

**Liberty Tech Charter School, Inc.  
Audited Financial Statements  
June 30, 2021**

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# Liberty Tech Charter School, Inc.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Liberty Tech Charter School, Inc.  
Brooks, Georgia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Liberty Tech Charter School, Inc. ("the School"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School as of June 30, 2021 and the respective changes in financial position in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the supplementary information, such as management's discussion and analysis, the schedules of proportionate share of net pension liability and schedules of contributions to retirement systems, and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated July 30, 2021 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering School's internal control over financial reporting and compliance.

*Bambo Sonaike CPA, LLC*

July 30, 2021

# **Liberty Tech Charter School, Inc.**

## **Management Discussion and Analysis**

### **As of June 30, 2021**

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#### **Introduction**

As management of Liberty Tech Charter School, Inc. (the "School"), we offer readers of the School's financial statement this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2021 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transaction, events, and conditions, it should be considered in conjunction with the Basic Financial Statements.

#### **Financial highlights**

- At the end of the current fiscal year, the fund balance for the general fund was \$2,662,688.
- The School's assets exceeded liabilities at the close of the most recent fiscal year by \$979,367 (net position).

#### **Overview of the financial statements**

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **Government-wide financial statements**

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

The statement of net position presents information on all the School's asset and liabilities, with the difference between the two reported as net position. Over time, increases of decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal 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 funding and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School that are principally supported by district, state, and federal funding (governmental activities). Basic instructions, school administration, and food services are examples of the School's governmental activities.

The government-wide financial statements include only the School itself. Comparison of the condensed statement of net position and the statement of activities are provided below.

**Liberty Tech Charter School, Inc.**  
**Management Discussion and Analysis**  
**As of June 30, 2021**

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	<b>Governmental Activities</b>		
	<b>2021</b>	<b>2020</b>	<b>Variance</b>
<b>ASSETS</b>			
Current and other assets	\$ 2,736,609	\$ 2,589,092	\$ 147,517
Capital assets <sup>(net)</sup>	193,321	232,358	(39,037)
Total assets	2,929,930	2,821,450	108,480
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Total assets and deferred outflow of resources	2,398,934	2,547,265	(148,331)
	5,328,864	5,368,715	(39,851)
<b>LIABILITIES</b>			
Current and other liabilities	67,920	438,229	(370,309)
Long term liabilities	4,281,577	3,768,424	513,153
Total liabilities	4,349,497	4,206,653	142,844
<b>DEFERRED INFLOW OF RESOURCES</b>			
Total liabilities and deferred inflow of resources	-	84,580	(84,580)
	4,349,497	4,291,233	58,264
<b>NET POSITION</b>			
Investment in capital assets <sup>(net)</sup>	193,321	232,358	(39,037)
Restricted	-	253,652	(253,652)
Unrestricted (deficit)	786,046	591,472	194,574
Total net position (deficit)	\$ 979,367	\$ 1,077,482	\$ (98,115)

**Liberty Tech Charter School, Inc.**  
**Management Discussion and Analysis**  
**As of June 30, 2021**

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	<b>Governmental Activities</b>		
	<b>2021</b>	<b>2020</b>	<b>Variance</b>
<b>REVENUES</b>			
State passed through State Charter School Commission	\$ 4,345,142	\$ 4,409,532	\$ (64,390)
Charges for services	25,017	-	25,017
Operating grants and contributions	266,188	136,944	129,244
Other revenues	11,373	16,576	(5,203)
Paycheck Protection Plan loan forgiveness	620,995	-	620,995
Total revenues	5,268,715	4,563,052	705,663
<b>EXPENSES</b>			
Basic instruction	4,179,156	3,453,494	725,662
Pupil services	284,738	248,902	35,836
Media services	44,283	3,276	41,007
Instructional staff training	12,940	11,444	12,940
Improvement of instruction services	117,228	115,210	117,228
School administration	215,124	293,892	(78,768)
General administration	81,213	61,313	19,900
Food services	42,895	40,572	2,323
Support services - central	1,240	2,771	(1,531)
Support services - business	51,476	112,363	(60,887)
Other support services	4,279	-	4,279
Operation of school	332,257	311,994	20,263
Total expenses	5,366,830	4,655,231	838,253
<b>Change in net position</b>	<b>\$ (98,115)</b>	<b>\$ (92,179)</b>	<b>\$ (5,936)</b>

**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 School, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the operations of the School are presented in governmental funds only.

