



Auditor's Discussion & Analysis
June 30, 2017

Presented by:
James Bence

of

MAULDIN
& JENKINS

Coweta Charter Academy

Auditor's Discussion & Analysis (ADA)

June 30, 2017

PURPOSE OF ANNUAL AUDIT AGENDA

- ◆ Engagement Team and Firm Information.
- ◆ Overview of:
 - Audit Opinion;
 - Independent Auditor's Report;
 - Financial Statements, Footnotes and Supplementary Information; and
 - Compliance Report.
- ◆ Required Communications under Government Auditing Standards.
- ◆ Accounting Recommendations and Related Matters.
- ◆ Other Items and Closing Thoughts.
- ◆ Answer Questions.



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MAULDIN & JENKINS – GOVERNMENTAL PRACTICE

General Information:

- Founded in 1920.
- Large regional firm serving the Southeastern United States.
- Offices located in Macon, Atlanta, Albany, Bradenton, Chattanooga, and Birmingham.
- Approximately 260 personnel are employed at Mauldin & Jenkins.

Governmental Sector:

- Largest specific industry niche served by Firm representing 25% of Firm practice.
- Serve more governmental entities in the Southeast than any other certified public accounting firm requiring over 70,000 hours of service on an annual basis.
- Approximately 90 professional staff persons with current governmental experience.
- In past three (3) years, have served approx. 300 governments in the Southeast, including:
 - ✓ 90 cities;
 - ✓ 40 counties;
 - ✓ 45 school systems (**8 of the 10 largest in Georgia and 9 of the 30 largest in Georgia and Florida combined**) and 30 charter schools;
 - ✓ 40 state entities;
 - ✓ 60 special purpose entities (stand-alone entities: water/sewer, transit, gas, electric, airports, housing, development, other educational, retirement, libraries, etc.); and
 - ✓ Over 90 governments receiving the GFOA's Certificate of Achievement for Excellence in Financial Reporting.
- Auditor of a substantial part of the State of Georgia including approximately 30% of the State's General Fund, and a substantial number of the State of Georgia's component units.
- Experience performing forensic audit services and information technology consultations.
- Experience performing municipal bond debt issuance attestation services serving clients with over \$11.0 billion in aggregate publicly issued debt instruments.
- Experience conducting an aggregation of Single Audits in excess of \$8.0 billion annually.

Engagement Team Leaders for Coweta Charter Academy Include:

- James Bence - Engagement Lead Partner - 14 years experience, 100% governmental
- Matt Hill - Quality Assurance Partner - 18 years experience, 100% governmental
- Justin Davis - Engagement Senior - 3 years experience, 100% governmental

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MAULDIN & JENKINS – ADDITIONAL INFORMATION

Other Industries & Services by Mauldin & Jenkins:

Each of Mauldin & Jenkins' offices provides a wide variety of services to a broad range of clientele. We have partners and managers who are responsible for specialized practice areas of auditing and accounting, taxes and management advisory services. Their purpose, as leaders in the particular practice area, is to establish policies with respect to technical matters in these specific areas and ensure that the quality of the Firm's practice is maintained.

Industries Served: Over the years our partners have developed expertise in certain industries representative of a cross section of the Georgia economy, including:

- Governmental Entities (state entities, cities, counties, school systems, business type operations, libraries, and other special purpose entities)
- SEC Registrants
- Wholesale Distribution
- Agri-Businesses
- Manufacturing
- Professional Services
- Employee Benefit Plans
- Financial Institutions (community banks, savings & loans, thrifts, credit unions, mortgage companies, and finance companies)
- Non-Profit Organizations
- Retail Businesses
- Long-term Healthcare
- Construction & Development
- Individuals, Estates and Trusts
- Real Estate Management

Services Provided: This diversity of practice enables our personnel to experience a wide variety of business, accounting and tax situations. We provide the traditional and not-so-traditional services such as:

- Financial Audit/Review/Compilation
- Compliance Audits & Single Audits
- Agreed-Upon Procedures
- Forensic Audits
- Bond Issuance Services
- Performance Audits
- State Sales Tax Matters
- International Tax Matters
- Business & Strategic Planning
- Profitability Consulting
- Budgeting
- Buy-Sell Agreements & Business Valuation Issues
- Income Tax Planning & Preparation
- Multi-State Income Tax Issues
- Information Systems Consulting
- Cost Accounting Analysis
- Healthcare Cost Reimbursement
- Outsourced Billing Services
- Fixed Asset Inventories
- Succession & Exit Strategy Consulting
- Estate Planning
- Management Information Systems
- Employee Benefit Plan Administration
- Merger/Acquisition & Expansion Financing

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INDEPENDENT AUDITOR'S REPORT

The independent auditor's report has specific significance to readers of the financial report.

Management's Responsibility for the Financial Statements

The financial statements are the responsibility of management.

Auditor's Responsibility

Our responsibility, as external auditors, is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We planned and performed our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Opinions

We have issued an unmodified audit report (i.e., "clean opinions"). The respective financial statements are considered to present fairly the financial position and results of operations as of, and for the year ended June 30, 2017.

