

**PEMAYETV EMAHAKV CHARTER
"OUR WAY SCHOOL"**

(A CHARTER SCHOOL UNDER
PEMAYETV EMAHAKV, INC.)

A Charter School and Component Unit of the
District School Board of Glades County, Florida

INDEPENDENT AUDITOR'S REPORT

for the fiscal year ended JUNE 30, 2019

King & Walker, CPAs, PL

Certified Public Accountants

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PEMAYETV EMAHAKV CHARTER “OUR WAY SCHOOL”
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)
A Charter School and Component Unit of the District School Board of Glades County, Florida

TABLE OF CONTENTS

	<u>PAGE NO.</u>
FINANCIAL SECTION	
Independent Auditor’s Report	1
Management’s Discussion and Analysis – (Unaudited)	3
Basic Financial Statements	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	9
Statement of Activities	10
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	14
Notes to Financial Statements	15
Other Required Supplementary Information	
Budgetary Comparison Schedule – General Fund – (Unaudited)	34
Schedule of Proportionate Share of Net Pension Liability – FRS	35
Schedule of Contributions – FRS	36
Schedule of Proportionate Share of Net Pension Liability – HIS	37
Schedule of Contributions – HIS	38
Note to Required Supplementary Information	39
COMPLIANCE AND INTERNAL CONTROL	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	40
Management Letter as required by Rules of the Florida Auditor General, Chapter 10.850, Florida Statutes, <i>Charter School Audits</i> .	42

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Independent Auditor's Report

To the Board of Directors of the Pemayetv Emahakv Charter "Our Way School"
(A charter school under Pemayetv Emahakv, Inc.),
a Charter School and Component Unit of the District
School Board of Glades County, Florida

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 Pemayetv Emahakv Charter "Our Way School" ("School"), a charter school under Pemayetv Emahakv, Inc. and a component unit of the District School Board of Glades County, Florida, as of and for the year ended June 30, 2019, 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School'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 School'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.

Opinions

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 Pemayetv Emahakv Charter “Our Way School”, as of June 30, 2019, and the respective changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1, the accompanying financial statements referred to above present only the financial position of the School at June 30, 2019, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of Pemayetv Emahakv, Inc. These financial statements do not purport to and do not present fairly the financial position of Pemayetv Emahakv, Inc. as of June 30, 2019 and its changes in financial position for the year then ended in conformity 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 Management’s Discussion and Analysis and the Required Supplementary Information, as shown in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic 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 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 September 17, 2019 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 the School’s internal control over financial reporting and compliance.

Respectfully submitted,



September 17, 2019
Tampa, Florida

PEMAYETV EMAHAKV CHARTER “OUR WAY SCHOOL”

(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)

A Charter School and Component Unit of the District School Board of Glades County, Florida

MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)

The Management’s Discussion and Analysis (MD&A) section of the annual financial report of the Pemayetv Emahakv Charter “Our Way School” (“School”), a charter school under Pemayetv Emahakv, Inc. provides an overview of the School’s activities for the fiscal year ended June 30, 2019.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School’s financial statements and notes to financial statements, as listed in the table of contents.

ACADEMIC HIGHLIGHTS

- Pemayetv Emahakv Charter School (PECS) feels they enjoyed another year of exemplary academic performance. PECS earned a “B” grade and were ranked in the top 7 of the 29 elementary schools in the Heartland Consortium. The School grade has been an “A”, “B”, or “C” under the State of Florida school performance grading program since the school started in 2007-2008.
- All PEC’S third grade students passed the third grade FCAT Reading Assessment.
- Cultural education is a significant “reason for being” for PEC. Therefore, PEC students enjoy daily instruction in the Creek language and weekly instruction in Seminole Arts & Crafts and Seminole History. Many of the Culture classes are taught by members of the Seminole Tribe of Florida Cultural Department or by community volunteers.
- PECS is proud of its’ Muskogee Creek total language Immersion Program. Seminole Tribal students ages three months to seven years of age attend day-long classes where only the Creek language is spoken. The program is said to be the only total language Immersion Program east of the Mississippi River.

The infusion of Seminole culture and tradition in the curriculum is perhaps the most distinguishing element of school life at Pemayetv Emahakv.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2019, the School’s revenues exceeded expenses as shown on the School’s statement of activities by \$769,268.
- As shown on the statement of net position, the School reported a deficit total net position balance of \$8,328, which included the effects of reporting the School’s portion of the unfunded Florida Retirement System pension liability.
- The School reported an unassigned fund balance of \$1,238,485 on the balance sheet – governmental funds.

SUPPORT FROM THE SEMINOLE TRIBE OF FLORIDA

- The Seminole Tribe of Florida (STOF) contributed approximately 72% of the School's revenues or approximately \$5.8 million for the School's Fiscal Year ending June 30, 2019. This significant support of the School by the STOF has enabled the school to offer a rich and comprehensive academic program to those students attending Pemayetv Emahakv. The school enjoys extensive use of technology as each classroom is equipped with computers, electronic instruction boards (*Smart Boards*), document cameras (*Elmo* projectors), LCD projectors, and listening centers. Each Pre-Kindergarten through fifth grade student is provided his/her own Apple lap top computer. The School is at the cutting edge of K-5 instructional usage of technology in the classroom. Apple iPads are provided to ESE students and are available throughout multiple stations in K-5 classrooms.
- Generous STOF support also affords extensive professional development opportunities including participation in state and national conferences for teachers and administrators.
- Because Pemayetv Emahakv is a charter school focusing on the rich tradition and culture of the Seminole people, STOF is a committed supporter as it devotes substantial monetary and human resources to ensure that its language and culture are preserved and shared for future generations.