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

# **Liberty Tech Charter School, Inc.**

## **Management Discussion and Analysis**

### **As of June 30, 2021**

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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 government's near-term financing decisions. Both of the governmental fund financial statements provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains individual government funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund, which is considered to be the School's only major fund. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash.

#### **Notes to the financial statements**

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

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. In the case of the School, assets exceeded liabilities by \$979,367 for the year ended June 30, 2021.

A portion of the School's net position reflects its investment in capital assets (e.g., furniture, fixtures and equipment, and leasehold improvements), less any related debt used to acquire those assets that are still outstanding. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School's investment in its capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### **Financial analysis of the Government's Funds**

The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a School's net resources available for spending at the end of the fiscal year. The general fund is the main operating fund of the School. At the end of the current fiscal year, fund balance of the general fund was \$2,662,688.

#### **General Fund Budgetary Highlights**

The School's budgeted revenues exceeded actual revenues by \$3,688 mainly due the School's FTE funding and other supplemental revenue being lower than budgeted. Actual expenditures were above budgeted expenditures by \$460,218 due mainly to the School's overall operating cost being lower than budgeted.

#### **Capital Asset**

**Liberty Tech Charter School, Inc.**  
**Management Discussion and Analysis**  
**As of June 30, 2021**

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The School's investment in capital assets for its governmental type activities as of June 30, 2021, amounts to \$193,321. This investment in capital assets includes furniture, fixtures and equipment. Additional information on the School's capital assets can be found in note below.

**Long term debt**

The School long term debt for its governmental type activities as of June 30, 2021 was \$0.

**Contacting the School's financial management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School.

**Liberty Tech Charter School, Inc.**  
**Statement of Net Position**  
**As of June 30, 2021**

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**ASSETS**

Cash and cash equivalents <sup>(note 2)</sup>	\$ 2,693,688
Accounts receivable	36,921
Capital assets <sup>(net)</sup> <sup>(note 3)</sup>	193,321
Prepaid expense	6,000
Total assets	<u>2,929,930</u>

**DEFERRED OUTFLOW OF RESOURCES**

Related to defined benefit pension plans <sup>(note 7)</sup>	<u>2,398,934</u>
Total deferred outflow of resources	<u>2,398,934</u>

**LIABILITIES**

Accounts payable & accrued expenses <sup>(note 4)</sup>	67,920
Net pension liability <sup>(note 7)</sup>	<u>4,281,577</u>
Total liabilities	<u>4,349,497</u>

**DEFERRED INFLOW OF RESOURCES**

Related to defined benefit pension plans <sup>(note 7)</sup>	<u>-</u>
Total deferred inflow of resources	<u>-</u>

**NET POSITION**

Investment in capital assets, net of related debt	193,321
Restricted	-
Unrestricted (deficit)	<u>786,046</u>
Total net position (deficit)	<u>\$ 979,367</u>

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

**Liberty Tech Charter School, Inc.**  
**Statement of Activities**  
For the period ended June 30, 2021

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Governmental Activities	Program revenues				Net (Expenses) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Basic instruction	\$ 4,179,156	\$ 864	\$ 1,465,201	\$ -	\$ (2,713,091)
Pupil services	284,738	-	20,000	-	(264,738)
Media services	44,283	-	49,495	-	5,212
Instructional staff training	12,940	-	8,000	-	(4,940)
Improvement of instruction services	117,228	-	-	-	(117,228)
School administration	215,124	-	107,128	-	(107,996)
General administration	81,213	-	-	-	(81,213)
Food services	42,895	24,152	-	-	(18,743)
Support services - central	1,240	-	23,566	-	22,326
Support services - business	51,476	-	-	-	(51,476)
Other support services	4,279	-	-	-	(4,279)
Operation of school	332,257	-	98,396	-	(233,861)
Total governmental activities	\$ 5,366,830	\$ 25,016	\$ 1,771,786	\$ -	\$ (3,570,028)

General revenues:

State passed through State Charter School Commission	2,573,356
Operating grants and contributions	266,188
Other revenue	11,374
Paycheck Protection Plan loan forgiveness	620,995
Total general revenues	<u>3,471,913</u>
Change in net position	(98,115)
Net position (deficit) - beginning of year	<u>1,077,482</u>
Net position (deficit) - end of the year	<u>\$ 979,367</u>

