

**WESTERN ACADEMY, INC. D/B/A WESTERN
ACADEMY CHARTER SCHOOL
ROYAL PALM BEACH, FLORIDA**
(A component unit of the School District of Palm Beach
County, Florida)

**BASIC FINANCIAL STATEMENTS, INDEPENDENT
AUDITOR'S REPORT, AND SUPPLEMENTAL
INFORMATION**

JUNE 30, 2020

WESTERN ACADEMY CHARTER SCHOOL
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2020

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WESTERN ACADEMY CHARTER SCHOOL
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2020

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WESTERN ACADEMY CHARTER SCHOOL

650 Royal Palm Beach Blvd., Suite 400

Royal Palm Beach, FL 33411

(561) 792-4123

2019-2020

BOARD OF DIRECTORS

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Ms. Dawn Auerbach, Business Manager



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Western Academy Charter School, Inc.
Royal Palm Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund and the aggregate remaining fund information of Western Academy Charter School, Inc. ("WACS", the "School"), a charter school as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund and the aggregate remaining fund information of the School, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8, budgetary comparison information on pages 27 through 29, and the FRS and HIS Schedules of the Proportionate Share of the Net Pension Liability and Contributions on pages 30 through 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2020, 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 28, 2020

Management's Discussion and Analysis

Western Academy Charter School, Inc.

June 30, 2020

The corporate officers of Western Academy Charter School, Inc. ("WACS", the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2020.

FINANCIAL HIGHLIGHTS

1. The assets of the School exceeded its liabilities at June 30, 2020 by \$1,231,088 (net position).
2. At year-end, the School had current assets of \$2,069,168 vs. current liabilities of \$207,555 for a current ratio of approximately 10x.
3. WACS fund balance increased by \$79,632 for the year ending June 30, 2020, and its fund balance was \$1,719,224.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2020 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the School's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event resulting in the change occurs, without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 9 – 10 of this report.

Fund Financial Statements

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School, like other state and local governments, uses fund accounting to ensure and report compliance with finance-related legal requirements.

All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

Prior to the start of the School's fiscal year, the Board of the School adopts an annual budget for all of its governmental funds. A budgetary comparison statement has been provided for the School's governmental funds to demonstrate compliance with the School's budget. The basic governmental fund financial statements can be found on pages 11 - 14 of this report.

Notes to Financial Statements

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

The notes to the financial statements can be found on pages 15 - 26 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net position may serve as a useful indicator of a school's financial position. A summary of the School's net position as of June 30, 2020 and 2019 follows:

Assets and Deferred Outflows of Resources	<u>2020</u>	<u>2019</u>
Cash	\$ 1,999,306	\$ 1,588,382
Accounts receivable	27,548	7,462
Deposits receivable and other assets	42,314	14,917
Capital assets, net	911,269	1,073,424
Deferred outflows of resources	<u>730,852</u>	<u>703,302</u>
Total Assets and deferred outflows of resources	<u>\$ 3,711,289</u>	<u>\$ 3,387,487</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Accounts and wages payable and accrued liabilities	\$ 207,555	\$ 218,847
Net pension liability	2,131,008	1,703,443
Deferred inflows of resources	<u>141,638</u>	<u>95,694</u>
Total Liabilities and deferred inflows of resources	\$ 2,480,201	\$ 2,017,984
Net investment in capital assets	911,269	1,073,424
Deficit in accounting for net pension liability/Deferred outflows	(1,541,794)	(1,095,835)
Unrestricted	1,838,813	1,299,856
Restricted	<u>22,800</u>	<u>92,058</u>
Total Net Position	<u>\$ 1,231,088</u>	<u>\$ 1,369,503</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 3,711,289</u>	<u>\$ 3,387,487</u>

At June 30, 2020, the School's total assets and deferred outflows of resources were \$3,711,289 and total liabilities and deferred inflows of resources were \$2,480,201. At June 30, 2020, the School reported total net position of \$1,231,088.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2020 and 2019 follows:

REVENUES	<u>2020</u>	<u>2019</u>
Program Revenues		
Federal passed through local schools	\$ 31,895	\$ 31,901
Capital outlay funding	267,458	351,126
Charges for services	182,585	199,190
General Revenues		
State through local school district	3,831,768	3,527,366
Fundraising and other revenue	98,144	161,252
Total Revenues	<u>\$4,411,850</u>	<u>\$4,270,835</u>
EXPENSES		
Instruction	\$2,766,530	\$2,505,325
Pupil personnel services	2,127	20,978
Instruction and curriculum development services	-	51,052
Instructional staff training services	16,622	22,586
Board	20,094	18,707
General administrative	35,802	34,381
School administration	583,539	482,432
Facilities acquisition and construction	70,035	103,570
Fiscal services	15,445	12,146
Operation of plant	785,077	743,575
Maintenance of plant	39,858	33,915
Administrative technology services	94,942	30,557
Community services	121,104	114,938
Interest expense		-
Total Expenses	<u>\$4,551,175</u>	<u>\$4,174,162</u>
Change in Net Position	(139,325)	96,673
Net Position at Beginning of Year	<u>1,369,503</u>	<u>1,272,830</u>
Net Position at End of Year	<u>\$1,230,178</u>	<u>\$1,369,503</u>

The 2019-2020 school year was WACS 17th year of operations. The School's total revenues for the year ended June 30, 2020 were \$4,411,850 while its total expenses were \$4,551,175 for a net decrease in its net position of \$139,325.