Emphasis of Matter

The financial statements reflect the implementation of certain new pronouncements, and our opinion(s) is/are not modified with respect to them.

Other Matters

Certain required supplementary information and other information is included in the financial report, and as directed by relevant auditing standards, we have not expressed an opinion or provided any assurance on the respective information.

Other Reporting

Government Auditing Standards require auditors to issue a report on our consideration of internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. We have issued such a report and reference to this report is included in the independent auditor's report.

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REVIEW OF FINANCIAL STATEMENTS, FOOTNOTES & SUPPLEMENTARY INFORMATION

Statement of Net Position

This statement attempts to provide a reader of the financial statements with a full accrual perspective of the governmental activities. This column is on the full accrual basis of accounting.

The Academy's governmental activities position decreased from (\$2,203,252) to (\$2,650,993). These changes are reconciled on the Academy's "Statement of Activities".

Statement of Activities

This statement reflects the net costs of providing governmental activities on the full accrual basis of accounting and reconciles to the statement of net position.

Footnotes

Note 1 – Description of Academy and Reporting Entity

This footnote discusses the overall organization of the Academy and the nature of its operations. This note also discloses pertinent information regarding the governing body of the Academy.

This footnote continues by sharing with a reader of the financial statements the significant accounting policies and principles utilized in the preparation of the financial statements.

Note 2 – Summary of Significant Accounting Policies

This footnote continues by sharing with a reader of the financial statements the significant accounting policies and principles utilized in the preparation of the financial statements.

Note 3 – Stewardship, Compliance and Accountability

This footnote discloses the fact that the Academy is required to adopt a budget in accordance with state laws.

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Footnotes (continued)

Note 4 – Deposits and Investments

This disclosure addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

Note 5 – Receivables

This footnote discloses the Academy's external accounts receivable composition.

Note 6 – Capital Assets

This footnote discloses the Academy's capital asset activity and its related accumulated depreciation for the year.

Note 7 – Risk Management

This footnote discloses the Academy's policy regarding various risks of loss and describes the insurance purchased by the Academy to insure against these possible losses.

Note 8 – Interfund Receivables, Payables, and Transfers

This footnote discloses the nature and purpose of interfund activity within the Academy.

Note 9 – Long-term Liabilities

This footnote discloses the Academy's long-term debt activity for the year, and other information and maturities for the compensated absences payable.

Note 10 – Significant Contingent Liabilities

This footnote discloses the contingencies from potential litigation, claims, and assessments filed against the Academy.

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Footnotes (continued)

Note 11 – Retirement Plans

This footnote discloses information regarding the Academy's participation in the Teachers Retirement System of Georgia defined benefit pension plan, including funding policies and the amount of required contributions as compared to actual contributions.

COMPLIANCE REPORTS

Yellow Book Report - The first compliance report is a report on our tests of the Academy's internal controls and compliance with laws, regulations, etc. The tests of internal controls were those we determined to be required as a basis for designing our financial statement auditing procedures. Such tests also considered the Academy's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. In accordance with the respective standards, the report is **not** intended to provide an opinion, but to provide a form of negative assurance as to the Academy's internal controls and compliance with applicable rules and regulations.

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REQUIRED COMMUNICATIONS

The Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America

Our audit of the financial statements of the Coweta Charter Academy (the "Academy") for the year ended June 30, 2017 was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error, fraudulent financial reporting or misappropriation of assets. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Accordingly, the audit was designed to obtain reasonable, rather than absolute, assurance about the financial statements. We believe our audit accomplishes that objective.

In accordance with *Government Auditing Standards*, we have also performed tests of controls and compliance with laws and regulations that contribute to the evidence supporting our opinion on the financial statements. However, they do not provide a basis for opining on the Academy's internal control or compliance with laws and regulations.

Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Academy. There are several new accounting standards which will be required to be implemented in the coming years. These are discussed later in this document.

In considering the qualitative aspects of the Academy's accounting policies, we did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. The Academy's policies relative to the timing of recording of transactions are consistent with GAAP and typical government organizations.

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Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us they used all the relevant facts available to them at the time to make the best judgments about accounting estimates and we considered this information in the scope of our audit. We considered this information and the qualitative aspects of management's calculations in evaluating the Academy's significant accounting estimates. Estimates significant to the financial statements include such items as the estimated lives of capital assets.

Financial Statement Disclosures

The footnote disclosures to the financial statements are also an integral part of the financial statements. The process used by management to accumulate the information included in the disclosures was the same process used in accumulating the financial statements and the accounting policies described above are included in those disclosures. The overall neutrality, consistency, and clarity of the disclosures was considered as part of our audit and in forming our opinion on the financial statements.

Significant Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management relating to the performance of the audit.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Audit Adjustments

During our audit of the Academy's financial statements as of and for the year ended June 30, 2017, we were required to record audit adjustments. The detail of all proposed adjustments is included with our Audit Agenda package of information for your review and discussion. These adjustments have been delivered to management.

Uncorrected Misstatements

We had no passed adjustments.

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Representation from Management

We requested written representations from management relating to the accuracy of information included in the financial statements and the completeness and accuracy of various information requested by us, during the audit. Management provided those written representations without a problem.