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

**Liberty Tech Charter School, Inc.**  
**Balance Sheet - Governmental Funds**  
**As of June 30, 2021**

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**ASSETS**

Cash and cash equivalents <sup>(note 2)</sup>	\$ 2,693,688
Accounts receivable	36,921
Prepays	6,000
Total assets	<u>2,736,609</u>
	<u><u>2,736,609</u></u>

**LIABILITIES AND FUND BALANCES**

**LIABILITIES**

Accounts payable & accrued expenses <sup>(note 4)</sup>	67,921
Total liabilities	<u>67,921</u>
	<u><u>67,921</u></u>

**FUND BALANCES**

Non-spendable	6,000
Restricted	-
Committed	-
Unassigned	2,662,688
Total fund balances	<u>2,668,688</u>
	<u><u>2,668,688</u></u>
	<u><u>2,736,609</u></u>

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

**Liberty Tech Charter School, Inc.**  
**Reconciliation of Balance Sheet – Governmental Funds with the**  
**Statement of Net Position**  
**For the period ended June 30, 2021**

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Total Fund balances - Governmental funds	\$ 2,668,688
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The 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. Those assets consist of:

Furniture, fixtures and equipment	436,007
Accumulated depreciation	(242,686)
Total capital assets	193,321

Some liabilities, including net pension obligations, are note due and payable in the current period and, therefore, are not reported in the funds.

Net pension liability	(4,281,577)
Total Liabilities	(4,281,577)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds

Deferred outflows of resources	2,398,935
Deferred inflows of resources	-
Net flow of resources	2,398,935
Total Net position (deficit) - Governmental activities	\$ 979,367

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

**Liberty Tech Charter School, Inc.**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance –**  
**Governmental Funds**  
**For the period ended June 30, 2021**

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<b>REVENUES</b>	<b>General Fund</b>
State passed through State Charter School Commission	\$ 4,345,142
Operating grants and contributions	266,188
Charges for services	25,017
Other revenues	11,373
<b>Total revenues</b>	<b>4,647,720</b>
<b>EXPENDITURES</b>	
Basic instruction	3,264,040
Pupil services	284,738
Media services	44,283
Instructional staff training	12,940
Improvement of instruction services	117,228
School administration	215,124
General administration	81,213
Food services	42,895
Support services - central	1,240
Support services - business	51,476
Other support services	4,279
Operation of school	332,257
Capital outlay	38,917
Debt service - principal	620,995
<b>Total expenditures</b>	<b>5,111,626</b>
Excess (deficiency) of revenue over (under) expenditures	(463,906)
Other financing sources (uses)	
Paycheck Protection Plan loan forgiveness	620,995
<b>Total other financing sources (uses)</b>	<b>620,995</b>
Net change in fund balance	157,089
<b>Fund balances at beginning of the year</b>	<b>2,511,599</b>
<b>Fund balances at end of the year</b>	<b>\$ 2,668,688</b>

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

# Liberty Tech Charter School, Inc.

## Reconciliation of Statement of Revenue, Expenditures, and Changes in Fund Balance – Governmental Funds with the Statement of Activities

June 30, 2021

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Total net change in fund balances- Government funds	\$ 157,089
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The amounts reported for governmental activities in the statement of activities are different because:

Capital assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets are allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	38,917
Depreciation expense	(77,954)
Total	(39,037)

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.

Paycheck Protection Plan loan forgiveness	620,995
Total of long-term debt	620,995

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

Change in pension related accounts	(837,162)
Total change in net position- Governmental activities	\$ (98,115)

**Liberty Tech Charter School, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**1. Organization**

Liberty Tech Charter School, Inc. (a Georgia 501 (c) (3) Corporation) (the School), provides educational services to students in grades K-8. The School is authorized to enroll a minimum of 240 students and not to exceed 632 students. The governing body of the School is the Board of Directors, which is currently comprised of ten members. Information presented in these financial statements only reflects the financial position and activities of the School.