Total expenses include the following non-cash adjustments: depreciation expense of \$117,091, which is included in facilities, acquisition, construction and operation of plant, and a non-cash adjustment of \$294,174 to the School's net pension liability as a result of their participation in the Florida Retirement System (FRS) pension, which is included in instruction. The School's total revenues increased by approximately \$140,000 due to an increase of students.

ACHIEVEMENTS

Western Academy Charter School (“WACS”, the “School”) remained an “A” rated school for the 14th year in a row.

In addition, Western Academy Charter School has achieved the following:

- STEAM Academy in Middle School
- Project CHILD National Demonstration Site since 2011
- Florida Five Star Charter School in Palm Beach County since 2010
- FDOE High Performing Charter School since 2011
- A Member of Prime Time Quality Improvement System
- Palm Beach County Green School of Excellence

SCHOOL LOCATION

The School operates in the City of Royal Palm Beach and is located at 650 Royal Palm Beach Blvd., Suite 400, Royal Palm Beach, Florida 33411.

CAPITAL IMPROVEMENT REQUIREMENT

The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUND

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS

The focus of the School’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School’s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, WACS’s governmental funds reported a combined ending fund balance of \$1,719,224 with a positive net change in fund balance of \$79,632, for the year ended June 30, 2020.

CAPITAL ASSETS

The School’s investment in capital assets, as of June 30, 2020, amounts to \$911,269 (net of accumulated depreciation). This investment in capital assets includes leasehold improvements, furniture, fixtures and equipment.

GOVERNMENTAL FUND BUDGET ANALYSIS

Prior to the start of the School's fiscal year, the Board of the School adopted an annual budget. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the School's budget.

	All Governmental Funds		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 3,688,254	\$ 3,761,953	\$ 3,831,768
State capital outlay funding	250,000	250,000	262,840
Federal passed through local school district	37,715	46,925	36,513
Charges for services and other grants	180,000	180,000	182,585
Other income	103,500	133,461	98,144
TOTAL REVENUES	\$ 4,259,469	\$ 4,372,339	\$ 4,411,850
EXPENDITURES			
Instruction	\$ 2,426,806	\$ 2,515,311	\$ 2,614,745
Pupil personnel services	2,565	2,565	2,127
Instructional staff training services	20,000	20,000	16,622
Instruction and curriculum development	-	-	-
General administrative	35,948	35,948	35,802
Board	26,535	26,535	20,094
School administration	586,072	609,458	583,539
Facilities acquisition and construction	4,618	13,828	49,919
Fiscal services	15,000	15,500	15,445
Operation of plant	813,585	788,783	738,021
Maintenance of plant	35,000	71,200	39,858
Administrative technology services	93,715	98,780	94,942
Community services	144,314	145,852	121,104
TOTAL EXPENDITURES	\$ 4,204,158	\$ 4,343,760	\$ 4,332,218
Excess of revenues over expenditures	<u>\$ 55,311</u>	<u>\$ 28,579</u>	<u>\$ 79,632</u>

REQUESTS FOR INFORMATION

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Western Academy, Inc., located at 650 Royal Palm Beach Blvd., Suite 400, Royal Palm Beach, Florida 33411.

WESTERN ACADEMY CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2020

Governmental
Activities

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,999,306
Accounts receivable	27,548
Prepaid expenses	34,304
TOTAL CURRENT ASSETS	<u>2,061,158</u>
CAPITAL ASSETS	
Improvements other than buildings	1,430,649
Less accumulated depreciation	(622,757)
Furniture, fixtures and equipment	294,957
Less accumulated depreciation	(191,580)
Total capital assets, net	<u>911,269</u>
Deposit receivable and other assets	<u>8,010</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources FRS/HIS	730,852
Total deferred outflows of resources	<u>730,852</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 3,711,289</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	\$ 68,298
Accrued wages payable	139,257
TOTAL CURRENT LIABILITIES	<u>207,555</u>
Net pension liability	<u>2,131,008</u>
TOTAL LIABILITIES	2,338,563
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources FRS/HIS	141,638
Total deferred inflows of resources	<u>141,638</u>
NET POSITION	
Invested in capital assets, net of related debt	911,269
Deficit in accounting for net pension liability/deferred <input type="checkbox"/>	
Outflows and inflows of resources	(1,541,794)
Unrestricted	1,838,813
Restricted	<u>22,800</u>
TOTAL NET POSITION	<u>1,231,088</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 3,711,289</u>