Management's Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

There were no significant issues discussed with management related to business conditions, plans, or strategies that may have affected the risk of material misstatement of the financial statements. We are not aware of any consultations management had with us or other accountants about accounting or auditing matters. No major issues were discussed with management prior to our retention to perform the aforementioned audit.

Other Information in Documents Containing Audited Financial Statements

We are not aware of any other documents that contain the audited basic financial statements. If such documents were to be published, we would have a responsibility to determine that such financial information was not materially inconsistent with the audited statements of the Academy.

Independence

We are independent of the Academy, and all related organizations, in accordance with auditing standards promulgated by the American Institute of Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States.



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ACCOUNTING RECOMMENDATIONS AND RELATED MATTERS

Recommendations for Improvement

During our audit of the financial statements as of and for the year ended June 30, 2017, we noted areas within the accounting and internal control systems that we believe can be improved. We noted certain items management should consider as part of its decision making process. Our recommendations (also commonly referred to as management points) are presented in the following paragraphs. We believe consideration of these recommendations will help provide proper control over financial activities, and add effectiveness and efficiency to overall operations.

Management Points

Cash Management

During the current fiscal year ended June 30, 2017 the Academy's management determined the Academy was improperly calculating the monthly remittances to the Teachers' Retirement System, which caused an overpayment of \$45,493 for employees during the year ended June 30, 2017. Management has properly classified the additional contributions as a prepaid expenditure as of June 30, 2017, prior to the audit. We recommend management carefully review the employees' payroll deductions to ensure the amount remitted is no more or no less than the requirement for proper cash management practices.

Timely and Accurate Financial Close-out Reporting

During the course of the audit there was an unusual and unanticipated number of management prepared journal entries. While the audit was being conducted, management provided over forty (40) additional journal entries to close out the trial balance. Management should ensure controls are in place to timely close-out the Academy's general ledger and to allow for the completion of the internal reviews and reconciliations to be completed in a timely manner. While the entries were identified by management, the entries were provided from July through September of 2017. While there may be occasional situations which are outside of the control of management which will require additional entries to be proposed, the number of entries should be significantly less.

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Other Matters for Communication to the Board and Management

During our audit of the financial statements as of and for the year ended June 30, 2017, we noted other matters which we wish to communicate to you in an effort to keep the Academy abreast of accounting matters that could present challenges in financial reporting in future periods.

1) New Governmental Accounting Standards Board (GASB) Pronouncements



As has been the case for the past 10 years, GASB has issued several other new pronouncements which will be effective in future years. The following is a brief summary of the new standards:

- a) **Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*** was issued in June of 2015, and is effective for financial statements for periods beginning after June 15, 2016 resulting in the Academy's fiscal year ending June 30, 2017. This statement could easily be described as the GASB No. 67 for postemployment benefit plans due to the fact that it will closely follow the provisions of GASB No. 67 for pension plans.

The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*.

The scope of this statement includes OPEB plans (defined benefit and defined contribution) administered through trusts that meet the following criteria:

- Contributions from employers and non-employer contributing entities to the OPEB plan and earnings on those contributions are irrevocable;

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- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms;
- OPEB plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

The requirements of this statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet the specified criteria. The new information will enhance the decision-usefulness of the financial reports of those OPEB plans, their value for assessing accountability, and their transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year.

The net OPEB liability information, including ratios, will offer an up-to-date indication of the extent to which the total OPEB liability is covered by the fiduciary net position of the OPEB plan. The comparability of the reported information for similar types of OPEB plans will be improved by the changes related to the attribution method used to determine the total OPEB liability.

The contribution schedule will provide measures to evaluate decisions related to the assessment of contribution rates in comparison with actuarially determined rates, if such rates are determined. In addition, new information about rates of return on OPEB plan investments will inform financial report users about the effects of market conditions on the OPEB plan's assets over time and provide information for users to assess the relative success of the OPEB plan's investment strategy and the relative contribution that investment earnings provide to the OPEB plan's ability to pay benefits to plan members when they come due.

- b) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions** was issued in June of 2015, and is effective for financial statements for periods beginning after June 15, 2017 resulting in the Academy's fiscal year ending June 30, 2018. This statement could easily be described as the GASB No. 68 for postemployment benefit plans due to the fact that it will closely follow the provisions of GASB No. 68 for pension plans.

The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement results from a comprehensive review of the effectiveness of

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existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This statement also addresses certain circumstances in which a non-employer entity provides financial support for OPEB of employees of another entity.

In this statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and non-employer contributing entities to the OPEB plan and earnings on those contributions are irrevocable;
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms;
- OPEB plan assets are legally protected from the creditors of employers, non-employer contributing entities, the OPEB plan administrator, and the plan members.

The requirements of this statement will improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and will

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enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information.

- c) **Statement No. 81, Irrevocable Split-Interest Agreements** was issued in March of 2016, and is effective for financial statements for periods beginning after December 15, 2016 resulting in the Academy's fiscal year ending June 30, 2018.

Irrevocable split-interest agreements (which are prevalent at colleges and universities) whereby split-interest agreements in which an asset is given to a government in trust. During stated term of the trust the income generated by the trust goes to the donor and when the trust ends then the assets become the governments. We do not expect this pronouncement to affect the financial reporting of the Academy.