The general operating authority of the School is contained in O.C.G.A. (Official Code of Georgia Annotated) 20-2-2060 and 20-2-2084 (Charter Schools Act), Georgia Statutes. The School operates under a 5-year charter sponsored by State Charter Schools Commission (the "Commission"). The current charter is effective until June 30, 2026. At the end of the charter's term, the Charter may be renewed by agreement of the School and the Commission following the procedures set forth in the Charter Schools Act and accompanying Commissions' rules.

During the term of charter, the Commission may terminate the charter following the procedures set forth in the Charter School Act and rule of the State Board of Education.

**2. Significant accounting policies**

The accompanying financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the School's accounting policies are described below.

**Basis of presentation**

The School's basic financial statements are collectively comprised of the government-wide financial statements, fund financial statements, and notes to the basic financial statements of the Liberty Tech Charter School, Inc.

**Government-wide Financial Statements**

The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall School, except for fiduciary activities. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business type activities.

The Statement of Net Position presents the School's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories as follows:

- Net investment in capital assets consists of the School District's total investment in capital assets, net of accumulated depreciation, and reduced by outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

**Liberty Tech Charter School, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2021**

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- Restricted net position consists of resources for which the School District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position consists of resources not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School'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 School related to the administration and support of the School'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.

**Fund Financial Statements**

The fund financial statements provide information about the School's funds. Eliminations have been made to minimize the double counting of internal activities. Separate financial statements are presented for governmental funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The School reports the following major governmental funds:

- General Fund is the School's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.

**Basis of accounting**

The basis of accounting determines when transactions are reported on the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, with the exception of the School's proportionate share of the Net Pension Liability. These collective amounts have been allocated by the pension plan based on actual contributions made to the plan during the measurement period to actuarially determine the proportionate share to each participating employer. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The School 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

**Liberty Tech Charter School, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2021**

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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 School considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

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

**Net position**

The School's net position in the Government-wide Financial Statements is classified as follows:

**Net investment in capital assets**

This represents the School's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

**Restricted net position**

This represents resources for which the School is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

**Unrestricted net position**

Unrestricted net position represents resources derived from grants and contributions not restricted to specific programs, charges for services, and miscellaneous revenues. These resources are used for transactions relating to the educational and general operations of the School, and may be used at the discretion of the Board to meet current expenses for those purposes.

**Fund balances**

The School's fund balances are classified as follows:

**Non-spendable**

These are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**Restricted**

These are amounts with limitations imposed on their use by external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**Liberty Tech Charter School, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Committed**

These are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School's highest level of decision-making authority.

**Assigned**

These are amounts that are constrained by the School's intent to be used for specific purposes, but are neither restricted nor committed.

**Unassigned**

These are amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This is the residual classification for the general fund.

**Cash and cash equivalent**

Cash and cash equivalents consist of cash on hand, demand deposits, investments in the State of Georgia local government investment pool and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions. Official Code of Georgia Annotated (O.C.G.A.) §45-8-14 authorizes the School to deposit its funds in one or more solvent banks, insured federal savings and loan associations or insured chartered building and loan associations.

**Custodial credit risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the School 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 collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2021, the School's cash and cash equivalent accounts above the \$250,000 depository insurance limit were not insured or collateralized as required by State statutes.

**Collateralization of deposits**

Official Code of Georgia Annotated (OCGA) Section 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 not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (OCGA 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 percent of the daily pool balance.

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

**Liberty Tech Charter School, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2021**

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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
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.

**Stewardship, Compliance and Accountability**

The School adopts an annual budget for its General Fund. The budget is prepared in accordance with provisions of the Quality Basic Education Act, OCGA Section 20-2-167. After the School has tentatively adopted the budget, such budget is advertised at least one time in a local newspaper of general circulation. At the next regular meeting of the Board after advertisement, the budget is revised as necessary and adopted as the final budget. The detail of the fiscal year budget is outlined in the supplemental section of the financial statement.

**Capital assets**

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the fund financial statements at the time of purchase. Capital assets are defined by the School as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than 1 year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value 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 are not capitalized. Depreciation is computed using the straight-line method. During the fiscal year under review, no events or changes in circumstances affecting a capital asset that may indicate impairment were known to the School.

The estimated useful lives of capital assets reported in the government-wide statements are as follows:

Asset Class	Estimated Useful Life (years)
Furniture, fixtures and equipment	3 - 5

**Long-term obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental funds report the face amount of debt issued as other financing sources and payments of debt principal as other financing uses.