EXTRA-CURRICULAR ACTIVITIES

- STOF support enables the School to participate in very rich and diverse "field" experiences to demonstrate that learning is a continuous affair and occurs equally inside and outside the classroom. Students participated in field trips to: the State's Capital; the Palm Beach Zoo; a dairy farm, Lion Country Safari, the Dolly Hand Theatre, and the Ah Tah Thi Ki Museum. The aforementioned trips are but a few of the many out-of-school experiences enjoyed by Pemayetv Emahakv students.

COMMUNITY PARTICIPATION

- The School encourages community involvement by its students and staff. This was demonstrated in a most convincing way as evidenced by the generous funds raised for the American Heart Association. Other foundations received the benefit of the generosity of students and staff including the following: the American Diabetes Association, March of Dimes, Toys for Tots, Agape House, Christmas gifts and a party to the Real Life Children's Ranch.
- Other projects in which Pemayetv Emahakv students demonstrated their commitment to the community included: a Red Ribbon March; Veteran's Day Program presentation; Guest Reader Day; Mother's Day Luncheon; Grandparents Day; Chala Nitka Festivities; Brighton Field Day participation; Tribal Inauguration activities; and Christmas on the Caloosahatchee festivities.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- ✓ Government-wide financial statements
- ✓ Fund financial statements
- ✓ Notes to financial statements

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the School presented on the accrual basis of accounting. The statement of net position provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net position, is a measure of the financial health of the School. The statement of activities presents information about the change in the School's net position and the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the School's financial health is improving or deteriorating. To assess the overall financial position of the School, one needs to consider additional non-financial factors such as changes in the School student base funding level.

Fund Financial Statements

Fund financial statements are one of the components of the basic 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. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide financial statements.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund financial statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund financial statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental fund to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates the following funds: a General Fund to account for its general operations and internal account activities; a Capital Projects Fund to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays; and a Special Revenue

Fund to account for Federal grant programs. The General Fund is considered to be a major fund. Data from the other governmental funds are combined into a single aggregate presentation.

The School adopts an annual budget for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund to demonstrate compliance with the budget.

Notes to Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of the School's current year and prior year net position:

	Net Position, End of Year		
	Governmental Activities		Increase (Decrease)
	6-30-18	6-30-19	
ASSETS			
Current and Other Assets	\$ 876,231	\$ 1,671,798	\$ 795,567
Capital Assets, net	626,753	663,528	36,775
Total Assets	<u>1,502,984</u>	<u>2,335,326</u>	<u>832,342</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow Related to Pensions	1,657,158	1,928,519	271,361
Total Deferred Outflows of Resources	<u>1,657,158</u>	<u>1,928,519</u>	<u>271,361</u>
LIABILITIES			
Current Liabilities	624,300	433,313	(190,987)
Net Pension Liability	3,090,409	3,481,310	390,901
Total Liabilities	<u>3,714,709</u>	<u>3,914,623</u>	<u>199,914</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow Related to Pensions	223,029	357,550	134,521
Total Deferred Inflows of Resources	<u>223,029</u>	<u>357,550</u>	<u>134,521</u>
NET POSITION			
Net Investment in Capital Assets	626,753	663,528	36,775
Unrestricted	(1,404,349)	(671,856)	732,493
Total Net Position	<u>\$ (777,596)</u>	<u>\$ (8,328)</u>	<u>\$ 769,268</u>

The largest components of the School's assets are its cash and cash equivalents of \$1,634,567 and capital assets net of accumulated depreciation of \$663,528. The School's liabilities primarily consist of salaries and benefits payable, vendor accounts payable, and net pension liability. The School reported a total deficit net position balance of \$8,328.

The following is a summary of the School's net position for the current year and prior year:

Operating Results for the Year			
Governmental Activities			
	6-30-18	6-30-19	Increase (Decrease)
Revenues:			
Federal Through State and Local	\$ 34,623	\$ 43,098	\$ 8,475
State Sources	1,603,298	1,874,200	270,902
Local and Other	169,308	381,158	211,850
Contributions	5,313,953	5,840,588	526,635
Total Revenues	7,121,182	8,139,044	1,017,862
Expenses:			
Instruction	3,270,814	3,443,360	172,546
Pupil Personnel Services	102,421	100,297	(2,124)
Instructional Media	108,347	107,368	(979)
Instr. & Curriculum Development	103,785	110,878	7,093
Instructional Staff Training	16,476	9,714	(6,762)
Instructional Related Technology	18,787	20,344	1,557
Board of Education	219,821	234,439	14,618
School Administration	525,293	565,378	40,085
Facilities Acq. & Construction	21,951	21,118	(833)
Fiscal Services	44,114	15,736	(28,378)
Food Services	358,905	393,540	34,635
Pupil Transportation	105,754	88,571	(17,183)
Operation of Plant	272,231	317,421	45,190
Maintenance of Plant	50,434	48,050	(2,384)
Community Service	1,895,664	1,775,593	(120,071)
Unallocated Depreciation	101,107	117,969	16,862
Total Expenses	7,215,904	7,369,776	153,872
Increase/(Decrease) in Net Position	\$ (94,722)	\$ 769,268	\$ 863,990

The School derived its revenue from two main sources, the State of Florida (22%) and the Seminole Tribe of Florida (73%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School. The revenue from the Seminole Tribe of Florida came from cash contributions to the School.