- d) **Statement No. 82, Pension Plans** was issued in April 2016, and is effective for the first reporting period in which the Academy's pension plan's measurement date is on or after June 15, 2017. No real significant matters noted in this standard which addresses:

- Presentation of payroll-related measures in the Required Supplementary Information of the annual audited financial report. Covered payroll is defined as the payroll on which contributions are based;
- Selection of actuarial assumptions. Any deviation from guidance of Actuarial Standards Board is not in conformity with GASB No. 67 & 68;
- Classification of payments made by employers to satisfy contribution requirements:
 - Payments made by employer to satisfy contribution requirements that are identified as plan member contributions should be classified as "plan member contributions" for GASB No. 67, and as "employee contributions" for GASB No. 68; and,
 - Expense to be classified as other compensation elements.

- e) **Statement No. 83, Certain Asset Retirement Obligations** was issued in November 2016, and is effective for the first reporting period beginning after June 15, 2018. An asset retirement obligation (ARO) is a legally enforceable liability associated with the retirement of a tangible capital asset. This statement establishes the criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for ARO's. Timing could be based on the occurrence of external laws, regulations, contracts or court judgments. Examples include the closure of a nuclear reactor or a sewage treatment facility. This statement addresses the financial reporting and accounting as well as the respective disclosures relative to ARO's.

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- f) **Statement No. 84, *Fiduciary Activities*** was issued in January 2017 and is effective for the first reporting period beginning after December 15, 2018. This statement establishes criteria for identifying fiduciary activities with a focus on: 1) whether a government is controlling the assets of the fiduciary activity; and, 2) the beneficiaries with whom a fiduciary relationship exists.

Further, this statement describes four (4) fiduciary funds that should be reported, if applicable: 1) pension and other employee benefit trust funds; 2) investment trust funds; 3) private-purpose trust funds; and, 4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

- g) **Statement No. 85, *Omnibus 2017*** was issued in March 2017 and is effective for the first reporting period beginning after June 15, 2017. This Statement addresses a variety of topics including issues related to:

- Component Units - blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation;
- Goodwill - reporting amounts previously reported as goodwill and “negative” goodwill;
- Real Estate - classifying real estate held by insurance entities;
- Fair Value Measurement and Application - measuring certain money market investments and participating interest earning investment contracts at amortized cost;
- Postemployment benefits (pensions and other postemployment benefits [OPEB]):
 - Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus;
 - Recognizing on-behalf payments for pensions or OPEB in employer financial statements;
 - Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB;
 - Classifying employer-paid member contributions for OPEB;
 - Simplifying certain aspects of the alternative measurement method for OPEB; and,

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- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.
- h) **Statement No. 86, *Certain Debt Extinguishment Issues*** was issued in May 2017 and is effective for the first reporting period beginning after June 15, 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed into an irrevocable trust for the sole purpose of extinguishing debt. This Statement also addresses prepaid insurance on debt that is extinguished and the notes to financial statements for debt that is in-substance defeased.
- i) **Statement No. 87, *Leases*** was issued in June 2017 and is effective for the first reporting period beginning after December 15, 2019. This Statement increases the usefulness of governments' 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 principle that a lease is the financing of the right to use an underlying asset.

Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Definition of a Lease: A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

Lease Term: The lease term is defined as the period during which a lessee has a non-cancelable right to use an underlying asset, plus the following periods, if applicable:

- Periods covered by a lessee's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessee will exercise that option;
- Periods covered by a lessee's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessee will not exercise that option;
- Periods covered by a lessor's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessor will exercise that option;

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- Periods covered by a lessor's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessor will not exercise that option.

A fiscal funding or cancellation clause should affect the lease term only when it is reasonably certain that the clause will be exercised. Lessees and lessors should reassess the lease term only if one or more of the following occur:

- The lessee or lessor elects to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would not exercise that option;
- The lessee or lessor elects not to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would exercise that option;
- An event specified in the lease contract that requires an extension or termination of the lease takes place.

Short-Term Leases: A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

Lessee Accounting: A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

A lessee should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to financial statements should include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.

Lessor Accounting: A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset

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underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The notes to financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognized from leases.

Contracts with Multiple Components and Contract Combinations: Generally, a government should account for the lease and non-lease components of a lease as separate contracts. If a lease involves multiple underlying assets, lessees and lessors in certain cases should account for each underlying asset as a separate lease contract. To allocate the contract price to different components, lessees and lessors should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment, or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining a best estimate is not practicable, multiple components in a lease contract should be accounted for as a single lease unit. Contracts that are entered into at or near the same time with the same counterparty and that meet certain criteria should be considered part of the same lease contract and should be evaluated in accordance with the guidance for contracts with multiple components.

Lease Modifications and Terminations: An *amendment* to a lease contract should be considered a lease modification, unless the lessee's right to use the underlying asset decreases, in which case it would be a partial or full lease termination. A lease termination should be accounted for by reducing the carrying values of the lease liability and lease asset by a lessee, or the lease receivable and deferred inflows of resources by the lessor, with any difference being recognized as a gain or loss. A lease modification that does not qualify as a separate lease should be accounted for by re-measuring the lease liability and adjusting the related lease asset by a lessee and re-measuring the lease receivable and adjusting the related deferred inflows of resources by a lessor.