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

**WESTERN ACADEMY CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Functions	Expenses	Program Revenues		Net (Expense)/ Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities:					
Instruction	\$ 2,766,530	\$ -	\$ 31,895	\$ -	\$ (2,734,635)
Pupil personnel services	2,127	-	-	-	(2,127)
Instructional staff training services	16,622	-	-	-	(16,622)
Board	20,094	-	-	-	(20,094)
General administrative	35,802	-	-	-	(35,802)
School administration	583,539	-	-	-	(583,539)
Facilities acquisition and construction	70,035	-	-	-	(70,035)
Fiscal services	15,445	-	-	-	(15,445)
Operation of plant	785,077	-	-	262,840	(522,237)
Maintenance of plant	39,858	-	-	4,618	(35,240)
Administrative technology services	94,942	-	-	-	(94,942)
Community services	121,104	182,585	-	-	61,481
Total Governmental Activities	\$ 4,551,175	\$ 182,585	\$ 31,895	\$ 267,458	\$ (4,069,237)
GENERAL REVENUES:					
					\$ 3,831,768
					35,254
					21,145
					41,745
					<u>3,929,912</u>
					Change in Net Position (139,325)
					<u>NET POSITION - BEGINNING 1,370,413</u>
					<u>NET POSITION - ENDING \$ 1,231,088</u>

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

**WESTERN ACADEMY CHARTER SCHOOL
BALANCE SHEET- GOVERNMENTAL FUNDS
JUNE 30, 2020**

	<u>Governmental Fund</u>
ASSETS	
Cash and cash equivalents	\$ 1,999,306
Accounts receivable	27,548
Prepaid expenses	34,304
Deposit receivable and other assets	8,010
TOTAL ASSETS	<u><u>\$ 2,069,168</u></u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 68,298
Accrued wages payable	139,257
TOTAL LIABILITIES	<u>207,555</u>
FUND BALANCE	
Nonspendable	
Deposit receivable and other assets	42,314
Unassigned	1,796,499
Restricted	22,800
TOTAL FUND BALANCE	<u>1,861,613</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 2,069,168</u></u>

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

**WESTERN ACADEMY CHARTER SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT
OF NET POSITION
JUNE 30, 2020**

Total Fund Balance - Governmental Funds	\$	1,861,613
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets net of accumulated depreciation used in governmental activities are not financial resources and, therefore, are not reported in the fund.

Capital assets	1,725,606
Accumulated depreciation	(814,337)

Accounting for the School's participation in the FRS - the following amounts are reported in the Government-Wide Statements:

Deferred Outflows	730,852
Deferred Inflows	(141,638)
Net Pension Liability	(2,131,008)

Total Net Position - Governmental Activities	<u>\$</u>	<u>1,231,088</u>
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The accompanying notes are an integral part of this financial statement.

**WESTERN ACADEMY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Governmental Funds	Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
REVENUES				
State passed through local	\$ 3,831,768	\$ -	\$ -	\$ 3,831,768
State capital outlay funding	-	262,840	-	262,840
Federal passed through local school district	-	4,618	31,895	36,513
Charges for services and other grants	182,585	-	-	182,585
Other income	98,144	-	-	98,144
TOTAL REVENUES	4,112,497	267,458	31,895	4,411,850
EXPENDITURES				
Current:				
Instruction	2,582,850	-	31,895	2,614,745
Pupil support services	2,127	-	-	2,127
Instructional staff training services	16,622	-	-	16,622
Board	20,094	-	-	20,094
General administrative	35,802	-	-	35,802
School administration	583,539	-	-	583,539
Fiscal services	15,445	-	-	15,445
Operation of plant	475,181	262,840	-	738,021
Maintenance of plant	35,240	4,618	-	39,858
Administrative technology services	94,942	-	-	94,942
Community services	121,104	-	-	121,104
Capital Outlay:				
Other capital outlay	49,919	-	-	49,919
TOTAL EXPENDITURES	4,032,865	267,458	31,895	4,332,218
Excess of revenues over expenditures	79,632	-	-	79,632
Fund balance at beginning of year	1,639,592	-	-	1,639,592
Fund balance at end of year	<u>\$ 1,719,224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,719,224</u>

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

**WESTERN ACADEMY CHARTER SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Change in Fund Balance - Governmental Funds	\$ 79,632
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	49,919
Depreciation expense	(117,091)

Accounting for WACS's participation in the Florida Retirement System: Pension liability adjustment expense	(151,785)
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Change in Net Position of Governmental Activities	<u>\$ (139,325)</u>
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The accompanying notes are an integral part of this financial statement.