The largest concentration of expenses was for Instructional related functions (51%) and Community Service, comprised primarily of cultural education services for students (24%).

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its governmental funds reported a combined fund balance of \$1,238,485.

BUDGETARY HIGHLIGHTS

The general fund budget for the fiscal year ended June 30, 2019, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Actual revenues were more than what was originally anticipated.

CAPITAL ASSETS

The School's investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$663,528 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures, and equipment, motor vehicles, and leasehold improvements. Additional information regarding the School's capital assets can be found in a subsequent note to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations of the School in fiscal year 2019-20 include:

- Continued funding from FEFP.
- Continued support from the Seminole Tribe of Florida.
- Expected increase in enrollment.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Pemayetv Emahakv Charter "Our Way School" finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Charter School Associates, Inc., 5471 N. University Drive, Coral Springs, FL 33067.

**PEMAYETV EMAHAKV CHARTER "Our Way School"
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)**

**A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF GLADES COUNTY, FLORIDA**

STATEMENT OF NET POSITION

June 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash & Cash Equivalents	\$ 1,634,567
Due From Other Agency	30,056
Prepaid Expenses and Deposits	7,175
Capital Assets:	
Furniture, Fixtures, and Equipment, Net	196,810
Motor Vehicles	83,291
Leasehold Improvements, Net	<u>383,427</u>
Total Capital Assets, Net	<u>663,528</u>
Total Assets	<u>2,335,326</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflow Related to Pensions	<u>1,928,519</u>
Total Deferred Outflows of Resources	<u>1,928,519</u>
LIABILITIES	
Accounts Payable	64,979
Salaries & Benefits Payable	368,334
Long Term Liabilities:	
Net Pension Liability	<u>3,481,310</u>
Total Liabilities	<u>3,914,623</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflow Related to Pensions	<u>357,550</u>
Total Deferred Inflows of Resources	<u>357,550</u>
NET POSITION	
Net Investment in Capital Assets	663,528
Unrestricted	<u>(671,856)</u>
Total Net Position	<u>\$ (8,328)</u>

The accompanying notes to the financial statements are an integral part of this statement.

PEMAYETV EMAHAKV CHARTER "Our Way School"
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)

A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF GLADES COUNTY, FLORIDA

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 3,443,360	\$	\$ 42,049	\$	\$ (3,401,311)
Pupil Personnel Services	100,297				(100,297)
Instructional Media	107,368				(107,368)
Instruction & Curriculum Development	110,878				(110,878)
Instructional Staff Training	9,714		281		(9,433)
Instructional Related Technology	20,344				(20,344)
Board of Education	234,439				(234,439)
School Administration	565,378		768		(564,610)
Facilities Acquisition & Construction	21,118			120,637	99,519
Fiscal Services	15,736				(15,736)
Food Services	393,540				(393,540)
Pupil Transportation	88,571				(88,571)
Operation of Plant	317,421				(317,421)
Maintenance of Plant	48,050				(48,050)
Community Service	1,775,593	239,837			(1,535,756)
Unallocated Depreciation	117,969				(117,969)
Total Governmental Activities	\$ 7,369,776	\$ 239,837	\$ 43,098	\$ 120,637	(6,966,204)
General Revenues:					
State Sources					1,753,563
Grants and Contributions not restricted to specific program					3,221
Local and Other					138,100
Contributions					5,840,588
Total General Revenues					7,735,472
Change in Net Position					769,268
Net Position - July 1, 2018					(777,596)
Net Position - June 30, 2019					\$ (8,328)

The accompanying notes to the financial statements are an integral part of this statement.

**PEMAYETV EMAHAKV CHARTER "Our Way School"
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)**

**A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF GLADES COUNTY, FLORIDA**

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2019

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash & Cash Equivalents	\$ 1,634,567	\$	\$ 1,634,567
Due From Other Agency	20,175	9,881	30,056
Due From Other Funds	9,881		9,881
Prepaid Expenses and Deposits	7,175		7,175
Total Assets	<u>\$ 1,671,798</u>	<u>\$ 9,881</u>	<u>\$ 1,681,679</u>
LIABILITIES			
Accounts Payable	\$ 64,979	\$	\$ 64,979
Salaries & Benefits Payable	368,334		368,334
Due to Other Funds		9,881	9,881
Total Liabilities	<u>433,313</u>	<u>9,881</u>	<u>443,194</u>
FUND BALANCES			
Nonspendable	7,175		7,175
Unassigned	1,231,310	-	1,231,310
Total Fund Balances	<u>1,238,485</u>	<u>-</u>	<u>1,238,485</u>
Total Liabilities and Fund Balances	<u>\$ 1,671,798</u>	<u>\$ 9,881</u>	<u>\$ 1,681,679</u>

The accompanying notes to the financial statements are an integral part of this statement.

PEMAYETV EMAHAKV CHARTER "Our Way School"
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF GLADES COUNTY, FLORIDA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2019

Total Fund Balances - Governmental Funds	\$	1,238,485
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.		663,528
Deferred Outflows and Inflows of Resources are not available in the current period and not reported in the governmental funds and, therefore, are not reported as liabilities in the governmental funds.		1,570,969
Long-term liabilities are not reported in the governmental funds. Long-term liabilities at year end consist of:		
Net Pension Liability		(3,481,310)
		(8,328)
Total Net Position - Governmental Activities	\$	(8,328)

The accompanying notes to financial statements are an integral part of this statement.