Subleases and Leaseback Transactions: Subleases should be treated as transactions separate from the original lease. The original lessee that becomes the lessor in a sublease should account for the original lease and the sublease as separate transactions, as a lessee and lessor, respectively.

A transaction qualifies for sale-leaseback accounting only if it includes a sale. Otherwise, it is a borrowing. The sale and lease portions of a transaction should be accounted for as

Coweta Charter Academy

Auditor's Discussion & Analysis (ADA)

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separate sale and lease transactions, except that any difference between the carrying value of the capital asset that was sold and the net proceeds from the sale should be reported as a deferred inflow of resources or a deferred outflow of resources and recognized over the term of the lease.

A lease-leaseback transaction should be accounted for as a net transaction. The gross amounts of each portion of the transaction should be disclosed.

j) Other Pending or Current GASB Projects. As noted by the numerous pronouncements issued by GASB over the past decade, the GASB continues to research various projects of interest to governmental units. Subjects of note include:

- **Re-Examination of the Financial Reporting Model.** GASB has added this project to its technical agenda to make improvements to the existing financial reporting model (established via GASB 34). Improvements are meant to enhance the effectiveness of the model in providing information for decision-making and assessing a government's accountability. GASB anticipates issuing an initial due process document on this project by the end of 2017.
- **Conceptual Framework** is a constant matter being looked at by GASB. Current measurement focus statements (for governmental funds) to change to near-term financial resources measurement. May dictate a period (such as 60 days) for revenue and expenditure recognition. May expense things such as supplies and prepaid assets at acquisition. Will look into which balances (at all statement levels) are measured at acquisition and which need to be re-measured at year-end. Project placed on hold for now.
- **Economic Condition Reporting** is another long-term matter being looked into by GASB. Includes presentation of information on fiscal sustainability (including projections). Tabled for now pending resolution to issues raised on GASBs scope.

Summations of Thoughts Noted Above

We believe the implementation of these suggestions will enhance both the control environment and the financial reporting process, making both more effective. We also believe these recommendations can be easily implemented, and all problems resolved quite timely should management elect to employ the corrective measures.

Coweta Charter Academy

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June 30, 2017

FREE QUARTERLY CONTINUING EDUCATION AND NEWSLETTERS FOR GOVERNMENTAL CLIENTS

Free Continuing Education. We provide free quarterly continuing education for all of our governmental clients. Each quarter we pick a couple of significant topics tailored to be of interest to governmental entities. In an effort to accommodate our entire governmental client base, we offer the sessions several times per quarter at a variety of client provided locations resulting in greater networking among our governmental clients. We normally see approximately 100 people per quarter. We obtain the input and services of experienced outside speakers along with providing the instruction utilizing our in-house professionals. We hope the Academy staff and officials have been able to participate in this opportunity, and that it has been beneficial to you. Examples of subjects addressed in the past few quarters include:

1. American Recovery & Reinvestment Act (ARRA) information and issues;
2. GASB updates (several sessions);
3. Internal Controls Over Revenue and Cash Receipting;
4. Collateralization of Deposits and Investments;
5. SPLOST Accounting, Reporting and Compliance;
6. Internal Controls Over Accounts Payable, Payroll and Cash Disbursements;
7. Capital Asset Accounting Processes and Controls;
8. Grant Accounting Processes and Controls;
9. American Recovery & Reinvestment Act (ARRA) Updates;
10. Policies and Procedures Manuals;
11. Segregation of Duties;
12. GASB No. 51 – Intangible Assets;
13. Single Audits for Auditees;
14. GASB No. 54 – Governmental Fund Balance (subject addressed twice);
15. Best Budgeting Practices, Policies and Processes;
16. Internal Revenue Service (IRS) Compliance Issues, Primarily Payroll Matters;
17. CAFR Preparation (several times including a two (2) day hands-on course); and
18. GASB No. 60, Service Concession Arrangements.

Coweta Charter Academy

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Governmental Newsletters. We produce newsletters tailored to meet the needs of governments. The newsletters have addressed a variety of subjects and are intended to be timely in their subject matter. The newsletters are authored by Mauldin & Jenkins partners and managers, and are not purchased from an outside agency. The newsletters are produced and delivered periodically (approximately ten (10) times per year), and are intended to keep you informed of current developments in the government finance environment.

Communication. In an effort to better communicate our free continuing education plans and newsletters, please email Paige Vercoe at PVercoe@micpa.com (send corresponding copy to jbence@micpa.com), and provide to her individual names, mailing addresses, email addresses and phone numbers of anyone you wish to participate and be included in our database.

CLOSING

We believe the implementation of these suggestions will enhance both the control environment and the financial reporting process, making both more effective. We also believe these recommendations can be easily implemented, and all problems resolved quite timely should management elect to employ the corrective measures. If you have any questions regarding any comments, suggestions or recommendations set forth in this memorandum, we will be pleased to discuss it with you at your convenience.

