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Unavailable revenue	20,231	4,200	6,050	-	13,057	-	43,538
Total deferred inflows of resources	20,231	4,200	6,050	-	13,057	-	43,538
<u>FUND BALANCES</u>							
Unassigned fund balance	(20,231)	(4,200)	(6,050)	-	(13,057)	-	(43,538)
Total fund balance	(20,231)	(4,200)	(6,050)	-	(13,057)	-	(43,538)
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,231</u>	<u>\$ 4,200</u>	<u>\$ 6,050</u>	<u>\$ -</u>	<u>\$ 13,057</u>	<u>\$ -</u>	<u>\$ 43,538</u>

**COWETA CHARTER ACADEMY AT SENOIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	<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>Title V Fund</u>	<u>Total</u>
<b>REVENUES</b>							
Local funds	\$ -	\$ -	\$ -	\$ 4,256	\$ -	\$ -	\$ 4,256
Federal funds	64,535	9,723	9,597	479,283	135,399	94,780	793,317
Total revenues	<u>64,535</u>	<u>9,723</u>	<u>9,597</u>	<u>483,539</u>	<u>135,399</u>	<u>94,780</u>	<u>797,573</u>
<b>EXPENDITURES</b>							
Current							
Instruction	24,957	5,715	7,747	-	79,205	-	117,624
Support services:							
Pupil services	54,266	-	-	-	22,662	-	76,928
Improvement of instructional services	-	8,208	-	-	-	-	8,208
School administration	156	-	-	-	2,832	-	2,988
Maintenance and operation of plant	-	-	3,950	73,112	-	1,000	78,062
Food services	-	-	-	406,543	-	-	406,543
Other support services	5,387	-	-	-	-	-	5,387
Capital Outlay	-	-	-	3,884	-	93,780	97,664
Total expenditures	<u>84,766</u>	<u>13,923</u>	<u>11,697</u>	<u>483,539</u>	<u>104,699</u>	<u>94,780</u>	<u>793,404</u>
Net change in fund balances	(20,231)	(4,200)	(2,100)	-	30,700	-	4,169
Fund balance - beginning of fiscal year	-	-	(3,950)	-	(43,757)	-	(47,707)
Fund balance - end of fiscal year	<u>\$ (20,231)</u>	<u>\$ (4,200)</u>	<u>\$ (6,050)</u>	<u>\$ -</u>	<u>\$ (13,057)</u>	<u>\$ -</u>	<u>\$ (43,538)</u>

## COMPLIANCE SECTION

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

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**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, 2022, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated November 30, 2022. Our report includes a reference to the changes in accounting principle resulting from the implementation of the Governmental Accounting Standards Board Statement No. 87, *Leases*.

**Report on 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.

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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 2022-001 and 2022-002, that we consider to be material weaknesses.

#### **Report on 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**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Academy's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Academy's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

#### **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*



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

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

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

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

We have audited Coweta Charter Academy at Senoia's (the "Academy") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Academy's major federal programs for the year ended June 30, 2022. 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.

In our opinion, Coweta Charter Academy at Senoia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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

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

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

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

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

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

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

### **Report on Internal Control Over Compliance**

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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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  
November 30, 2022

**COWETA CHARTER ACADEMY OF SENOIA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<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>
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>			
Passed through Georgia Department of Education and Nutrition Program:			
Food Services			
School Breakfast Program	10.553	205GA324N1199	\$ 112,285
National School Lunch Program	10.555	205GA324N1099	366,998
Total Child Nutrition Cluster			<u>479,283</u>
<b>Total U.S. Department of Agriculture</b>			<u>479,283</u>
<b>U. S. DEPARTMENT OF EDUCATION:</b>			
Passed through Georgia Department of Education:			
Title I Programs - Improving Academic Achievement			
Total Title I, Part A	84.010	S010A200010	<u>64,535</u>
			<u>64,535</u>
Title II Part A Programs - Improving Teacher Quality			
Total Title II, Part A	84.367	S367A200001	<u>9,723</u>
			<u>9,723</u>
Title IV - Part A, Student Support and Academic Enrichment			
	84.424	S424A200011	<u>9,597</u>
Title VI Part B Flow - IDEA Supplemental Relief Special Ed			
Title VI Part B - Special Ed Ages 3-5	84.027	H027A200073	22,662
Title VI Part B - Special Ed Flowthrough	84.173	H173A200081	3,076
Total Special Education Cluster	84.027	H027A200073	<u>109,661</u>
			<u>135,399</u>
COVID-19: Charter School Program COVID Relief			
Total Charter Schools Programs	84.282	S282A200012	<u>127,600</u>
			<u>127,600</u>
Education Stabilization Fund ("ESSER")			
COVID-19: ESSER II - School Nurse	84.425D	S425D200012	2,484
COVID-19: ESSER II - CRRSA Act - LEA	84.425D	S425D200012	2,800
Total Education Stabilization Fund ("ESSER")			<u>5,284</u>
<b>Total U.S. Department of Education</b>			<u>352,138</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 831,421</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, 2022