**PEMAYETV EMAHAKV CHARTER "Our Way School"
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)**

**A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF GLADES COUNTY, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
*For the Fiscal Year Ended June 30, 2019***

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Intergovernmental:			
Federal Through State and Local	\$ 7,300	\$ 35,798	\$ 43,098
State Sources	1,753,563	120,637	1,874,200
Local and Other	381,158		381,158
Contributions	5,840,588		5,840,588
Total Revenues	<u>7,982,609</u>	<u>156,435</u>	<u>8,139,044</u>
Expenditures			
Current - Education:			
Instruction	3,427,811	15,549	3,443,360
Pupil Personnel Services	100,297		100,297
Instructional Media	107,368		107,368
Instruction & Curriculum Development	110,878		110,878
Instructional Staff Training	9,433	281	9,714
Instructional Related Technology	20,344		20,344
Board of Education	234,439		234,439
School Administration	310,549	768	311,317
Facilities Acquisition & Construction	720	20,398	21,118
Fiscal Services	15,736		15,736
Food Services	393,540		393,540
Pupil Transportation	88,571		88,571
Operation of Plant	317,421		317,421
Maintenance of Plant	48,050		48,050
Community Service	1,775,593		1,775,593
Fixed Capital Outlay:			
Facilities Acquisition		47,427	47,427
Other Capital Outlay	35,305	72,012	107,317
Total Expenditures	<u>6,996,055</u>	<u>156,435</u>	<u>7,152,490</u>
Net Change in Fund Balances	986,554	-	986,554
Fund Balances, July 1, 2018	251,931		251,931
Fund Balances, June 30, 2019	<u>\$ 1,238,485</u>	<u>\$ -</u>	<u>\$ 1,238,485</u>

The accompanying notes to financial statements are an integral part of this statement.

**PEMAYETV EMAHAKV CHARTER "Our Way School"
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)**

**A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF GLADES COUNTY, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
*For the Fiscal Year Ended June 30, 2019***

Net Change in Fund Balances - Governmental Funds	\$ 986,554
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay (\$154,744) in excess of depreciation expense (\$117,969) in the current period.	36,775
Expenses in the statement of activities that do not require the use of current financial resources are not reported in the governmental funds:	
Pension Expense (calculated for net pension liability)	(569,537)
Pension contributions made subsequent to the pension liability measurement date of 6/30/18.	315,476
Change in Net Position - Governmental Activities	\$ 769,268

The accompanying notes to the financial statements are an integral part of this statement.

PEMAYETV EMAHAKV CHARTER “OUR WAY SCHOOL”
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)

A Charter School and Component Unit of the District School Board of Glades County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

Pemayetv Emahakv Charter “Our Way School” (“School”), a charter school under Pemayetv Emahakv, Inc., is a component unit of the District School Board of Glades County, Florida. The School’s charter is held by Pemayetv Emahakv, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of not less than five members.

The basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of Pemayetv Emahakv, Inc. as of June 30, 2019, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Glades County, Florida, (“District”). The current charter is effective until June 30, 2027 and is subject to annual review, and may be renewed by mutual agreement between the School and the District. At the end of the charter term, the District may choose not to renew the charter under grounds specified in the charter. In this case, the District is required to notify the school in writing at least 90 days prior to the charter’s expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units which should be reported within the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

PEMAYETV EMAHAKV CHARTER “OUR WAY SCHOOL”
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)

A Charter School and Component Unit of the District School Board of Glades County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

➤ **Basis of Presentation**

Government-wide Financial Statements – Government-wide financial statements, including the statement of net position and the statement of activities, present information about the School as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School’s governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and 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. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements – Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School’s major governmental fund is as follows:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.

All other governmental funds are non-major and are presented in the aggregate.

➤ **Allocation of Common Expenses**

The School shares the same physical location with Pemayetv Emahakv Charter Middle School, a related party through common control, and common expenditures. These common expenditures have been allocated between the Schools based on student enrollment.

PEMAYETV EMAHAKV CHARTER “OUR WAY SCHOOL”
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)

A Charter School and Component Unit of the District School Board of Glades County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Expenditures that are subject to allocation include, but are not limited to the following functional categories:

- Instruction
- Instructional Media
- Administration
- Facilities Acquisition & Construction
- Operation of Plant

The process of the allocation of common expenses takes place when the expenses are recorded based on a methodical and non-discriminatory basis.

➤ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

➤ **Cash and Cash Equivalents**

Cash deposits consist of demand deposits with one financial institution. Deposits on hand at this financial institution are insured by the Federal Deposit Insurance Company up to \$250,000.

The School’s deposits are placed with banks and savings and loans which are qualified as public depositories, prior to receipt of public monies, under Chapter

PEMAYETV EMAHAKV CHARTER “OUR WAY SCHOOL”
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)

A Charter School and Component Unit of the District School Board of Glades County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

280, Florida Statutes and the School’s policy. The School maintains its cash accounts with one qualified public depository. The accounts routinely exceed the federally insured limit of \$250,000. Monies deposited in amounts greater than the insurance coverage are secured by the bank’s pledging securities with the state treasurer in the collateral pool. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit or custodial risk.

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$750. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

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

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	5 - 10 years
Motor Vehicles	5 - 10 years
Leasehold Improvements	15 - 39 years

➤ **Net Pension Liability**

As a participating employer in the Florida Retirement System, the School recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2019, the School’s proportionate share of the net pension liabilities totaled \$3,481,310.

A subsequent note includes a complete discussion of defined benefit pension plans.