**Liberty Tech Charter School, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Revenue sources and recognition**

Revenues for current operations are received primarily from the State of Georgia through the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 20-2-2060, Georgia Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 20-2-2060, Georgia Statutes, the District reports the number of FTE students and related data to the Georgia Department of Education (GDOE) for funding. Funding for the School is adjusted during the year to reflect revised calculations by the GDOE under the Georgia Education Finance Program and actual weighted FTE students reported by the School during designated FTE student survey periods.

The School receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have eligibility requirements whereby the issuance of grant funds is withheld until qualifying expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

Additionally, other revenues may be derived from various fundraising activities and certain other programs.

**Deferred outflows/inflows of resources**

In addition to assets, the statement of net position and/or the balance sheet will report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of resources that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. Under the full accrual method of accounting, the School has reported the contributions to the cost sharing benefit pension plans subsequent to the measurement date and prior to the fiscal year end as deferred outflows of resources. The School has also reported the actuarial changes in the School's proportionate share of the governmental non-employer cost sharing benefit pension plan, as discussed in note below.

In addition to liabilities, the statement of net position and/or the balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. Under the full accrual method of accounting, the School has reported the actuarial changes in the School's proportionate share of the governmental non-employer cost sharing benefit pension plan, as discussed in note below. This item is reported only in the Statement of Net Position.

**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.

**Liberty Tech Charter School, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**Use of estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The School considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its financial statements. Management bases its estimates on historical experience and various other assumptions that it believes are reasonable under the particular facts and circumstances. Actual results could differ from those estimates.

**Income Tax**

The School is exempt from federal income taxes under Section 501(C) (3) of the Internal Revenue Code. The School is also exempt from Georgia income taxes and, therefore, has made no provision for federal or Georgia income taxes. In addition, the Internal Revenue Service has determined that the Organization is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

**Budgetary Data**

The budget is a complete financial plan for the School's fiscal year, and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general, special revenue, debt service, and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds, except the various school activity (principal) accounts, is prepared and adopted by fund, function and object. The legal level of budgetary control was established by the Board at the aggregate fund level. The budget for the general fund was prepared in accordance with accounting principles generally accepted in the United States of America.

The budgetary process begins with the School's administration presenting an initial budget for the Board's review. The administration makes revisions as necessary based on the Board's guidelines, and a tentative budget is approved. After approval of this tentative budget by the Board, such budget is advertised at least once in a newspaper of general circulation in the locality, as well as the School's website. At the next regularly scheduled meeting of the Board after advertisement, the Board receives comments on the tentative budget, makes revisions as necessary and adopts a final budget. The approved budget is then submitted, in accordance with provisions of O.C.G.A. §20-2-167(c), to the Georgia Department of Education. The Board may increase or decrease the budget at any time during the year. All unexpended budget authority lapses at fiscal year-end.

See the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual in the Supplementary Information Section for a detail of any over/under expenditures during the fiscal year under review.

**Liberty Tech Charter School, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2021**

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**3. Capital assets**

Capital assets activity for the year ended June 30, 2021 was as follows:

	<u>Balance at July 1, 2020</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance at June 30, 2021</u>
<b>Capital assets depreciated:</b>				
Furniture, fixtures and equipment	\$ 392,092	\$ 38,917	\$ -	\$ 431,009
Leasehold improvements	5,000	-	-	5,000
Total assets depreciated	<u>397,092</u>	<u>38,917</u>	<u>-</u>	<u>436,009</u>
<b>Less accumulated depreciation:</b>				
Furniture, fixtures and equipment	(160,570)	(76,007)	-	(236,577)
Leasehold improvements	(4,164)	(1,946)	-	(6,110)
Total accumulated depreciation	<u>(164,734)</u>	<u>(77,954)</u>	<u>-</u>	<u>(242,688)</u>
Total governmental activities				
Capital assets, net	<u><u>\$ 232,358</u></u>			<u><u>\$ 193,321</u></u>

Depreciation expense in the amount of \$77,954 was recorded in the statements of activities under basic instructions category.

