

**COUNTRYSIDE MONTESSORI
CHARTER SCHOOL, INC.**

A Charter School and Component Unit of the
District School Board of Pasco County

INDEPENDENT AUDITOR'S REPORT

for the fiscal year ended JUNE 30, 2019

King & Walker, CPAs, PL

Certified Public Accountants

THIS PAGE IS INTENTIONALLY BLANK.

COUNTRYSIDE MONTESSORI CHARTER SCHOOL, INC.

TABLE OF CONTENTS

	PAGE NO.
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	8
Statement of Activities	9
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	10
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	13
Notes to Financial Statements	14
Other Required Supplementary Information	
Budgetary Comparison Schedule – General Fund (Unaudited)	25
Note to Required Supplementary Information	26
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>	27
Management Letter as required by Rules of the Florida Auditor General, Chapter 10.850, Florida Statutes, <i>Charter School Audits</i> .	29



Members:
Florida Institute of CPAs
American Institute of CPAs
Government Audit Quality Center

2803 W. Busch Blvd Ste 106
Tampa, FL 33618
office (813) 610-0659 fax (813) 932-1913
www.KingandWalker.com

Independent Auditor's Report

To the Board of Directors Countryside Montessori Charter School, Inc.,
a Charter School and Component Unit of the
District School Board of Pasco 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 Countryside Montessori Charter School, Inc. ("School"), a charter school and component unit of the District School Board of Pasco 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 Countryside Montessori Charter School, Inc., 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule, and Note to 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 August 23, 2019 on our consideration of Countryside Montessori Charter School, Inc.'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 Countryside Montessori Charter School, Inc.'s internal control over financial reporting and compliance.

Respectfully submitted,



August 23, 2019
Tampa, Florida

COUNTRYSIDE MONTESSORI CHARTER SCHOOL, INC.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

The Management's Discussion and Analysis (MD&A) section of the annual financial report of the Countryside Montessori Charter School, Inc. ("School") 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.

FINANCIAL HIGHLIGHTS

- The School reported Total Net Position of \$643,869 as shown on the Statement of Net Position.
- For the fiscal year ended June 30, 2019, the School's revenues exceeded expenses by \$215,624 as shown on the School's statement of activities.

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.

COUNTRYSIDE MONTESSORI CHARTER SCHOOL, INC.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

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 two funds: a General Fund and a Capital Projects Fund. The School has elected to show each fund as a major fund.

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 fund financial statements.

COUNTRYSIDE MONTESSORI CHARTER SCHOOL, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

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		
	<u>Governmental Activities</u>		
	<u>6-30-18</u>	<u>6-30-19</u>	<u>Increase (Decrease)</u>
ASSETS			
Current and Other Assets	\$ 195,759	\$ 444,666	\$ 248,907
Capital Assets, net	<u>328,855</u>	<u>534,006</u>	<u>205,151</u>
Total Assets	<u>524,614</u>	<u>978,672</u>	<u>454,058</u>
LIABILITIES			
Current Liabilities	-	4,372	4,372
Long Term Liabilities	<u>96,369</u>	<u>330,431</u>	<u>234,062</u>
Total Liabilities	<u>96,369</u>	<u>334,803</u>	<u>238,434</u>
NET POSITION			
Net Investment in Capital Assets	232,486	203,575	(28,911)
Unrestricted	<u>195,759</u>	<u>440,294</u>	<u>244,535</u>
Total Net Position	<u>\$ 428,245</u>	<u>\$ 643,869</u>	<u>\$ 215,624</u>

The School's assets consist primarily of cash and cash equivalents and the School's investment in capital assets. Long term liabilities primarily consist of notes payable to finance the purchase of portables and capital improvements.

Total Net Position amounted to \$643,869 as of June 30, 2019, representing an increase of \$215,624 over the prior fiscal year.