➤ **Long-Term Liabilities**

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position.

In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due.

Changes in long-term liabilities for the current year are reported in a subsequent note.

PEMAYETV EMAHAKV CHARTER “OUR WAY SCHOOL”
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)

A Charter School and Component Unit of the District School Board of Glades County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

➤ **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until then.

➤ **Net Position and Fund Balance Classification**

Government-wide Financial Statements

Net Position are classified and reported in three components:

- Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted Net Position – consists of net position with constraints placed on their use either by external groups such as creditors, contributors, or laws or regulations of other governments.
- Unrestricted Net Position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.

PEMAYETV EMAHAKV CHARTER “OUR WAY SCHOOL”
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)

A Charter School and Component Unit of the District School Board of Glades County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

- Assigned – fund balance that is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

➤ **Order of Fund Balance Spending Policy**

The School’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for non-general fund.

➤ **Revenue Sources**

Revenues for current operations are received from two sources, the State of Florida and the Seminole Tribe of Florida. Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula from the District pursuant to the funding provisions included in the School’s charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District. Revenues from Seminole Tribe of Florida came through contributions to the School.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during designated full-time equivalent (FTE) student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School’s compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the

PEMAYETV EMAHAKV CHARTER “OUR WAY SCHOOL”
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)

A Charter School and Component Unit of the District School Board of Glades County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2019, the School reported 198.16 unweighted FTE and 216.74 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC).
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

The School receives federal or state awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal or state awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

➤ **Recently Issued Accounting Principles**

Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions was effective for fiscal years beginning after June 15, 2017. The net pension liability for the FRS Pension Plan at July 1, 2017 has been increased due to the restatement of the fund’s beginning net position as a result of the implementation of GASB 75. The School’s proportionate share of the net pension liability increased \$683 and is reported in the Statement of Net Position and Statement of Activities.

➤ **Income Taxes**

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to financial statements. The School’s income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

**PEMAYETV EMAHAKV CHARTER “OUR WAY SCHOOL”
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)**

A Charter School and Component Unit of the District School Board of Glades County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

➤ **Use of Estimates**

In preparing the financial statements in conformity with generally accepted accounting principles in the United States management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net position and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

➤ **Subsequent Events**

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management determined the following to be disclosed:

The School’s Board approved the merger of Pematv Emahakv, Inc. elementary and middle school charter contract and combined them as one effective July 1, 2019.

2. CASH DEPOSITS

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School’s deposits may not be returned to the School. The School does not have a custodial credit risk policy. All cash deposits are held in banks that qualify as public depositories under Florida law. All such deposits are insured by federal depository insurance and/or collateralized with securities held in Florida’s multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

3. DUE FROM OTHER AGENCY

The amount due from other agency included in the accompanying statement of net position and balance sheet – governmental funds consists of amounts due from the Florida Department of Education for reimbursements recorded in the General Fund, as well as amounts under the Charter School Capital Outlay program recorded in the Capital Projects Fund. These receivables are considered to be fully collectible and as such, no allowance for uncollectibles is accrued.

4. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2019, the Capital Projects Fund owed the General Fund \$9,881 for expenditures awaiting reimbursement from other agencies. The amounts of interfund receivables, payables, and transfers are netted together and not reported in the statement of net position and the statement of activities.

PEMAYETV EMAHAKV CHARTER “OUR WAY SCHOOL”
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)

A Charter School and Component Unit of the District School Board of Glades County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

5. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Furniture, Fixtures and Equipment	\$ 662,761	\$ 107,317	\$ -	\$ 770,078
Motor Vehicles	152,014			152,014
Leasehold Improvements	462,199	47,427		509,626
Total Capital Assets Being Depreciated	<u>1,276,974</u>	<u>154,744</u>	<u>-</u>	<u>1,431,718</u>
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(502,621)	(70,647)		(573,268)
Motor Vehicles	(50,319)	(18,404)		(68,723)
Leasehold Improvements	(97,281)	(28,918)		(126,199)
Total Accumulated Depreciation	<u>(650,221)</u>	<u>(117,969)</u>	<u>-</u>	<u>(768,190)</u>
Governmental Activities Capital Assets, Net	<u>\$ 626,753</u>	<u>\$ 36,775</u>	<u>\$ -</u>	<u>\$ 663,528</u>

All depreciation expense is shown as unallocated on the statement of activities.

6. ACCOUNTS PAYABLE – RELATED PARTY

Included in the accounts payable balance, the School reported \$27,272 as due to other charter schools, which resulted from shared expenditures paid by Pemayetv Emahakv Charter Middle School (\$24,669) a charter school under the same charter-holder and The Charter School at Waterstone (\$2,603) a charter School under the same management company on behalf of the School. Amounts are expected to be paid within one year.

7. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>GOVERNMENTAL ACTIVITIES:</u>				
Net Pension Liability	\$ 3,090,409	\$ 390,901	\$ -	\$ 3,481,310
Total Governmental Activities	<u>\$ 3,090,409</u>	<u>\$ 390,901</u>	<u>\$ -</u>	<u>\$ 3,481,310</u>

PEMAYETV EMAHAKV CHARTER “OUR WAY SCHOOL”
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)

A Charter School and Component Unit of the District School Board of Glades County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

8. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the School’s State revenue for the fiscal year:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 1,068,484
Class Size Reduction	254,798
Charter School Capital Outlay	120,637
ESE Guaranteed Allocation	77,027
Digital Classrooms Allocation	59,097
Voluntary PreK Program	52,241
Discretionary Millage	49,352
Supplementary Academic Instruction	49,033
Safe Schools Allocation	36,753
Best & Brightest Teacher Scholarship	30,800
Reading Allocation	21,810
Instructional Materials	16,446
Mental Health Assistance Allocation	15,709
Transportation	14,212
Teachers Classroom Supply Program	7,801
Total State Revenue	<u>\$ 1,874,200</u>

As provided in the charter school contract, the District has charged the School an administrative fee of \$83,135.