**4. Accounts payable and accrued expenses**

As of June 30, 2021, accounts payable and accrued expenses consisted of the following:

Accrued salaries & benefits	\$ 55,374
Teachers retirement system	<u>12,547</u>
Total accounts payable and accrued expenses	<u>\$ 67,921</u>

**5. Concentrations - Revenue sources**

As stated in Note 2, the School receives revenues for current operations primarily from the State of Georgia through the District. The following is a schedule of revenue sources and amounts:

**Liberty Tech Charter School, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2021**

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<u>Sources</u>	
State passed through State Charter School Commission - Quality basic education (QBE)	\$ 4,345,142
Total QBE funds	<u>4,345,142</u>
 <u>Operating grants:</u>	
Federal and state operating grants	266,188
Total operating grants	<u>266,188</u>
 <u>Other revenue:</u>	
Student care and student activities	11,373
Other contributions	25,017
Total revenues	<u>\$ 4,647,720</u>

## **6. Commitments and contingencies**

### **Federal and state grants**

The School participates in federal and state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore no provision has been recorded in the accompanying financial statements for such contingencies.

### **Facilities**

Beginning September 1, 2019 the school entered into a 5 year lease agreement for the School's facility with Fayette County School District. The terms of the lease agreement require monthly base rent payment of \$6,000 from the School. As of June 30, 2021 total amount of lease payment was \$72,000. The minimum payment for the school under the lease agreement is as follows:

**Liberty Tech Charter School, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2021**

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Year End	Amount
2022	\$ 72,000
2023	72,000
2024	72,000
2025	-
Thereafter	-
<b>Total</b>	<b>\$ 216,000</b>

## **7. Retirement plan**

The School participates in the Teachers Retirement System of Georgia (TRS) retirement plan administered by the State of Georgia. TRS issue separate publicly available financial reports that include the applicable financial statements and required supplementary information. The reports may be obtained from the respective administrative offices.

### **Plan description**

All teachers of the School as defined in §47-3-60 of the Official Code of Georgia Annotated (O.C.G.A.) and certain other support personnel as defined by §47-3-63 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. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00 % of their annual pay during fiscal year 2021. The schools contractually required contribution rate for the year ended June 30, 2021 was 19.06 % of annual school payroll (excluding payroll attributable to those personnel funded on behalf of the

**Liberty Tech Charter School, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2021**

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School by the State). School contributions to TRS (excluding contributions funded by the State on behalf of the School) were \$0 for the year ended June 30, 2021.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2021, the School reported a liability of \$4,281,577 for its proportionate share of the net pension liability that reflected a reduction for support attributable to those personnel funded on behalf of the School by the State. The amount recognized by the School as its proportionate share of the net pension liability, the related State of Georgia funding, and the total portion of the net pension liability that was associated with the School were as follows:

School's proportionate share of the net pension liability	\$ 4,281,577
State of Georgia's proportionate share of the net pension liability associated with the School	-
Total	\$ 4,281,577

The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2019. An expected total pension liability as of June 30, 2020 was determined using standard roll-forward techniques. The School's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2020. At June 30, 2020, the School's proportion was 0.017675%, which was an increase of 0.001360% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School recognized pension expense of \$1,334,294 and revenue of \$0 for support provided by the State of Georgia for certain support personnel . At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Liberty Tech Charter School, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2021**

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 186,464	\$ -
Changes of assumptions	441,007	-
Net difference between projected and actual earnings on pension plan investments	103,122	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,177,559	-
School contributions subsequent to the measurement date	490,782	-
<b>Total</b>	<b>\$ 2,398,934</b>	<b>\$ -</b>

School contributions subsequent to the measurement date of \$490,782 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	(Outflow) / Inflow of resources
2022	\$ 766,806
2023	\$ 623,733
2024	\$ 381,221
2025	\$ 136,392
2026	\$ -
Thereafter	\$ -

**Actuarial assumptions**

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

**Liberty Tech Charter School, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2021**

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Inflation rate	2.50%
Salary increases	3.00 - 8.75%, average, including inflation
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 with ages set forward one year and adjusted 106% as used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.