COUNTRYSIDE MONTESSORI CHARTER SCHOOL, INC.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

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

	Operating Results for the Year		
	<u>Governmental Activities</u>		
	<u>6-30-18</u>	<u>6-30-19</u>	<u>Increase (Decrease)</u>
Revenues:			
State Sources	\$ 2,196,466	\$ 2,444,628	\$ 248,162
Local and Other	<u>507,815</u>	<u>570,946</u>	<u>63,131</u>
Total Revenues	<u>2,704,281</u>	<u>3,015,574</u>	<u>311,293</u>
Expenses:			
Instruction	1,694,548	1,701,242	6,694
Instructional Staff Training	9,141	2,510	(6,631)
School Administration	341,961	412,280	70,319
Facilities Acq. & Construction	188,699	189,956	1,257
Fiscal Services	41,821	32,848	(8,973)
Food Services	2,944	3,558	614
Operation of Plant	112,286	113,890	1,604
Maintenance of Plant	5,327	50	(5,277)
Community Service	237,875	276,003	38,128
Debt Service - Interest & Fiscal Charges	10,552	17,962	7,410
Unallocated Depreciation	61,087	49,651	(11,436)
Loss on Disposal of Assets	<u>4,219</u>	<u>-</u>	<u>(4,219)</u>
Total Expenses	<u>2,710,460</u>	<u>2,799,950</u>	<u>89,490</u>
Increase/(Decrease) in Net Position	<u>\$ (6,179)</u>	<u>\$ 215,624</u>	<u>\$ 221,803</u>

The largest revenue source for the School is the State of Florida (81 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula and Charter School Capital Outlay funds. Both sources utilize student enrollment data to determine the funds available for the School. As a result of increased student enrollment and increase in Capital Outlay funds, State revenue sources increased by \$248,162.

School Administration expenses increased primarily due to an increase in administrative staffing and employee benefit expense.

COUNTRYSIDE MONTESSORI CHARTER SCHOOL, INC.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its governmental funds reported a combined fund balance of \$440,294.

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. Over the course of the year, the school revised its general fund budget several times. Refer to the Budgetary Comparison Schedule for additional information.

CAPITAL ASSETS & LONG TERM DEBT

Capital Assets

The School's investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$534,006 (net of accumulated depreciation). This investment in capital assets includes land, buildings, leasehold improvements, furniture, fixtures and equipment, and assets under capital lease. Additional information regarding the School's capital assets can be found in note 4 to the financial statements.

Long-Term Debt

At June 30, 2019, the School had \$330,431 in long-term debt outstanding, a net increase of \$234,062 from last year. Additional information about the School's long-term debt is presented in Notes 6, 8, and 9 to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Countryside Montessori Charter School, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director, Countryside Montessori Charter School, Inc., 5852 Ehren Cut-off, Land O' Lakes, FL 34639.

COUNTRYSIDE MONTESSORI CHARTER SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA

STATEMENT OF NET POSITION
June 30, 2019

ASSETS	<u>Governmental Activities</u>
Cash & Cash Equivalents	\$ 414,643
Accounts Receivable	200
Due From Other Agency	19,823
Deposits Receivable	10,000
Capital Assets:	
Land	105,872
Buildings, Net	350,807
Leasehold Improvements, Net	52,198
Furniture, Fixtures and Equipment, Net	12,479
Assets Under Capital Lease, Net	<u>12,650</u>
Total Capital Assets, Net	<u>534,006</u>
TOTAL ASSETS	<u><u>978,672</u></u>
 LIABILITIES	
Accounts Payable	4,372
Long Term Liabilities:	
Due Within One Year:	
Notes Payable	40,720
Capital Lease Payable	4,984
Due After One Year:	
Notes Payable	278,394
Capital Lease Payable	<u>6,333</u>
TOTAL LIABILITIES	<u><u>334,803</u></u>
 NET POSITION	
Net Investment in Capital Assets	203,575
Unrestricted	<u>440,294</u>
TOTAL NET POSITION	<u><u>\$ 643,869</u></u>

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

COUNTRYSIDE MONTESSORI CHARTER SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA

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

		Program Revenues			Net (Expenses)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes Net Position
					Governmental Activities
Governmental Activities:					
Instruction	\$ 1,701,242	\$ -	\$ -	\$ -	\$ (1,701,242)
Instructional Staff Training	2,510				(2,510)
School Administration	412,280				(412,280)
Facilities Acquisition & Construction	189,956			166,598	(23,358)
Fiscal Services	32,848				(32,848)
Food Services	3,558				(3,558)
Operation of Plant	113,890				(113,890)
Maintenance of Plant	50				(50)
Community Service	276,003	66,672			(209,331)
Debt Service - Interest & Fiscal Charges	17,962				(17,962)
Unallocated Depreciation	49,651				(49,651)
Total Governmental Activities	\$ 2,799,950	\$ 66,672	\$ -	\$ 166,598	(2,566,680)
			General Revenues:		
			State Sources		2,278,030
			Local and Other		504,274
			Total General Revenues		2,782,304
			Change in Net Position		215,624
			Net Position - July 1, 2018		428,245
			Net Position - June 30, 2019		\$ 643,869