9. FLORIDA RETIREMENT SYSTEM (FRS) – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the HIS Program, a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the School are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services,

PEMAYETV EMAHAKV CHARTER “OUR WAY SCHOOL”
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)

A Charter School and Component Unit of the District School Board of Glades County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Division of Retirement, and consists of two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services’ Web site (www.dms.myflorida.com).

The School’s FRS and HIS pension expense totaled \$569,537 for the fiscal year ended June 30, 2019.

FRS Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years’ earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years’ earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on retirement plan and/or the class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or

PEMAYETV EMAHAKV CHARTER “OUR WAY SCHOOL”
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)

A Charter School and Component Unit of the District School Board of Glades County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

regular disability and survivors’ benefits. The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2018-19 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	8.26
FRS, Reemployed Retiree	(2)	(2)

Notes: (1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The School’s contributions to the Plan totaled \$248,886 for the fiscal year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the School reported a liability of \$2,274,827 for its proportionate share of the net pension liability. The net

**PEMAYETV EMAHAKV CHARTER “OUR WAY SCHOOL”
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)**

A Charter School and Component Unit of the District School Board of Glades County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The School’s proportionate share of the net pension liability was based on the School’s 2017-18 fiscal year contributions relative to the total 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the School’s proportionate share was .0075524169 percent, which was an increase of .0008060486 percent from its proportionate share measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the School recognized pension expense of \$428,736. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 192,711	\$ 6,994
Change of assumptions	743,303	-
Net difference between projected and actual earnings on FRS Plan investments	-	175,757
Changes in proportion and differences between School FRS contributions and proportionate share of contributions	261,299	45,190
School FRS contributions subsequent to the measurement date	248,886	-
Total	\$ 1,446,199	\$ 227,941

The deferred outflows of resources related to pensions totaling \$248,886, resulting from School contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2020	\$ 291,845
2021	199,172
2022	27,770
2023	132,623
2024	88,679
Thereafter	13,172

Actuarial Assumptions. The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

PEMAYETV EMAHAKV CHARTER “OUR WAY SCHOOL”
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)

A Charter School and Component Unit of the District School Board of Glades County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The actuarial assumptions used in the July 1, 2018, valuation was based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1%	2.9%	2.9%	1.8%
Fixed Income	18%	4.4%	4.3%	4.0%
Global Equity	54%	7.6%	6.3%	17.0%
Real Estate (Property)	11%	6.6%	6.0%	11.3%
Private Equity	10%	10.7%	7.8%	26.5%
Strategic Investments	6%	6.0%	5.7%	8.6%
Total	<u>100%</u>			
Assumed inflation - Mean			2.6%	1.9%

Note: (1) As outlined in the Plan's investment policy.

Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent. The Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2018 valuation was updated from 7.1 percent to 7.0 percent.

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 7.0 percent, 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 (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

**PEMAYETV EMAHAKV CHARTER “OUR WAY SCHOOL”
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)**

A Charter School and Component Unit of the District School Board of Glades County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

	1% Decrease █ (6.0%)	Current Discount Rate █ (7.0%)	1% Increase █ (8.0%)
School's proportionate share of the net pension liability	\$4,151,655	\$ 2,274,827	\$716,011

Pension Plan Fiduciary Net Position. Detailed information about the Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided. For the fiscal year ended June 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2019, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The School contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The School’s contributions to the HIS Plan totaled \$66,589 for the fiscal year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the School reported a net pension liability of \$1,206,483 for its proportionate share of the net pension liability. The current portion of the net pension liability is the School’s proportionate share of benefit payments expected to be paid within one year, net of the School’s proportionate share of the HIS Plan’s fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2018, and the total pension liability used to

PEMAYETV EMAHAKV CHARTER “OUR WAY SCHOOL”
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)

A Charter School and Component Unit of the District School Board of Glades County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The School’s proportionate share of the net pension liability was based on the School’s 2017-18 fiscal year contributions relative to the total 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the School’s proportionate share was .0113989995 percent, which was an increase of .0011592889 percent from its proportionate share measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the School recognized pension expense of \$140,801. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 18,470	\$ 2,050
Change of assumptions	134,176	127,559
Net difference between projected and actual earnings on HIS Plan investments	728	-
Changes in proportion and differences between School HIS contributions and proportionate share of contributions	262,356	-
School HIS contributions subsequent to the measurement date	66,590	-
Total	<u>\$ 482,320</u>	<u>\$ 129,609</u>

The deferred outflows of resources totaling \$66,590, resulting from School contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2020	\$ 16,598
2021	16,537
2022	11,585
2023	2,602
2024	(16,152)
Thereafter	(7,405)

Actuarial Assumptions. The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary increases	3.25 percent, average, including inflation
Municipal bond rate	3.87 percent

Mortality rates were based on the Generational RP-2000 with Projected Scale BB.

**PEMAYETV EMAHAKV CHARTER “OUR WAY SCHOOL”
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)**

A Charter School and Component Unit of the District School Board of Glades County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

While an experience study had not been completed for the HIS Plan, the actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the FRS Plan.