This information is intended solely for the use of the Academy's management, and others within the Academy's organization and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to serve Coweta Charter Academy and look forward to serving the Academy in the future. Thank you.



Client: 03010600 - GCEF & Coweta/Cherokee Charter Academies
Engagement: FY2017 - GCEF & Cherokee/Coweta Academies
Period Ending: 6/30/2017
Trial Balance: 0200.100 - CCCA General Fund TB Database
Workpaper: 0204.100 - Adjusting Journal Entries Report - 2

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 2				
To true up equity with the School Nutrition Fund.				
EQ-00-3100-99999	MJ Equity - School Food		3,850.00	
999999	M&J Interfund			3,850.00
Total			3,850.00	3,850.00
Adjusting Journal Entries JE # 3				
To book the receivable for Special Education.				
00-0142-12200	Due From Other Govt. Agencies		10,940.57	
999999	M&J Interfund			10,940.57
Total			10,940.57	10,940.57
Adjusting Journal Entries JE # 4				
To book accrued expense related to Special Ed				
999999	M&J Interfund		682.64	
00-0499-21208	Other Accrued Expenses			682.64
Total			682.64	682.64
Adjusting Journal Entries JE # 5				
To book Title I revenue				
00-0142-12200	Due From Other Govt. Agencies		241.74	
999999	M&J Interfund			241.74
Total			241.74	241.74
Adjusting Journal Entries JE # 6 PBC				
To book grant receivable				
00-0142-12200	Due From Other Govt. Agencies		1,273.72	
999999	M&J Interfund			1,273.72
Total			1,273.72	1,273.72
Adjusting Journal Entries JE # 7 PBC				
To book expenditures related to Special Ed.				
999999	M&J Interfund		1,757.90	
00-1000-41030	Wages-Exempt-ESE Teacher			1,409.84
00-1000-45030	FICA - ESE Teacher			296.18
00-2100-41141	Wages-Non Ex-Guidance			45.00
00-2100-45041	FICA - Guidance			6.88
Total			1,757.90	1,757.90
Adjusting Journal Entries JE # 8				
To book expenditures related to Special Ed.				
999999	M&J Interfund		7,335.07	
00-0499-21208	Other Accrued Expenses			7,335.07
Total			7,335.07	7,335.07
Adjusting Journal Entries JE # 9 PBC				
To post entry related to Title I expenses.				
00-2210-65111	Supplies Consum. - Students		1,429.92	
999999	M&J Interfund			1,429.92
Total			1,429.92	1,429.92
Adjusting Journal Entries JE # 10				
To record JE 171998 CIGNA Premium				
00-0181-12307	Prepaid Other		6,962.04	
00-0153-11302	Due From/(To) CSUSA			6,962.04
Total			6,962.04	6,962.04

Client: 03010600 - GCEF & Coweta/Cherokee Charter Academies
 Engagement: FY2017 - GCEF & Cherokee/Coweta Academies
 Period Ending: 6/30/2017
 Trial Balance: 0200.100 - CCCA General Fund TB Database
 Workpaper: 0204.100 - Adjusting Journal Entries Report - 2

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 11		PBC		
To post JE 172185				
00-0422-21100	Wages/Benefits/Taxes Payable		188.09	
00-0153-11302	Due From/(To) CSUSA			188.09
Total			188.09	188.09
Adjusting Journal Entries JE # 12		PBC		
To post JE 172206				
00-0422-21100	Wages/Benefits/Taxes Payable		718.12	
00-0153-11302	Due From/(To) CSUSA			718.12
Total			718.12	718.12
Adjusting Journal Entries JE # 13		PBC		
To post JE 113683				
00-2600-53230	Insurance-Gen. Liability		5,882.00	
00-0153-11302	Due From/(To) CSUSA			5,882.00
Total			5,882.00	5,882.00
Adjusting Journal Entries JE # 17		PBC		
To record entry to allocate expenditures to grant funds				
999999	M&J Interfund		6,468.59	
00-1000-65111	Supplies Consum. - Students			1,231.57
00-2210-65111	Supplies Consum. - Students			1,285.12
00-2210-65113	Supplies Consum.-Teachers			3,951.90
Total			6,468.59	6,468.59
Adjusting Journal Entries JE # 18		6001.000		
To reclass overpayment of retirement contributions to prepaid expenses.				
00-0181-12307	Prepaid Other		45,492.63	
00-0422-21100	Wages/Benefits/Taxes Payable			45,492.63
Total			45,492.63	45,492.63
Adjusting Journal Entries JE # 19		PBC		
To post JE 173103				
00-1000-43021	EE - Benefits - K-3		2,302.69	
00-1000-43022	EE - Benefits - 4-8		1,518.57	
00-1000-43030	EE - Benefits - ESE Teacher		1,945.06	
00-2100-43042	EE - Benefits - Resource Teach		225.75	
00-2100-43060	EE - Benefits - Other Support		122.92	
00-2100-43061	EE - Benefits - Nurse		11.59	
00-2400-43010	EE - Benefits - Admin		478.95	
00-2400-43015	EE - Benefits - Leadership		355.58	
00-3300-43065	EE - Benefits - Aftercare		0.93	
00-0181-12307	Prepaid Other			6,962.04
Total			6,962.04	6,962.04
Adjusting Journal Entries JE # 21		PBC		
To post JE 172872				
00-0000-21200	Accounts Payable - Trades		4,587.02	
00-0181-12305	Prepaid FFE			4,587.02
Total			4,587.02	4,587.02
Adjusting Journal Entries JE # 22		PBC		
To post JE 173196				
00-2600-53700	Pest Control		195.70	
00-0499-21208	Other Accrued Expenses			195.70