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

COUNTRYSIDE MONTESSORI CHARTER SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2019

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash & Cash Equivalents	\$ 414,643	\$ -	\$ 414,643
Accounts Receivable	200		200
Due From Other Agency	5,906	13,917	19,823
Deposits Receivable	10,000		10,000
Due from Other Funds	13,917		13,917
Total Assets	<u>\$ 444,666</u>	<u>\$ 13,917</u>	<u>\$ 458,583</u>
LIABILITIES			
Accounts Payable	\$ 4,372	\$ -	\$ 4,372
Due to Other Funds		13,917	13,917
Total Liabilities	<u>4,372</u>	<u>13,917</u>	<u>18,289</u>
FUND BALANCES			
Nonspendable	10,000		10,000
Unassigned	430,294		430,294
Total Fund Balances	<u>440,294</u>	<u>-</u>	<u>440,294</u>
Total Liabilities and Fund Balances	<u>\$ 444,666</u>	<u>\$ 13,917</u>	<u>\$ 458,583</u>

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

COUNTRYSIDE MONTESSORI CHARTER SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2019

Total Fund Balances - Governmental Funds	\$ 440,294
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.	534,006
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental fund.	<u>(330,431)</u>
Total Net Position - Governmental Activities	<u><u>\$ 643,869</u></u>

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

COUNTRYSIDE MONTESSORI CHARTER SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA

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

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Intergovernmental:			
State Sources	\$ 2,278,030	\$ 166,598	\$ 2,444,628
Local and Other	570,946		570,946
Total Revenues	<u>2,848,976</u>	<u>166,598</u>	<u>3,015,574</u>
Expenditures			
Current - Education:			
Instruction	1,701,242		1,701,242
Instructional Staff Training	2,510		2,510
School Administration	412,280		412,280
Facilities Acquisition & Construction	23,358	166,598	189,956
Fiscal Services	32,848		32,848
Food Services	3,558		3,558
Operation of Plant	113,890		113,890
Maintenance of Plant	50		50
Community Service	276,003		276,003
Fixed Capital Outlay:			
Facilities Acquisition & Construction	234,616		234,616
Other Capital Outlay	20,186		20,186
Debt Service:			
Principal	31,118		31,118
Interest & Fiscal Charges	17,962		17,962
Total Expenditures	<u>2,869,621</u>	<u>166,598</u>	<u>3,036,219</u>
Excess (Deficiency) of Revenues			
Over/(Under) Expenditures	<u>(20,645)</u>	<u>-</u>	<u>(20,645)</u>
Other Financing Sources (Uses):			
Proceeds from Debt Issued	250,000		250,000
Inception of Capital Lease	15,180		15,180
Total Other Financing Sources (Uses)	<u>265,180</u>	<u>-</u>	<u>265,180</u>
Net Change in Fund Balances	244,535	-	244,535
Fund Balances, July 1, 2018	195,759	-	195,759
Fund Balances, June 30, 2019	<u>\$ 440,294</u>	<u>\$ -</u>	<u>\$ 440,294</u>

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

COUNTRYSIDE MONTESSORI CHARTER SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PASCO 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	\$	244,535
---	----	---------

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 outlays (\$254,802) in excess of depreciation expense (\$49,651) in the current period.		205,151
Long-term debt proceeds are reported as other financing sources in Governmental Funds and as long-term liabilities in the Statement of Net Position.		(265,180)
Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.		31,118
		31,118
Change in Net Position - Governmental Activities	\$	215,624

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

COUNTRYSIDE MONTESSORI CHARTER SCHOOL, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

The Countryside Montessori Charter School, Inc. (“School”), is 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 three members.

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 Pasco 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 term of the charter, 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.

➤ **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.