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

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

**Liberty Tech Charter School, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2021**

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Asset Class	Target Allocation	Long-term expected real rate of return*
Fixed income	30.00%	-0.10%
Domestic large equities	51.00%	8.90%
Domestic small equities	1.50%	13.20%
International developed market equities	12.40%	8.90%
International emerging market equities	5.10%	10.90%
Total	100.00%	

\* Rates shown are net of the 2.50% assumed rate 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 and State of Georgia 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 School's proportionate share of the net pension / liability to changes in the discount rate**

The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 7.25 %, as well as what the School'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:

	Current		
	1% Decrease (6.25%)	discount rate (7.25%)	1% Increase (8.25%)
School's proportion of the net pension liability	\$ 6,789,599	\$ 4,281,577	\$ 2,225,751

**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 publically available at [www.trsga.com/publications](http://www.trsga.com/publications).

**Liberty Tech Charter School, Inc.**  
Notes to the Financial Statements  
June 30, 2021

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**Payables to the pension plan:** As of June 30, 2021 \$12,547 in accounts payable to the pension plan was recorded in the statement of net assets.

**8. Notes payable**

As of June 30, 2021, notes payable consisted of the following:

Lender / Collateral	Interest Rate	Maturity Date	Payment Frequency	Principal Amortization	Beginning Balance at 7/1/20	Current Year Principal (Paydown)	Outstanding Balance at 6/30/21	Interest paid for the period ended 6/30/21
U.S. Small Business Administration - PPP Loan, No Collateral	1.0%	4/27/2022	Deferred for 6 months, then monthly	Yes	\$ 620,995	\$ (620,995)	\$ -	\$ -
Total					\$ 620,995	\$ (620,995)	\$ -	\$ -

**9. Concentration of risk and uncertainty**

The School 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 School 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 School elects to pay unemployment insurance taxes using the contributory method. Taxes are paid quarterly to the Georgia Department of Labor using a set rate based on historical experience.

On April 3, 2020 the Governor of Georgia issued a statewide stay home order to all residents of Georgia due to a strain of the Covid-19 virus that began to spread worldwide resulting in a severe impact to the school's operations. The school's operation has been affected since the date of the order. The extent of this impact is uncertain and there can be no assurances that a significant impact on the School's finances will not take place.

**10. Inherent limitation in evaluating the entity's ability to continue as a going concern**

The potential effects of inherent limitations on the ability to detect material misstatements are greater for future events or conditions, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time. Predictions cannot be made about such future conditions or events. Accordingly, the absence of any reference to substantial doubts about the entity's ability to continue as a going concern for a reasonable period of time in the accompanying financial statements cannot be viewed as

# Liberty Tech Charter School, Inc.

## Notes to the Financial Statements

June 30, 2021

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a guarantee of the entity's ability to continue as a going concern for a reasonable period of time.

### **11. Subsequent events**

The School evaluated subsequent events through the date the financial statements were available to be issued. The School is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.

**Liberty Tech Charter School, Inc.**  
**Required Supplementary Information**  
**Schedule of Proportionate Share of the Net Pension Liability- Teachers'**  
**Retirement System of Georgia**  
**June 30, 2021**

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Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	School District's covered payroll	School District's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.017675%	\$ 4,281,577	\$ 2,574,934	166.28%	77.01%
2020	0.016315%	\$ 3,508,166	\$ 2,248,739	156.01%	78.56%
2019	0.014611%	\$ 2,712,115	\$ 1,951,105	139.00%	80.27%
2018	0.007509%	\$ 1,395,571	\$ 1,696,358	82.27%	79.33%

**Liberty Tech Charter School, Inc.**  
**Required Supplementary Information**  
**Schedule of Contributions - Teachers' Retirement System of Georgia**  
**June 30, 2021**

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Year Ended	Contributions in relation to the contractually required contribution		Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
	Contractually required contribution	\$ 490,782			
2021	\$ 490,782	\$ 490,782	\$ -	\$ 2,574,934	19.06%
2020	\$ 475,383	\$ 475,383	\$ -	\$ 2,248,739	21.14%
2019	\$ 407,781	\$ 407,781	\$ -	\$ 1,951,105	20.90%
2018	\$ 285,158	\$ 285,158	\$ -	\$ 1,696,358	16.81%
2017	\$ 112,817	\$ 112,817	\$ -	\$ 790,587	14.27%

**Liberty Tech Charter School, Inc.**  
**Notes to the Required Supplementary Information**  
**June 30, 2021**

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**Teachers Retirement System**

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

On November 18, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, 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 Teachers Headcount Weighted Below Median Healthy Retiree mortality table from the RP-2000 Mortality Tables. In 2019, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