Discount Rate. The discount rate used to measure the total pension liability was 3.87 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the School’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 3.87 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87 percent) or 1 percentage point higher (4.87 percent) than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
School's proportionate share of the net pension liability	\$ 1,374,113	\$ 1,206,483	\$ 1,066,753

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

10. FRS – Defined Contribution Pension Plans

The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. School employees already participating in the State School System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member’s account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual

PEMAYETV EMAHAKV CHARTER “OUR WAY SCHOOL”
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)

A Charter School and Component Unit of the District School Board of Glades County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2018-19 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5 year period, the employee will regain control over their account. If the employee does not return within the 5 year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the School.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided in which the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The School’s Investment Plan pension expense totaled \$31,945 for the fiscal year ended June 30, 2019.

11. RELATED PARTY TRANSACTIONS

Board members of the School are elected officials of the Tribal Council of the Seminole Tribe of Florida. During the fiscal year the School received donations from the Seminole Tribe of Florida totaling \$5,840,588. In addition, the Seminole Tribe of Florida has offered the educational facility to the School for an annual rental fee of \$11 per year. Neither the School nor the Seminole Tribe has determined a fair value of this lease agreement.

PEMAYETV EMAHAKV CHARTER “OUR WAY SCHOOL”
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)

A Charter School and Component Unit of the District School Board of Glades County, Florida

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

12. OPERATIONAL AGREEMENT

The School entered into a two-year management agreement with Charter School Associates, Inc. (CSA) commencing July 1, 2017 through June 30, 2019. The agreement calls for CSA to provide the School with curriculum design and implementation, student and staff recruiting, and general management of the School’s operations. An annual management fee is to be paid in equal monthly installments over the duration of the agreement. Fees paid to CSA under this agreement during the fiscal year totaled \$115,500.

13. RISK MANAGEMENT PROGRAMS

Workers' compensation and general liability coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not exceeded commercial coverage.

14. COMMITMENTS AND CONTINGENT LIABILITIES

The School participates in 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 the grants, refunds of any money received may be required and the collectability of any related receivables at June 30, 2019, may be impaired. In the opinion of the School, there are no significant 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.

15. FUNDING AND CREDIT CONCENTRATIONS

The School receives substantially all of its support and revenue from donations and facility support from the Seminole Tribe of Florida (72%) and federal, state and local funding sources, passed through the District (28%), in the form of performance and budget-based contracts. Continuing operation of the School is greatly dependent upon the continued support of these agencies.

16. LEGAL MATTERS

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

PEMAYETV EMAHAKV CHARTER "Our Way School"
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)

A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF GLADES COUNTY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - (UNAUDITED)
For the Fiscal Year Ended June 30, 2019

	General Fund			Variance with
	Original Budget	Final Budget	Actual	Final Budget - Positive (Negative)
Revenues:				
Intergovernmental:				
Federal Through State and Local	\$	\$ 7,300	\$ 7,300	\$ -
State Sources	1,973,430	1,753,563	1,753,563	-
Local and Other	248,825	381,158	381,158	-
Contributions	5,579,461	5,840,588	5,840,588	-
Total Revenues	<u>7,801,716</u>	<u>7,982,609</u>	<u>7,982,609</u>	<u>-</u>
Expenditures:				
Current - Education:				
Instruction	3,493,715	3,427,811	3,427,811	-
Pupil Personnel Services	107,772	100,297	100,297	-
Instructional Media	110,797	107,368	107,368	-
Instruction & Curriculum Development	110,221	110,878	110,878	-
Instructional Staff Training	9,438	9,433	9,433	-
Instructional Related Technology	40,119	20,344	20,344	-
Board of Education	221,409	234,439	234,439	-
School Administration	319,988	310,549	310,549	-
Facilities Acquisition & Construction		720	720	-
Fiscal Services	30,251	15,736	15,736	-
Food Services	354,892	393,540	393,540	-
Pupil Transportation	83,421	88,571	88,571	-
Operation of Plant	298,605	317,421	317,421	-
Maintenance of Plant	5,849	48,050	48,050	-
Community Service	2,323,492	1,775,593	1,775,593	-
Fixed Capital Outlay:				
Facilities Acquisition	62,216	-	-	-
Other Capital Outlay	138,251	35,305	35,305	-
Total Expenditures	<u>7,710,436</u>	<u>6,996,055</u>	<u>6,996,055</u>	<u>-</u>
Net Change in Fund Balance	91,280	986,554	986,554	-
Fund Balance, July 1, 2018	251,931	251,931	251,931	-
Fund Balance, June 30, 2019	<u>\$ 343,211</u>	<u>\$ 1,238,485</u>	<u>\$ 1,238,485</u>	<u>\$ -</u>

See Independent Auditor's Report.

PEMAYETV EMAHAKV CHARTER "Our Way School"
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF GLADES COUNTY, FLORIDA

Schedule of Proportionate Share of Net Pension Liability
Florida Retirement System

	<u>as of 6/30/18</u>	<u>as of 6/30/17</u>	<u>as of 6/30/16</u>	<u>as of 6/30/15</u>	<u>as of 6/30/14</u>
Proportion of the net pension liability/(asset)	0.0075524169%	0.0067463683%	0.0056136864%	0.0060182339%	0.0056785225%
Proportionate share of the net pension liability/(asset)	\$ 2,274,827	\$ 1,995,532	\$ 1,417,461	\$ 777,335	\$ 346,474
Covered-employee payroll	\$ 3,333,524	\$ 3,268,126	\$ 2,342,559	\$ 2,255,371	\$ 2,358,864
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	68.24%	61.06%	60.51%	34.47%	14.69%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%	96.09%

See Independent Auditor's Report.