COUNTRYSIDE MONTESSORI CHARTER SCHOOL, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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 considers all of its funds as major governmental funds:

- 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.
- Capital Projects Fund – to account for all resources for the acquisition of capital and related items purchased by the School with capital outlay funds.

➤ **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

COUNTRYSIDE MONTESSORI CHARTER SCHOOL, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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 primarily of demand deposits held by banks qualified as public depositories under Florida law. Deposits on hand at financial institutions are insured up to \$250,000 by the Federal Deposit Insurance Company and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

➤ **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	3 - 7 years
Leasehold Improvements	3 - 10 years
Buildings	39 years

Current-year information relative to changes in capital assets is described in a subsequent note.

➤ **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial 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. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial 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. The School does not have any items that qualify for reporting in this category.

COUNTRYSIDE MONTESSORI CHARTER SCHOOL, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

➤ **Noncurrent Liabilities**

Long-term obligations that will be financed by resources to be received in the future by the general fund are reported in the government-wide financial statements, not in the general fund. Current-year information relative to changes in long-term debt is described in subsequent notes.

➤ **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.
- 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.

COUNTRYSIDE MONTESSORI CHARTER SCHOOL, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

➤ **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 primarily 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.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent (FTE) 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 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, multiplies by (3) the base student allocation established by the 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 342.07 unweighted and 358.6673 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).

COUNTRYSIDE MONTESSORI CHARTER SCHOOL, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

- 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 state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based upon a capital outlay plan submitted to the District and are to be used for lease, rent or construction of school facilities. The School also receives funding through donations and fundraising efforts, local grants, school lunch sales and local property tax collections.

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.

A schedule of revenue sources for the current year is presented in a subsequent note.

➤ **Recently Issued Accounting Principles**

Governmental Accounting Standards Board Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements was effective for fiscal years beginning after June 15, 2018. The School's notes related to debt reflect all required disclosures.

➤ **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 note 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.

➤ **Use of Estimates**

In preparing the financial statements in conformity with generally accepted accounting principles in the United States (GAAP) 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 there are no subsequent events which require disclosure.

COUNTRYSIDE MONTESSORI CHARTER SCHOOL, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 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

Amounts Due from Other Agency included in the accompanying statement of Net Position and balance sheet – governmental funds consists of amounts due from the Pasco County District School Board for FEFP in the General Fund and for Capital Outlay in the Capital Projects Fund. This receivable is considered to be fully collectible and as such, no allowance for uncollectibles is accrued.

4. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below.

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 105,872	\$ -	\$ -	\$ 105,872
Total Capital Assets Not Being Depreciated	<u>105,872</u>	<u>-</u>	<u>-</u>	<u>105,872</u>
Capital Assets Being Depreciated:				
Buildings	149,718	234,616	-	384,334
Leasehold Improvements	368,760	-	(23,521)	345,239
Furniture, Fixtures and Equipment	207,814	5,006	-	212,820
Assets Under Capital Lease	-	15,180	-	15,180
Total Capital Assets Being Depreciated	<u>726,292</u>	<u>254,802</u>	<u>(23,521)</u>	<u>957,573</u>
Less Accumulated Depreciation for:				
Buildings	(17,957)	(15,570)	-	(33,527)
Leasehold Improvements	(287,753)	(28,809)	23,521	(293,041)
Furniture, Fixtures and Equipment	(197,599)	(2,742)	-	(200,341)
Assets Under Capital Lease	-	(2,530)	-	(2,530)
Total Accumulated Depreciation	<u>(503,309)</u>	<u>(49,651)</u>	<u>23,521</u>	<u>(529,439)</u>
Governmental Activities Capital Assets, net	<u>\$ 328,855</u>	<u>\$ 205,151</u>	<u>\$ -</u>	<u>\$ 534,006</u>

All depreciation expense is shown as unallocated on the Statement of Activities.

COUNTRYSIDE MONTESSORI CHARTER SCHOOL, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

5. INTERFUND RECEIVABLES/PAYABLES

At June 30, 2019, the School's Capital Projects Fund owed the General Fund \$13,917 for expenditures awaiting reimbursement from other agencies. These amounts are netted together and not reported in the statement of Net Position.

