

Pinellas Preparatory Academy
(A Component Unit of the District School Board of Pinellas County, Florida)

SPECIAL PURPOSE FINANCIAL REPORT

Year Ended June 30, 2019

LA MANNA HERNANDEZ PA

Certified Public Accountants

TABLE OF CONTENTS

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (Required Supplementary Information)	3
BASIC FINANCIAL STATEMENTS	
<i>Government-wide Financial Statement:</i>	
Statement of Net Position	8
Statement of Activities	9
<i>Fund Financial Statements</i>	
Balance Sheet	10
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets	11
Statement of Revenues, Expenditures, and Changes in Fund Balance	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	13
<i>Notes to Financial Statements</i>	14
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule ó General Fund	25

COMPLIANCE SECTION

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>GOVERNMENT AUDITING STANDARDS</i>	26
INDEPENDENT AUDITOR'S MANAGEMENT LETTER	28

LA MANNA HERNANDEZ P.A.
CERTIFIED PUBLIC ACCOUNTANTS

James M. La Manna, CPA
822 62nd Street Circle East, #105
Bradenton, FL 34208
Telephone: (941) 487-3653

D. Mitch Hernandez, CPA
2429 Central Avenue, Suite 203
St. Petersburg, FL 33713
Telephone: (727) 234-0074

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Pinellas Preparatory Academy
Largo, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Pinellas Preparatory Academy (the "School"), a component unit of the District School Board of Pinellas County, Florida, as of 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 an opinion 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pinellas Preparatory Academy as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The Management's Discussion and Analysis and budgetary comparison schedule for the General Fund are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2019, on our consideration of Pinellas Preparatory Academy'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 Pinellas Preparatory Academy's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Pinellas Preparatory Academy's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 7, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

La Manna Hernandez PA

La Manna Hernandez, PA
Certified Public Accountants

St. Petersburg, Florida

September 17, 2019

PINELLAS PREPARATORY ACADEMY
A Component Unit of the District School Board of Pinellas County, Florida

MANAGEMENT DISCUSSION AND ANALYSIS

Year Ended June 30, 2019

The Management Discussion and Analysis (MD&A) section of the annual financial report of the Pinellas Preparatory Academy (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

- For the fiscal year ended June 30, 2019, the School's revenues exceeded expenses as shown on the School's statement of activities by \$158,050.
- As shown on the statement of net position, the School reported an unrestricted net position balance of \$1,232,554.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

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

Government-Wide Financial Statements

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

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant

PINELLAS PREPARATORY ACADEMY
A Component Unit of the District School Board of Pinellas County, Florida

MANAGEMENT DISCUSSION AND ANALYSIS

Year Ended June 30, 2019

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 financial fund 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 funds 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 three funds: a General Fund, a Capital Projects Fund and a Debt Service 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.

PINELLAS PREPARATORY ACADEMY
A Component Unit of the District School Board of Pinellas County, Florida

MANAGEMENT DISCUSSION AND ANALYSIS

Year Ended June 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Net Position		
	Governmental Activities		
	June 30, 2019	June 30, 2018	Increase (Decrease)
ASSETS			
Current assets	\$ 1,586,256	\$ 5,158,556	\$ (3,572,300)
Capital assets, net	4,553,645	4,310,711	242,934
Other assets	<u>6,285,159</u>	<u>1,111,408</u>	<u>5,173,751</u>
Total assets	<u>\$ 12,425,060</u>	<u>\$ 10,580,675</u>	<u>\$ 1,844,385</u>
LIABILITIES			
Current liabilities	\$ 487,102	\$ 1,026,122	\$ (539,020)
Long-term liabilities	<u>10,565,355</u>	<u>8,340,000</u>	<u>2,225,355</u>
Total liabilities	<u>11,052,457</u>	<u>9,366,122</u>	<u>1,686,335</u>
NET POSITION			
Net investment in capital assets	(6,145,110)	(598,989)	(5,546,121)
Restricted	6,285,159	1,111,408	5,173,751
Unrestricted	<u>1,232,554</u>	<u>702,134</u>	<u>530,420</u>
Total net position	<u>1,372,603</u>	<u>1,214,553</u>	<u>158,050</u>
Total liabilities and net position	<u>\$ 12,425,060</u>	<u>\$ 10,580,675</u>	<u>\$ 1,844,385</u>

Assets consist primarily of cash and cash equivalents, amounts due from other agency, security deposits, and the School's investment in capital assets, which consists of land, building, furniture, fixtures, and equipment, and building improvements, net of depreciation. Liabilities are comprised of accounts payable, salaries and benefits payable, and bonds payable.