PEMAYETV EMAHAKV CHARTER "Our Way School"
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF GLADES COUNTY, FLORIDA

Schedule of Contributions
Florida Retirement System

	<u>as of 6/30/19</u>	<u>as of 6/30/18</u>	<u>as of 6/30/17</u>	<u>as of 6/30/16</u>	<u>as of 6/30/15</u>	<u>as of 6/30/14</u>
Contractually required contribution	\$ 248,886	\$ 215,238	\$ 175,624	\$ 136,899	\$ 146,730	\$ 124,691
Contributions in relation to the contractually required contribution	<u>\$ (248,886)</u>	<u>\$ (215,238)</u>	<u>\$ (175,624)</u>	<u>\$ (136,899)</u>	<u>\$ (146,730)</u>	<u>\$ (124,691)</u>
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 4,014,849	\$ 3,333,524	\$ 3,268,126	\$ 2,342,559	\$ 2,255,371	\$ 2,358,864
Contributions as a percentage of covered-employee payroll	6.20%	6.46%	5.37%	5.84%	6.51%	5.29%

See Independent Auditor's Report.

PEMAYETV EMAHAKV CHARTER "Our Way School"
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF GLADES COUNTY, FLORIDA

*Schedule of Proportionate Share of Net Pension Liability
Health Insurance Subsidy Program*

	<u>as of 6/30/18</u>	<u>as of 6/30/17</u>	<u>as of 6/30/16</u>	<u>as of 6/30/15</u>	<u>as of 6/30/14</u>
Proportion of the net pension liability/(asset)	0.0113989995%	0.0102397106%	0.0084939449%	0.0082090001%	0.0077463939%
Proportionate share of the net pension liability/(asset)	\$ 1,206,483	\$ 1,094,877	\$ 989,934	\$ 837,189	\$ 724,307
Covered-employee payroll	\$ 3,333,524	\$ 3,458,732	\$ 2,342,559	\$ 2,460,308	\$ 2,533,235
Proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	36.19%	31.66%	42.26%	34.03%	28.59%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%	0.99%

See Independent Auditor's Report.

PEMAYETV EMAHAKV CHARTER "Our Way School"
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A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF GLADES COUNTY, FLORIDA

Schedule of Contributions
Health Insurance Subsidy Program

	<u>as of 6/30/19</u>	<u>as of 6/30/18</u>	<u>as of 6/30/17</u>	<u>as of 6/30/16</u>	<u>as of 6/30/15</u>	<u>as of 6/30/14</u>
Contractually required contribution	\$ 66,589	\$ 61,817	\$ 54,191	\$ 43,537	\$ 31,380	\$ 26,536
Contributions in relation to the contractually required contribution	<u>\$ (66,589)</u>	<u>\$ (61,817)</u>	<u>\$ (54,191)</u>	<u>\$ (43,537)</u>	<u>\$ (31,380)</u>	<u>\$ (26,536)</u>
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 4,014,849	\$ 3,333,524	\$ 3,458,732	\$ 2,342,559	\$ 2,460,308	\$ 2,533,235
Contributions as a percentage of covered-employee payroll	1.66%	1.85%	1.57%	1.86%	1.28%	1.05%

See Independent Auditor's Report.

**PEMAYETV EMAHAKV CHARTER “OUR WAY SCHOOL”
(A CHARTER SCHOOL UNDER PEMAYETV EMAHAKV, INC.)**

A Charter School and Component Unit of the District School Board of Glades County, Florida

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2019

1. BUDGETARY BASIS OF ACCOUNTING

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

2. SCHEDULE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS –FLORIDA RETIREMENT SYSTEM PENSION PLAN

Changes of Assumptions. The long-term expected rate of return was decreased from 7.1 percent to 7.0 percent, and the active member mortality assumption was updated.

3. SCHEDULE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS –HEALTH INSURANCE SUBSIDY PENSION PLAN

Changes of Assumptions. The municipal bond rate used to determine total pension liability was increased from 3.58 percent to 3.87 percent.

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of the Pemayetv Emahakv Charter “Our Way School”
(A charter school under Pemayetv Emahakv, Inc.),
a Charter School and Component Unit of the District
School Board of Glades County, Florida

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 Pemayetv Emahakv Charter “Our Way School” (“School”), a charter school under Pemayetv Emahakv, Inc. and a component unit of the District School Board of Glades County, Florida, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated September 17, 2019.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, professional style.

September 17, 2019
Tampa, Florida

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**Management Letter as Required by Rules of the Florida Auditor General,
Chapter 10.850, Florida Statutes, *Charter School Audits***

To the Board of Directors of the Pemayetv Emahakv Charter “Our Way School”
(A charter school under Pemayetv Emahakv, Inc.),
a Charter School and Component Unit of the District
School Board of Glades County, Florida

Report on the Financial Statements

We have audited the financial statements of the Pemayetv Emahakv Charter “Our Way School” (“School”), Florida, as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated September 17, 2019.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.850, Rules of the Auditor General.

Other Reports and Schedules

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated September 17, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no prior audit findings or recommendations.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Pemayetv Emahakv Charter “Our Way School,” 220056.

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, applicable management, and the District School Board of Glades County and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

September 17, 2019
Tampa, Florida