**Liberty Tech Charter School, Inc.**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances –**  
**Budget and Actual – General Fund**  
For the period ended June 30, 2021

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	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>			
State passed through local school district	\$ 4,176,821	\$ 4,345,142	\$ 168,321
Supplemental revenue	474,587	302,578	(172,009)
Total revenue	4,651,408	4,647,720	(3,688)
<b>EXPENDITURES</b>			
Basic instruction	3,256,879	3,264,040	7,161
Pupil services	271,500	284,738	13,238
Media services	500	44,283	43,783
Instructional staff training	15,000	12,940	(2,060)
Improvement of instruction services	218,905	117,228	(101,677)
School administration	196,199	215,124	18,925
General administration	149,614	81,213	(68,401)
Food services	46,530	42,895	(3,635)
Support services - central	2,500	1,240	(1,260)
Support services - business	137,781	51,476	(86,305)
Other support services	-	4,279	4,279
Operation of school	353,500	332,257	(21,243)
Community services	2,500	-	(2,500)
Capital outlay	-	38,917	38,917
Debt service - principal	-	620,995	620,995
Total expenditures	4,651,408	5,111,626	460,218
Excess (deficiency) of revenue over (under) expenditures	-	(463,906)	(463,906)
Other financing sources (uses)			
Paycheck Protection Plan loan forgiveness	-	620,995	620,995
Total other financing sources (uses)	-	620,995	620,995
Net change in fund balance	-	157,089	157,089
<b>Fund balances at beginning of the year</b>	2,511,599	2,511,599	-
<b>Fund balances at end of the year</b>	\$ 2,511,599	\$ 2,668,688	\$ 157,089

**Liberty Tech Charter School, Inc.**  
**Note to the Schedule of Revenues, Expenditures, and Changes in Fund**  
**Balances – Budget and Actual – General Fund**  
**For the period ended June 30, 2021**

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**1. Budgetary Information**

**Budgetary basis of accounting**

Annual budgets are adopted for the entire operations at the combined governmental level and may be amended by the board of directors (the “Board”). The budgets presented for the fiscal year ended June 30, 2021 have been amended according to Board procedures. Budgets are adopted in full accrual basis accounting. The legal level of budgetary control is the fund level.

**Liberty Tech Charter School, Inc.**  
**Schedule of State Revenue**  
**For the period ended June 30, 2021**

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Governmental Fund Type
<b>General Fund</b>

**Grants**

Education, Georgia Department of  
 Quality Basic Education

Direct Instructional Cost		
Kindergarten Program	\$	185,256
Kindergarten Program - Early Intervention Program		11,392
Primary Grades (1-3) Program		466,156
Primary Grades - Early Intervention (1-3) Program		26,030
Upper Elementary Grades (4-5) Program		238,454
Upper Elementary Grades - Early Intervention (4-5) Program		15,581
Middle School (6-8) Program		375,104
Students with Disability Cat III		108,110
Students with Disability Cat IV		54,151
Students with Disability Cat V		36,360
Remedial Education Program		11,265
Indirect Cost		
Central Administration		23,566
School Administration		107,128
Facility Maintenance and Operations		98,396
Media Center Program		49,495
20 Days Additional Instruction		14,147
Staff and Professional Development		7,739
Principal Staff and Professional Development		261
Amended Formula Adjustment		(76,805)
Categorical Grants		
Nursing Services		20,000
State Commission Charter Supplement		2,573,356
Total state revenue	\$	<b>4,345,142</b>

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

To the Board of Directors  
Liberty Tech Charter School, Inc.  
Brooks, 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, each major fund, and the aggregate remaining fund information of Liberty Tech Charter School, Inc. ("the School"), as of and for the year ended June 30, 2021, and related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated July 30, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School'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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws,

regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

**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 controls 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.

*Bambo Sonaike CPA, LLC*

July 30, 2021

**Liberty Tech Charter School, Inc.**  
**Schedule of Findings and Responses**  
**For the period ended June 30, 2021**

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**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:

Un-modified  
opinion

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Non-compliance material to financial statements noted? No

**Section II - Financial Statement Findings**

No matters were reported.

**Section III - Federal Awards Findings & Questioned Costs**

Audit of major federal awards programs was not performed because the total amount of federal awards expended for the reporting period was less than \$750,000.

-End of Report-