6. NOTES PAYABLE

All long-term debt represents amounts to be repaid from governmental activities. As of June 30, 2019, the Schools long-term debt consisted of the following notes payable:

	<u>Balance at 6-30-19</u>
<u>Countryside Montessori Academy, Inc.</u>	
\$160,000, 6.3% fixed rate unsecured promissory note requiring 120 monthly principal and interest payments of \$1,800.53, through September 2023.	\$ 80,377
<u>Branch Banking and Trust Company</u>	
\$250,000, 5.44% fixed rate promissory note for the purchase of portables, which will serve as collateral for the note. The note requires monthly principal and interest payments of \$3,007.30 through September 2027. In the event of default, the entire unpaid principal balance and all accrued unpaid interest will be immediately due and payable.	<u>238,737</u>
Total Notes Payable	<u><u>\$ 319,114</u></u>

Amounts payable for the notes payable is as follows:

Fiscal Year	Total	Principal	Interest
<u>Ending June 30</u>			
2020	\$ 57,694	\$ 40,720	\$ 16,974
2021	57,694	43,146	14,548
2022	57,694	45,717	11,977
2023	57,694	48,442	9,252
2024	41,490	34,781	6,709
2025-2028	<u>116,106</u>	<u>106,308</u>	<u>9,798</u>
Total	<u><u>\$ 388,372</u></u>	<u><u>\$ 319,114</u></u>	<u><u>\$ 69,258</u></u>

COUNTRYSIDE MONTESSORI CHARTER SCHOOL, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

7. CAPITAL LEASE OBLIGATIONS

The School has entered into a three year agreement for computer equipment which is classified as a capital lease. The economic substance of the lease is that the School is financing the acquisition of the assets through the lease and, accordingly, it is recorded in the School's statement of Net Position. The lease terms require the School to make monthly payments of \$475.10 through September 2021.

The Net Position value of the equipment is \$11,317 at June 30, 2019.

In the event of default, the debtor may declare the present value of (i) any and all amounts which may be then due and payable by the School to the debtor under the Lease, plus (ii) all rent payments remaining through the end of the lease term, plus (iii) the purchase option amount.

Future minimum capital lease payments and the present value of the minimum lease payments as of June 30 are as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 5,702	\$ 4,984	\$ 718
2021	5,701	5,392	309
2022	950	941	9
Total Minimum Lease Payments	<u>\$ 12,353</u>	<u>\$ 11,317</u>	<u>\$ 1,036</u>

8. 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>Due in One Year</u>
GOVERNMENTAL ACTIVITIES:					
Notes Payable	\$ 96,369	\$ 250,000	\$ (27,255)	\$ 319,114	\$ 40,720
Capital Lease Payable	-	15,180	(3,863)	11,317	4,984
Total Governmental Activities	<u>\$ 96,369</u>	<u>\$ 265,180</u>	<u>\$ (31,118)</u>	<u>\$ 330,431</u>	<u>\$ 45,704</u>

9. 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.

COUNTRYSIDE MONTESSORI CHARTER SCHOOL, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

10. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the School's State revenue:

Source	Amount
Florida Education Finance Program	\$ 1,492,983
Class Size Reduction	388,228
Capital Outlay	166,598
Discretionary Local Effort	95,774
Supplementary Academic Instruction	92,674
Discretionary Millage Compression	79,481
School Recognition	32,278
Instructional Materials	27,192
ESE Guarantee	23,434
Safe Schools	17,328
Reading Allocation	14,386
Digital Classroom Allocation	6,601
Florida Teachers Classroom Supply Program	6,545
Discretionary Lottery	1,126
Total State Revenue	<u>\$ 2,444,628</u>

As provided in the charter school contract, the District has charged the School an administrative fee totaling \$32,848.

Accounting policies relating to certain State revenue sources are described in Note 1.

11. RETIREMENT PLAN

The School participated in a defined contribution 401(k) plan for participating employees. Contributions made by the School to this plan totaled \$10,347 for the year ended June 30, 2019. Contributions are directed to individual employee's accounts, and the individual employees allocate contributions and account balances among various available investment choices, therefore, the School has no liability for the administration or payments of benefits of the plan, and accordingly, the present value of the related benefits is not reflected in these financial statements. The rate of contribution is set annually by the School's Board of Directors.