**WESTERN ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Western Academy Charter School, (“WACS”) operates as a charter school pursuant to a charter school contract with the School Board of Palm Beach County, Florida and is sponsored by its charter-holder, Western Academy, Inc., a not-for-profit corporation, organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of WACS is the Board of Directors which is comprised of seven members.

The general operating authority of Western Academy Charter School (“WACS”, 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 Palm Beach County, Florida (the “School Board”). The current charter is effective until June 30, 2023. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter, in which case the School Board is required to notify the School in writing at least 90 days prior to the School’s expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. The charter may be renewed by mutual agreement.

These financial statements are for the year ended June 30, 2020, where an average of 520 students were enrolled in grades Pre-Kindergarten through 8th grade.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits per State and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes under standards set by the Governmental Accounting Standards Board (“GASB”).

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information for the School as a whole. Both statements report only governmental activities as the School does not engage in any business type activities. These statements do not include fiduciary funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, (2) operating grants and contributions which finance annual operating activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds, namely, the general, special revenue and capital project funds are reported as separate columns in the fund financial statements:

**WESTERN ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

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

Capital Projects Fund – used to account for financial resources used for the acquisition or construction of major capital facilities and for the proceeds and related expenditures of charter school capital outlay funding.

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service and capital projects.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidelines*.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Codification Section 1600.111 and Section N50 “*Accounting and Financial Reporting for Non-Exchange Transactions*”. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 90 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgetary Basis 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, purchased services, and capital outlay). Any revisions to the annual budget are approved by the board.

Cash and Cash Equivalents

Cash and cash equivalents include money market accounts and certificates of deposit with original maturities of three months or less.

Accounts receivable

Accounts receivable consists of after school care fees pending to be collected. Any bad debts are expensed in the subsequent period when they are determined to be uncollectible.

**WESTERN ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Basis Accounting (Continued)

Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$1,000 on tangible personal property. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the costs and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture and equipment	5-10 Years
Building improvements	20 Years

Compensated Absences

The School grants a specific number of paid time off days (PTO). Full-time employees employed after June 30, 2010 are eligible for one day per month to up to ten PTO days of active work during the ten-month period (a “benefit year”). Full-time employees employed prior to June 30, 2010, can accrue an additional five PTO days for a grand total of fifteen days. Unused PTO days are not eligible to be rolled over into the next school year nor to be cashed out at the end of the school year.

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated days available to be used in future benefit years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Government-wide Fund Net Position

Government-wide fund net position are divided into three components:

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment in capital assets for the year ending June 30, 2020, was \$911,269.
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2020 was \$22,800.
- Unrestricted – all other net position is reported in this category, including amounts due from affiliates and charter schools.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- 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). At June 30, 2020, the School had \$42,314 in nonspendable fund balance.

**WESTERN ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Balances (Continued)

- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2020, there is \$22,800.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School’s Board of Directors. At June 30, 2020, there is no committed fund balance.
- Assigned – fund balance classification are intended to be used by the School’s management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2020, there is no assigned fund balance.
- Unassigned – fund balance is the residual classification 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 non-spendable fund balance, restricted fund balance, committed fund balance at the end of the fiscal year by adjusting journal entries. First non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund. As of June 30, 2020, there are no minimum fund balance requirements for any of the School’s funds.

Revenue Sources

Revenues for operations will be received primarily from the District School Board of Palm Beach County (the “School Board”) pursuant to the funding provisions included in WACS’s charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of School facilities.

The School may also receive federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For federal 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. Any excess amounts are recorded as deferred revenues until expensed. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Income Taxes

The School qualifies as a tax exempt organization under the Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

**WESTERN ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Basis Accounting (Continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 28, 2020, which is the date the financial statements were available to be issued.

NOTE 3 – CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2020:

	Balance			Balance	
	June 30, 2019	Additions	Disposals	June 30, 2020	
Capital Assets					
Leasehold improvements	\$ 1,396,877	\$ 33,773	\$ -	\$ 1,430,650	
Furniture, fixtures and equipment	363,298	16,146	(84,488)	294,956	
Total Capital Assets	<u>\$ 1,760,175</u>	<u>\$ 49,919</u>	<u>\$ (84,488)</u>	<u>\$ 1,725,606</u>	
Less Accumulated Depreciation					
Leasehold improvements	\$ (552,722)	\$ (70,035)	\$ -	\$ (622,757)	
Furniture, fixtures and equipment	(229,012)	(47,056)	84,488	(191,580)	
Total Accumulated Depreciation	<u>\$ (781,734)</u>	<u>\$ (117,091)</u>	<u>\$ 84,488</u>	<u>\$ (814,337)</u>	
Capital Assets, net	<u>\$ 978,441</u>	<u>\$ (67,172)</u>	<u>\$ -</u>	<u>\$ 911,269</u>	

Depreciation expense for the year ended June 30, 2020, was \$117,091, of which \$70,035 was charged to facilities, acquisition, and construction, and \$47,056 was charged to operation of plant in the statement of activities.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

WACS entered into two separate operating lease agreements for its facilities expiring on June 30, 2023. In addition, WACS entered into an equipment lease expiring in July 2022. Rent expense for the year ended June 30, 2020 was \$487,789.