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?

yes  no

Significant deficiencies identified?

yes  none reported

Noncompliance material to financial statements noted?

yes  no

**Federal Awards**

Internal Control over major programs:

Material weakness(es) identified?

yes  no

Significant deficiency(ies) identified?

yes  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  no

Identification of major programs:

Assistance Listing Number

10.553 & 10.555

Name of Federal Program or Cluster

Child Nutrition Cluster

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

\$750,000

Auditee qualified as low-risk auditee?

yes  no



COWETA CHARTER ACADEMY AT SENOIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022

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Section II – Financial Statement Findings and Responses

**2022-001 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 \$252,000 to reduce revenue, reduce receivables and increase related unavailable revenues for grant activity.
- The Title I Fund required an audit adjustment of approximately \$40,000 to record unavailable revenue and 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 \$12,000 to record unavailable revenue and 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 \$18,000 to record unavailable revenue and to record a receivable and interfund payables related to federal funding expended as of year-end but not recorded.
- The Special Education Fund required an audit adjustment of approximately \$136,000 to record unavailable revenue and to record a receivable and interfund payables related to federal funding expended as of year-end but not recorded.

**Effects:** Audit adjustments totaling approximately \$458,000 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, 2022

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Section II – Financial Statement Findings and Responses (Continued)

**2022-002 Equity Reconciliations**

**Criteria:** Internal controls should be in place to ensure that financial statements are properly presenting the financial position and results of operations of the Academy in accordance with generally accepted accounting principles.

**Condition:** Internal controls were not sufficient to detect misstatements in the reporting of the opening fund balance of the General Fund, Special Education Fund and Title IV Fund.

**Context/Cause:** During our testing, audit adjustments were required to correctly report the opening fund balance and statement of revenues, expenditures and changes in fund balances activity for the fiscal year ended June 30, 2022. The nature of these adjustments is as follows:

- The General Fund required an audit adjustment of approximately \$213,000 to reduce beginning fund balance and adjust various other revenues and expenditures.
- The Special Education Fund required an audit adjustment of approximately \$44,000 to reduce beginning fund balance and adjust interfund balances.
- The General Fund required an audit adjustment of approximately \$4,000 to reduce beginning fund balance and adjust interfund balances.

**Effects:** Audit adjustments totaling \$261,000 were needed to correctly report the opening fund balance of the General Fund, Special Education Fund and Title IV Fund.

**Recommendation:** We recommend the Academy carefully review all transactions to ensure all year-end closing entries, including those prepared by the auditors, are recorded 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 fund balance is properly reconciled.

**COWETA CHARTER ACADEMY AT SENOIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**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, 2022

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Status of Prior Year Findings

**2021-001 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

**2021-002 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.

**Status:** Corrected.



## **2022-001 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 to evaluate and discuss pending grant reimbursement requests as well as future drawdowns. The monthly reconciliation of the grant revenues and expenses are reviewed by the Accounting Manager and Assistant Controller. The accountant will establish an organized method for tracking all grant revenues and the accompanying DE147 from the GADOE website. Our Grant manager facilitates the documentation provided by the SOA in a timely manner and helps monitor the budget spending and grant utilization. The DE147 downloads must match the reimbursements being submitted so that no adjustments are needed once the actual revenue is disbursed. All revenue is being verified each month against the amounts received and all current year expenses will have offsetting grant revenues. Grant reimbursement backup will continue to be saved in the designated folder for ease of access and audit readiness.

***Anticipated Completion Date:*** 12/1/2022



**2022-002 Equity Reconciliations**

*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 equity reconciliations are completed accurately and timely. We have created a report that checks the fund equity and will enact a reconciliation of the trial balances by fund for the school to match the audit format. The reconciliation of the equity will be reviewed by the Assistant Controller and Controller.

*Anticipated Completion Date:* 12/1/2022