12. RELATED PARTY TRANSACTIONS

The School is affiliated through common management with Countryside Montessori Academy, Inc. (CMA) a private school. The School paid fees to CMA for various administrative services provided by CMA employees for the fiscal year. The School paid CMA \$168,000 during the fiscal year for leased facilities. In addition, as shown in Note 6, the School borrowed \$160,000 from CMA to finance the purchase of portable classrooms and related capital improvements.

COUNTRYSIDE MONTESSORI CHARTER SCHOOL, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

13. RISK MANAGEMENT PROGRAMS

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

14. FUNDING AND CREDIT CONCENTRATIONS

The School receives substantially all of its support and revenue from federal, state and local funding sources, passed through the District, in the form of performance and budget based contracts. Continuing operation of the School is greatly dependent upon the continued support of these governmental agencies.

15. 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.

COUNTRYSIDE MONTESSORI CHARTER SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF PASCO COUNTY, FLORIDA

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

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental:				
State Sources	\$ 2,309,852	\$ 2,298,506	\$ 2,278,030	\$ (20,476)
Local and Other	506,850	570,888	570,946	58
Total Revenues	<u>2,816,702</u>	<u>2,869,394</u>	<u>2,848,976</u>	<u>(20,418)</u>
Expenditures:				
Current - Education:				
Instruction	1,623,434	1,701,395	1,701,242	153
Instructional Staff Training	12,000	12,000	2,510	9,490
School Administration	356,569	392,313	412,280	(19,967)
Facilities Acquisition & Construction	115,000	23,956	23,358	598
Fiscal Services	45,361	32,762	32,848	(86)
Food Services	3,250	3,580	3,558	22
Operation of Plant	126,232	126,672	113,890	12,782
Maintenance of Plant	2,500	50	50	-
Community Service	226,250	275,910	276,003	(93)
Fixed Capital Outlay:				
Facilities Acquisition & Construction	235,000	235,000	234,616	384
Other Capital Outlay	19,500	14,150	20,186	(6,036)
Debt Service:				
Principal	33,000	33,000	31,118	1,882
Interest & Fiscal Charges	18,606	18,606	17,962	644
Total Expenditures	<u>2,816,702</u>	<u>2,869,394</u>	<u>2,869,621</u>	<u>(227)</u>
Excess (Deficiency) of Revenues				
Over/(Under) Expenditures	-	-	(20,645)	(20,645)
Other Financing Sources (Uses):				
Proceeds from Debt Issued	-	-	250,000	250,000
Inception of Capital Lease	-	-	15,180	15,180
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>265,180</u>	<u>265,180</u>
Net Change in Fund Balance	-	-	244,535	244,535
Fund Balance, July 1, 2018	<u>195,759</u>	<u>195,759</u>	<u>195,759</u>	-
Fund Balance, June 30, 2019	<u>\$ 195,759</u>	<u>\$ 195,759</u>	<u>\$ 440,294</u>	<u>\$ 244,535</u>

See Independent Auditor's Report.

COUNTRYSIDE MONTESSORI CHARTER SCHOOL, INC.
A Charter School and Component Unit of the District School Board of Pasco County, Florida
NOTE 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.

Members:
Florida Institute of CPAs
American Institute of CPAs
Government Audit Quality Center

2803 W. Busch Blvd Ste 106
Tampa, FL 33618
office (813) 610-0659 fax (813) 932-1913
www.KingandWalker.com

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 Countryside Montessori Charter School, Inc.,
a Charter School and Component Unit of the
District School Board of Pasco 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 Countryside Montessori Charter School, Inc. ("School"), a charter school and component unit of the District School Board of Pasco 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 August 23, 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.

August 23, 2019
Tampa, Florida



Members:
Florida Institute of CPAs
American Institute of CPAs
Government Audit Quality Center

2803 W. Busch Blvd Ste 106
Tampa, FL 33618
office (813) 610-0659 fax (813) 932-1913
www.KingandWalker.com

**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 Countryside Montessori Charter School, Inc.,
a Charter School and Component Unit of the
District School Board of Pasco County, Florida

Report on the Financial Statements

We have audited the financial statements of the Countryside Montessori Charter School, Inc. (“School”), a Charter School and Component Unit of the District School Board of Pasco County, Florida, as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated August 23, 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 Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on 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 August 23, 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 Countryside Montessori Academy, 514307.

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 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 District School Board of Pasco County, Florida 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.

August 23, 2019
Tampa, Florida