Estimated future minimum lease payments are as follows:

<u>Year Ended June 30</u>	
2021	\$ 509,510
2022	509,510
2023	501,859
Total	<u>\$ 1,520,879</u>

**WESTERN ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 5 – EMPLOYEE RETIREMENT PLAN

Reporting Entity

The Florida Department of Management Services, Division of Retirement (division), is part of the primary government of the state of Florida and is responsible for administering the Florida Retirement System Pension Plan and Other State-Administered Systems (system). For the fiscal year ended June 30, 2019, the division administered two cost-sharing, multiple employer defined benefit plans, one single employer defined benefit plan, two defined contribution plans, a supplemental funding of defined benefit plans for municipal police officers and firefighters, and various general revenue funded pension programs. The division issued a publicly-available, audited comprehensive annual financial report (CAFR) on behalf of the system that includes financial statements, notes and required supplementary information for each of the pension plans. Detailed information about the plans is provided in the CAFR which is available online or by contacting the division (see Note 6).

Cost-Sharing Defined Benefit Plans

As required by Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), this report includes the allocation of the collective net pension liability and associated pension expense, deferred outflows of resources and deferred inflows of resources for each of the participating employers in the system’s cost-sharing, multiple employer defined benefit plans:

- The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the FRS Pension Plan. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a non-integrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.
- The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which may include Medicare.

Over 1,000 participating employers are served by the two defined benefit plans. Of these, more than 900 employers, referred to as reporting employers, report payroll and remit contributions to the division for their covered employees and, in some cases, for the covered employees of associated participating employers.

**WESTERN ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 5 – EMPLOYEE RETIREMENT PLAN (Continued)

Basis of Accounting

Employers participating in the FRS Pension Plan and HIS Program are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with GASB 68. The Schedules of Employer Allocations and Schedules of Pension Amounts by Employer (pension allocation schedules) and notes to the schedules, along with the system’s CAFR, provide employers with the required information for reporting.

The underlying financial information used to prepare the pension allocation schedules is based on the system’s records. The financial statements for the cost-sharing defined benefit plans are prepared using the flow of economic resources measurement focus and the accrual basis of accounting and are prepared in accordance with accounting principles generally accepted in the United States. The system’s financial statements are available online or by contacting the division (see Note 6). There have been no significant changes since the publication of the financial statements.

Employer Contributions

Contributions are recognized as revenues in the period for which the contributions are due pursuant to statutory and contractual requirements. Employee contributions required pursuant to section 121.71(3), Florida Statutes, are accounted for by the FRS as employer-paid employee contributions and are treated as employer contributions under 26 U.S.C. s. 414(h)(2) allowing these contributions to be deducted on a pre-tax basis. Pension expense reported in the pension allocation schedules is reduced by these amounts.

Total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes. Employer contributions reflected in the financial statements and in the pension allocation schedules for the cost-sharing defined benefit plans represent contributions specific to each defined benefit plan and do not equal total blended contributions remitted by the employer.

Use of Estimates

The preparation of these schedules, and the associated financial statements, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and changes therein, including appropriate disclosures at the date of the financial statements. Actual results could differ from those estimates.

Net Pension Liability

The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of June 30, 2019, are shown below:

	FRS	HIS
Total Pension Liability	\$ 7,823,313	\$ 791,161
Plan Fiduciary Net Position	(6,462,670)	(20,796)
Net Pension Liability	<u>\$ 1,360,643</u>	<u>\$ 770,365</u>

Plan Fiduciary Net Position as a Percentage as a Percentage of the Total Pension Liability	82.61%	2.63%
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**WESTERN ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 5 – EMPLOYEE RETIREMENT PLAN (Continued)

Net Pension Liability (Continued)

The total pension liability for the FRS was determined by the plan’s actuary and reported in the plan’s GASB 67 valuation as of June 30, 2019. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The HIS actuarial valuation was prepared as of July 1, 2018, and update procedures were used to determine liabilities as of June 30, 2019. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements.

Basis for Allocation

The employer’s proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the system’s fiscal years ended June 30, 2013, through June 30, 2019, for employers that were members of the FRS and HIS during those fiscal years. For fiscal years ended June 30, 2015, through June 30, 2019, in addition to contributions from employers, the required accrued contributions for the division (paid on behalf of the division’s employees who administer the plans) were allocated to each employer on a proportional basis. The division administers the plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the employers’ projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system’s CAFR for that fiscal year.