Client: 03010600 - GCEF & Coweta/Cherokee Charter Academies
 Engagement: FY2017 - GCEF & Cherokee/Coweta Academies
 Period Ending: 6/30/2017
 Trial Balance: 0200.100 - CCCA General Fund TB Database
 Workpaper: 0204.100 - Adjusting Journal Entries Report - 2

Account	Description	W/P Ref	Debit	Credit
Total			195.70	195.70
Adjusting Journal Entries JE # 24				
To post JE 172835				
		PBC		
999999	M&J Interfund		1,164.81	
00-1000-41121	Wages-Non Ex-K-3			1,068.96
00-1000-45021	FICA - K-3			95.85
Total			1,164.81	1,164.81
Adjusting Journal Entries JE # 25				
To post JE 174494				
		PBC		
00-0000-21200	Accounts Payable - Trades		178,577.83	
00-0153-11302	Due From/(To) CSUSA			178,577.83
Total			178,577.83	178,577.83
Adjusting Journal Entries JE # 26				
To post JE 174495				
		PBC		
00-0153-11302	Due From/(To) CSUSA		178,577.83	
00-0000-21200	Accounts Payable - Trades			178,577.83
Total			178,577.83	178,577.83
Adjusting Journal Entries JE # 28				
To post JE 173785				
		PBC		
EQ-00-0000-19400	Deferred Pension Resource Outf		590,119.00	
EQ-00-0000-26400	Deferred Pension Resource Infl		112,677.00	
EQ-00-9500-42200	GA Deferred Pension-Leadership		19,408.63	
EQ-00-9500-42200	GA Deferred Pension-Leadership		20,857.96	
EQ-00-9500-42201	GA Deferred Pension-K-3		148,666.94	
EQ-00-9500-42201	GA Deferred Pension-K-3		159,768.57	
EQ-00-9500-42202	GA Deferred Pension-4-8		118,164.32	
EQ-00-9500-42202	GA Deferred Pension-4-8		126,988.18	
EQ-00-9500-42203	GA Deferred Pension-ESE Teache		28,439.76	
EQ-00-9500-42203	GA Deferred Pension-ESE Teache		30,563.48	
EQ-00-9500-42204	GA Deferred Pension-Guidance		270.48	
EQ-00-9500-42204	GA Deferred Pension-Guidance		290.68	
EQ-00-9500-42205	GA Deferred Pension-Resource T		6,613.57	
EQ-00-9500-42205	GA Deferred Pension-Resource T		7,107.43	
EQ-00-9500-42205	GA Deferred Pension-Resource T		16,709.96	
EQ-00-9500-42205	GA Deferred Pension-Resource T		17,957.77	
EQ-00-9500-42207	GA Deferred Pension-Other Supp		1,125.11	
EQ-00-9500-42207	GA Deferred Pension-Other Supp		1,209.12	
EQ-00-9500-42208	GA Deferred Pension-Aftercare		540.33	
EQ-00-9500-42208	GA Deferred Pension-Aftercare		580.68	
EQ-00-9500-42209	GA Deferred Pension-Substitute		7,006.90	
EQ-00-9500-42209	GA Deferred Pension-Substitute		7,530.13	
EQ-00-0000-19400	Deferred Pension Resource Outf			372,854.00
EQ-00-0000-19405	CY Deferred GA Pension Outflow			267,589.00
EQ-00-0000-21150	GA Proportionate Pension Liab			782,153.00
Total			1,422,596.00	1,422,596.00
Adjusting Journal Entries JE # 29				
To post JE 173233				
		PBC		
00-0153-11307	Other Receivables		57,892.24	
00-2600-54151	Internet Access- Erate		49,606.77	
00-0153-11307	Other Receivables			49,606.77
00-2600-54151	Internet Access- Erate			57,892.24
Total			107,499.01	107,499.01
Adjusting Journal Entries JE # 30				
		PBC		

Client: **03010600 - GCEF & Coweta/Cherokee Charter Academies**
 Engagement: **FY2017 - GCEF & Cherokee/Coweta Academies**
 Period Ending: **6/30/2017**
 Trial Balance: **0200.100 - CCCA General Fund TB Database**
 Workpaper: **0204.100 - Adjusting Journal Entries Report - 2**

Account	Description	W/P Ref	Debit	Credit
To post entry to true up due to/from with agency fund and School Nutrition				
999999	M&J Interfund		6,060.39	
99-9999	Due agency fund			6,060.39
Total			<u>6,060.39</u>	<u>6,060.39</u>
Adjusting Journal Entries JE # 31				
		PBC		
To reclass the E-rate revenue to unavailable revenue as it was not collected within 90 days of year-end.				
00-2600-54151	Internet Access- Erate		52,044.37	
00-24100-000	Deferred Revenues			52,044.37
Total			<u>52,044.37</u>	<u>52,044.37</u>