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts applicable to that fiscal year to determine each employer’s proportionate share of the liability, deferred outflows of resources, deferred inflows of resources and associated pension expense.

For the purposes of the pension allocation schedules, pension amounts are allocated to reporting employers. The pension amounts of participating employers whose payrolls are reported and contributions are remitted by another entity are included in the reporting employer’s amounts and will be allocated to the participating employer by the reporting employer.

Actuarial Methods and Assumptions

The Florida Retirement System (FRS) Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to section 216.136(10), Florida Statutes. The division determines the assumptions in the valuations for GASB 67 reporting purposes. The FRS Pension Plan’s GASB 67 valuation is performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

**WESTERN ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 5 – EMPLOYEE RETIREMENT PLAN (Continued)

Actuarial Methods and Assumptions (Continued)

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.90%. 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.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.50% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both plans were based on the PUB-2010 base table, projected generationally with Scale MP-2018, and mortality assumptions for the HIS Program were based on the Generational RP-2000 with Projection Scale BB tables (refer to the valuation reports for more information – see Note 6).

The following changes in actuarial assumptions occurred in 2019:

- FRS: The long-term expected rate of return was decreased from 7.00% to 6.90%, and the mortality assumption was changed from the Generational RP-2000 with Projection Scale BB tables to the PUB-2010 base table, projected generationally with Scale MP-2018.
- HIS: The municipal rate used to determine total pension liability was increased from 3.87% to 3.50%.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate was 1.00% higher or 1.00% lower than the current discount rate at June 30, 2019.

FRS Net Pension Liability

	Current	
1% Decrease	Discount Rate	1% Increase
5.90%	6.90%	7.90%
\$ 2,352,098	\$ 1,360,643	\$ 532,610

HIS Net Pension Liability

	Current	
1% Decrease	Discount Rate	1% Increase
2.50%	3.50%	4.50%
\$ 879,411	\$ 770,365	\$ 679,542

Pension Expense and Deferred Outflows/Inflows of Resources

In accordance with GASB 68, paragraphs 54 and 71, changes in the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current reporting period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)

**WESTERN ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 5 – EMPLOYEE RETIREMENT PLAN (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources (Continued)

- Changes of assumptions or other inputs – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Changes in proportion and differences between contributions and proportionate share of contributions - amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Differences between expected and actual earnings on pension plan investments – amortized over five years

Employer contributions to the pension plans from employers are not included in collective pension expense; however, employee contributions are used to reduce pension expense.

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2019, was 6.4 years for FRS and 7.2 years for HIS. The components of collective pension expense reported in the pension allocation schedules for the fiscal year ended June 30, 2019, are presented below for each plan.

Florida Retirement System (FRS)

Description	Recognized in Expense Fiscal Year Ending 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Service Cost	\$ 99,685	\$ -	\$ -
Interest Cost	521,320	-	-
Effect of plan changes	451	-	-
Effect of economic/demographic gains or loss (difference between expected and actual experience)	27,074	80,704	(844)
Effect of assumptions changes or inputs	102,022	349,472	-
Member contributions	(29,743)	-	-
Projected investment earnings	(436,252)	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	109,552	(1,609)
Net difference between projected and actual investment earnings	47,785	-	(75,278)
Administrative expenses	774	-	-
Total	\$ 333,116	\$ 539,728	\$ (77,731)

**WESTERN ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 5 – EMPLOYEE RETIREMENT PLAN (Continued)

Health Insurance Subsidy (HIS)

Description	Recognized in Expense Fiscal Year Ending 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Service Cost	\$ 15,981	\$ -	\$ -
Interest Cost	28,790	-	-
Effect of plan changes	-	-	-
Effect of economic/demographic gains or loss (difference between expected and actual experience)	1,505	9,357	(944)
Effect of assumptions changes or inputs	13,291	89,201	(62,963)
Member contributions	(13)	-	-
Projected investment earnings	(703)	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	92,069	-
Net difference between projected and actual investment earnings	220	497	-
Administrative expenses	13	-	-
Total	\$ 59,084	\$ 191,124	\$ (63,907)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

Year Ending June 30,	FRS Expense	HIS Expense
2019	\$ 63,638	\$ 22,780
2020	\$ 63,638	\$ 22,780
2021	\$ 184,178	\$ 22,701
2022	\$ 126,050	\$ 22,663
2023	\$ 18,540	\$ 19,607
Thereafter	\$ 5,954	\$ 16,685

NOTE 6 – ADDITIONAL FINANCIAL AND ACTUARIAL INFORMATION

Additional audited financial information supporting the Schedules of Employer Allocations and the Schedules of Pension Amounts by Employer is located in the Florida Retirement System Pension Plan and Other State-Administered Systems CAFR for the fiscal year ended June 30, 2019. The system’s CAFR and the actuarial valuation reports referenced herein are available online at:

http://www.dms.myflorida.com/workforce_operations/retirement/publications

**WESTERN ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 6 – ADDITIONAL FINANCIAL AND ACTUARIAL INFORMATION

The System's CAFR and actuarial reports may also be obtained by contacting the Division of Retirement at:

Department of Management Services
Division of Retirement
Research and Education Section
PO Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

NOTE 7 – DEPOSITS POLICY AND CREDIT RISK

It is the School's policy to maintain its cash and cash equivalents in major banks and in high grade investments at one financial institution. As of June 30, 2020, the School's deposits consisted of cash balances of \$1,481,644, and the carrying amount of the School's cash deposit accounts totaled \$1,999,306. All cash deposits are held in a bank that qualifies as a public depository 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.

NOTE 8 – GRANTS

In the normal course of operations, the School receives grant funds from various federal, state and local agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements.

NOTE 9 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in the past. In addition, there were no reductions in insurance coverage from those in the prior year. The School does not sponsor a public entity risk pool and has had no settlements that have exceeded their insurance coverage.

NOTE 10 – LITIGATION

The School is subject to claims and lawsuits in the ordinary course of its business. In the opinion of management, the School has adequate legal defenses and/or adequate indemnification or insurance coverage for such matters. Accordingly, management believes that such matters will not, in the aggregate, have a material adverse impact upon the School's financials position, results of future operations or cash flows.

NOTE 11 – OTHER MATTERS

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the School, its performance, and its financial results.

REQUIRED SUPPLEMENTAL INFORMATION

**WESTERN ACADEMY CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 3,688,254	\$ 3,761,953	\$ 3,831,768
Charges for services and other grants	180,000	180,000	182,585
Other income	103,500	133,461	98,144
TOTAL REVENUES	\$ 3,971,754	\$ 4,075,414	\$ 4,112,497
EXPENDITURES			
Instruction	\$ 2,389,091	\$ 2,486,371	\$ 2,582,850
Pupil support services	2,565	2,565	2,127
Instructional staff training services	20,000	20,000	16,622
General administrative	35,948	35,948	35,802
School board	26,535	26,535	20,094
School administration	586,072	609,458	583,539
Facilities acquisitions and construction	4,618	(4,157)	-
Fiscal services	15,000	15,500	15,445
Operation of plant	563,585	538,783	475,181
Maintenance of plant	35,000	71,200	35,240
Administrative technology services	93,715	98,780	94,942
Community services	144,314	145,852	121,104
TOTAL EXPENDITURES	\$ 3,916,443	\$ 4,046,835	\$ 3,982,946
 Excess of revenues over expenses	 \$ 55,311	 \$ 28,579	 \$ 129,551

See accompanying note to the required supplemental information.

**WESTERN ACADEMY CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Special Revenue Fund		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
Federal passed through local school district	\$ 37,715	\$ 28,940	\$ 31,895
TOTAL REVENUES	<u>\$ 37,715</u>	<u>\$ 28,940</u>	<u>\$ 31,895</u>
EXPENDITURES			
Instruction	\$ 37,715	\$ 28,940	\$ 31,895
TOTAL EXPENDITURES	<u>\$ 37,715</u>	<u>\$ 28,940</u>	<u>\$ 31,895</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to the required supplemental information.

**WESTERN ACADEMY CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL – CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Capital Projects Fund		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
State capital outlay funding	\$ 250,000	\$ 250,000	\$ 262,840
Federal passed through local school district	-	17,985	4,618
TOTAL REVENUES	<u>\$ 250,000</u>	<u>\$ 267,985</u>	<u>\$ 267,458</u>
EXPENDITURES			
Operation of plant	\$ 250,000	\$ 250,000	\$ 262,840
Facilities, acquisition, and construction	-	17,985	-
Maintenance of plant	-	-	4,618
TOTAL EXPENDITURES	<u>\$ 250,000</u>	<u>\$ 267,985</u>	<u>\$ 267,458</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to the required supplemental information.

**WESTERN ACADEMY CHARTER SCHOOL
FRS/HIS - SCHEDULE OF CONTRIBUTIONS
JUNE 30, 2020**

Schedule of Proportionate Share of Net Pension Liability - Florida Retirement System – Last 10 Fiscal Years

	2019	2018	2017	2016	2015	2014
School's proportion of the net pension liability	0.003950922%	0.003704784%	0.003439015%	0.003102483%	0.003026199%	0.003076166%
School's proportionate share of the net pension liability	\$1,360,643.00	\$ 1,115,900	\$ 1,017,238	\$ 783,379	\$ 390,874	\$ 187,691
School's covered-employee payroll	\$2,313,958.00	\$ 2,128,592	\$ 2,045,604	\$ 1,896,585	\$ 1,691,634	\$ 1,644,511
School's proportionate share of the net pension liability as a % of its covered payroll	58.80%	52.42%	49.73%	41.30%	23.11%	11.41%
Plan fiduciary net position as a % of the total pension liability	84.26%	84.26%	83.89%	84.88%	92.00%	96.09%

Schedule of Proportionate Share of Net Pension Liability - Health Insurance Subsidy Program – Last 10 Fiscal Years

	2019	2018	2017	2016	2015	2014
School's proportion of the net pension liability	0.006885023%	0.006517108%	0.006143669%	0.006143669%	0.005575913%	0.005517540%
School's proportionate share of the net pension liability	\$ 770,365	\$ 689,778	\$ 686,204	\$ 716,019	\$ 568,655	\$ 515,903
School's covered-employee payroll	\$ 2,313,958	\$ 2,128,592	\$ 2,045,604	\$ 1,896,585	\$ 1,691,634	\$ 1,644,511
School's proportionate share of the net pension liability as a % of its covered payroll	33.29%	32.41%	33.55%	37.75%	33.62%	31.37%
Plan fiduciary net position as a % of the total pension liability	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, governments should present information for only those years for which information is available.

Note 2: The amounts shown above are for illustration purposes only. Each employer will determine the appropriate amounts to present based upon amounts published in the pension allocation schedules.

Note 3: The Plan's fiduciary net position as a percentage of the total pension liability is published in Note 4 of the Comprehensive Annual Financial Report on the website indicated in Note 6.

Note 4: Refer to GASB 81a - the information in this schedule should be determined as of the measurement date of the collective net pension liability.

**WESTERN ACADEMY CHARTER SCHOOL
FRS/HIS - SCHEDULE OF CONTRIBUTIONS
JUNE 30, 2020**

Schedule of Contributions Florida Retirement System – Last 10 Fiscal Years

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 124,652	\$ 122,507	\$ 105,583	\$ 89,526	\$ 75,659	\$ 73,781
Contributions in relation to the contractually required contribution	\$ (124,652)	\$ (122,507)	\$ (105,583)	\$ (89,526)	\$ (75,659)	\$ (73,781)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Schools' covered-employee payroll	\$ 2,313,958	\$ 2,128,592	\$ 2,045,604	\$ 1,896,585	\$ 1,691,634	\$ 1,644,511
Contributions as a % of covered-employee payroll	5.39%	5.76%	5.16%	4.72%	4.47%	4.49%

Schedule of Contributions Health Insurance Subsidy Program – Last 10 Fiscal Years

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 38,232	\$ 35,342	\$ 33,964	\$ 31,490	\$ 21,315	\$ 18,901
Contributions in relation to the contractually required contribution	\$ (38,232)	\$ (35,342)	\$ (33,964)	\$ (31,490)	\$ (21,315)	\$ (18,901)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Schools' covered-employee payroll	\$ 2,313,958	\$ 2,128,592	\$ 2,045,604	\$ 1,896,585	\$ 1,691,634	\$ 1,644,511
Contributions as a % of covered-employee payroll	1.65%	1.66%	1.66%	1.66%	1.26%	1.15%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is complied, governments should present information for only those years for which information is available.

Note 2: The amounts shown above are for illustration purposes only. Each employer will determine the appropriate amounts to present upon their accounting data.

Note 3: Refer to GASB 68, paragraph 81b - the information in this schedule should be determined as of the employer's most recent fiscal year.

**WESTERN ACADEMY CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2020, has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general, capital project, and special revenue funds for which a legally adopted budget exists.

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).



INDEPENDENT AUDITORS' 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*

Board of Directors of
Western Academy Charter School, Inc.
Royal Palm Beach, 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 and each major fund and the aggregate remaining fund information of Western Academy Charter School, Inc. (“WACS”, the “School”), as of and for the year ended June 30, 2020, 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 28, 2020.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 its 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 28, 2020

**WESTERN ACADEMY CHARTER SCHOOL
ROYAL PALM BEACH, FLORIDA**

(A Charter School under Western Academy, Inc.)

MANAGEMENT LETTER

JUNE 30, 2020



MANAGEMENT LETTER

Board of Directors of
Western Academy Charter School, Inc.
Royal Palm Beach, Florida

Report on the Financial Statements

We have audited the financial statements of Western Academy Charter School, Inc. (the “School”) as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated September 28, 2020.

Auditor’s Responsibility

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

Other Reporting Requirements

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 that report, which is dated September 28, 2020, 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 findings or recommendations made in the preceding audit report

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires 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 school code of the entity is Western Academy Charter School, #502911.

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. The financial condition assessment procedures applied in connection with our audit, has lead us to believe that the School's overall financial condition as of June 30, 2020 is not deteriorating.

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 that we report 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)4., Rules of the Auditor General, requires us to communicate 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 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, and applicable management and Western Academy, Inc. is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 28, 2020