Client: 03010600 - GCEF & Coweta/Cherokee Charter Academies
 Engagement: FY2017 - GCEF & Cherokee/Coweta Academies
 Period Ending: 6/30/2017
 Trial Balance: 0200.404 - Title I Database
 Workpaper: 0204.404 - Title I Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
To book Title I receivable.				
01-9999-99999	M&J Interfund		241.74	
01-9999-32400	Title Grants			241.74
Total			241.74	241.74
Adjusting Journal Entries JE # 2				
To book reclass expenditures.				
01-9999-99999	M&J Interfund	PBC	3,160.00	
01-1000-65111	Supplies Consum. - Students			1,886.28
01-9999-32400	Title Grants			1,273.72
Total			3,160.00	3,160.00
Adjusting Journal Entries JE # 3				
To remove Title I expenses.				
01-9999-99999	M&J Interfund	PBC	1,429.92	
01-2210-65111	Supplies Consum. - Students			1,429.92
Total			1,429.92	1,429.92
Adjusting Journal Entries JE # 4				
To allocate GF expenditures to Title I				
01-2210-65111	Supplies Consum. - Students	PBC	733.15	
01-9999-99999	M&J Interfund			733.15
Total			733.15	733.15
Total Adjusting Journal Entries			5,564.81	5,564.81
Total All Journal Entries			5,564.81	5,564.81

Client: 03010600 - GCEF & Coweta/Cherokee Charter Academies
 Engagement: FY2017 - GCEF & Cherokee/Coweta Academies
 Period Ending: 6/30/2017
 Trial Balance: 0200.411 - Special Education Fund Database
 Workpaper: 0204.411 - Special Education Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
To book the receivable for Special Education				
11-9999-99999	M&J Interfund		10,940.57	
11-3311-33111	IN-SPED			10,940.57
Total			10,940.57	10,940.57
Adjusting Journal Entries JE # 2				
To book accrued expenses				
11-1000-65112	Supplies Consum. -ESE Teacher		682.64	
11-9999-99999	M&J Interfund			682.64
Total			682.64	682.64
Adjusting Journal Entries JE # 3				
To book expenditures				
11-1000-41030	Wages-Exempt-ESE Teacher		1,409.84	
11-1000-45030	FICA - ESE Teacher		296.18	
11-2100-41141	Wages-Non Ex-Guidance		45.00	
11-2100-45041	FICA - Guidance		6.88	
11-9999-99999	M&J Interfund			1,757.90
Total		PBC	1,757.90	1,757.90
Adjusting Journal Entries JE # 4				
To book expenditures				
11-1000-65310	Testing Materials-Basic		1,043.47	
11-2210-53150	Prof. Fees - Staff Development		6,291.60	
11-9999-99999	M&J Interfund			7,335.07
Total		PBC	7,335.07	7,335.07
Adjusting Journal Entries JE # 5				
To allocate GF expenditures to SPED				
11-1000-65111	Supplies Consum. - Students		1,231.57	
11-1000-65113	Supplies Consum. - Teachers		3,951.90	
11-9999-99999	M&J Interfund			5,183.47
Total		PBC	5,183.47	5,183.47
Adjusting Journal Entries JE # 6				
To post JE 172835				
11-1000-41121	Wages-Non Ex-K-3		1,068.96	
11-1000-45021	FICA - K-3		95.85	
11-9999-99999	M&J Interfund			1,164.81
Total		PBC	1,164.81	1,164.81
Total Adjusting Journal Entries			27,064.46	27,064.46
Total All Journal Entries			27,064.46	27,064.46

Client: 03010600 - GCEF & Coweta/Cherokee Charter Academies
 Engagement: FY2017 - GCEF & Cherokee/Coweta Academies
 Period Ending: 6/30/2017
 Trial Balance: 0200.414 - Title II Database
 Workpaper: 0204.414 - Title II Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
To book expenditures				
02-1000-65111	Supplies Consum. - Students	PBC	1,886.28	
02-9999-99999	M&J Interfund			1,886.28
Total			1,886.28	1,886.28
Adjusting Journal Entries JE # 2				
To allocate GF expenditures to Title II				
02-1000-65111	Supplies Consum. - Students	PBC	551.97	
02-9999-99999	M&J Interfund			551.97
Total			551.97	551.97
Total Adjusting Journal Entries			2,438.25	2,438.25
Total All Journal Entries			2,438.25	2,438.25

Client: 03010600 - GCEF & Coweta/Cherokee Charter Academies
 Engagement: FY2017 - GCEF & Cherokee/Coweta Academies
 Period Ending: 6/30/2017
 Trial Balance: 0200.500 - School Nutrition Database
 Workpaper: 0204.500 - School Nutrition Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
To post beginning equity from the General Fund				
9999999	MJ Interfund		3,850.00	
EQ-00-3100-99999	MJ Equity			3,850.00
Total			3,850.00	3,850.00
	Total Adjusting Journal Entries		3,850.00	3,850.00
	Total All Journal Entries		3,850.00	3,850.00