PINELLAS PREPARATORY ACADEMY
A Component Unit of the District School Board of Pinellas County, Florida

MANAGEMENT DISCUSSION AND ANALYSIS

Year Ended June 30, 2019

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

Operating Results for the Year

	Governmental Activities		Increase
	June 30, 2019	June 30, 2018	(Decrease)
REVENUE			
Federal through State and Local	\$ 14,313	\$ -	\$ 14,313
State Sources	3,121,373	2,935,800	185,573
Local and other	512,052	804,926	(292,874)
Total revenue	<u>\$ 3,647,738</u>	<u>\$ 3,740,726</u>	<u>\$ (92,988)</u>
EXPENSES			
Instruction	\$ 2,093,810	\$ 2,029,661	\$ 64,149
School administration	490,994	338,418	152,576
Fiscal services	25,204	30,247	(5,043)
Operation and maintenance of plant	475,140	491,522	(16,382)
Other programs and services	69,628	54,388	15,240
Debt service	334,912	348,611	(13,699)
Total expenses	<u>3,489,688</u>	<u>3,292,847</u>	<u>196,841</u>
Increase/(Decrease in Net Position)	<u>\$ 158,050</u>	<u>\$ 447,879</u>	<u>\$ (289,829)</u>

The largest revenue source for the School is the State of Florida (86%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School. The largest concentration of expenses was for Instruction, which represents 60% of total expenditures.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its governmental funds reported a combined fund balance of \$7,517,713.

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.

PINELLAS PREPARATORY ACADEMY
A Component Unit of the District School Board of Pinellas County, Florida

MANAGEMENT DISCUSSION AND ANALYSIS

Year Ended June 30, 2019

CAPITAL ASSETS

The School's investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$4,553,645 (net of accumulated depreciation). This investment in capital assets includes land, building, furniture, fixtures, equipment, and building improvements. Additional information regarding the School's capital assets can be found in the subsequent notes to the financial statements.

LONG-TERM DEBT

At June 30, 2019, the School had \$10,565,355 in long-term debt outstanding, a net increase of \$2,225,355 from the previous year. Additional information regarding the School's long-term debt can be found in the subsequent notes to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Pinellas Preparatory Academy's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School Administrator, Pinellas Preparatory Academy, 2300 South Belcher Road #100, Largo, FL 323771.

PINELLAS PREPARATORY ACADEMY
A COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA

STATEMENT OF NET POSITION
June 30, 2019 and 2018

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,330,092	\$ 1,479,889
Accounts receivable	16,861	-
Due from affiliate	201,661	3,658,792
Prepaid expenses	37,642	19,875
Total Current Assets	1,586,256	5,158,556
Capital assets, net of accumulated depreciation	4,553,645	4,310,711
Restricted cash	6,285,159	1,111,408
Total assets	\$ 12,425,060	\$ 10,580,675
 LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	\$ 167,303	\$ 233,129
Due to affiliate	186,399	667,993
Line of Credit/Notes Payable, due within one year	133,400	125,000
Total current liabilities	487,102	1,026,122
Noncurrent Liabilities		
Line of Credit/Notes Payable, due more one year	10,565,355	8,340,000
Total liabilities	11,052,457	9,366,122
 NET POSITION		
Net investment in capital assets	(6,145,110)	(598,989)
Restricted:		
Capital projects	755,075	-
Debt service	5,440,076	959,330
Repairs and replacement	90,008	152,078
Unrestricted	1,232,554	702,134
Total net position	1,372,603	1,214,553
Total liabilities and net position	\$ 12,425,060	\$ 10,580,675

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

PINELLAS PREPARATORY ACADEMY
A COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019
With Comparative Totals for 2018

Function/Program	2019					2018
	Expenses	Program Revenues			Net (Expense)	Summarized Comparative Information
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position	Net Revenue and Changes in Net Position
Component Unit Activities:						
Instruction	\$ 2,093,810	\$ -	\$ 300,239	\$ -	\$ (1,793,571)	\$ (1,937,863)
School administration	490,994	-	-	-	(490,994)	(338,418)
Fiscal services	25,204	-	-	-	(25,204)	(30,247)
Operation and maintenance of plant	473,052	-	-	210,995	(262,057)	16,424
Other programs and services	71,716	449,043	61,094	-	438,421	320,536
Interest on Long-term debt	334,912	-	-	-	(334,912)	(348,611)
Total Governmental Activities	\$ 3,489,688	\$ 449,043	\$ 361,333	\$ 210,995	\$ (2,468,317)	\$ (2,318,179)
General Revenues:						
FTE non-specific revenues					2,624,452	2,765,886
Interest income					1,915	172
Total general revenues					2,626,367	2,766,058
Change in net position					158,050	447,879
Net position - beginning					1,214,553	766,674
Net position - ending					\$ 1,372,603	\$ 1,214,553

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

PINELLAS PREPARATORY ACADEMY
A COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA

BALANCE SHEET
June 30, 2019 and 2018

	2019			2018	
	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds	(Summarized Comparative Information)
ASSETS					
Cash and cash equivalents	\$ 1,330,092	\$ 845,083	\$ 5,440,076	\$ 7,615,251	\$ 2,124,506
Accounts receivable	16,861	-	-	16,861	-
Due from affiliate	15,262	-	-	15,262	-
Prepaid expenses	37,642	-	-	37,642	19,875
Total Assets	\$ 1,399,857	\$ 845,083	\$ 5,440,076	\$ 7,685,016	\$ 2,144,381
LIABILITIES					
Accounts payable and accrued expenses	\$ 167,303	\$ -	\$ -	\$ 167,303	\$ 233,129
Due to affiliate	-	-	-	-	97,710
	167,303	-	-	167,303	330,839
FUND BALANCES					
Nonspendable:					
Prepaid expenses	37,642	-	-	37,642	19,875
Restricted:					
Capital projects	-	845,083	-	845,083	-
Debt service	-	-	5,440,076	5,440,076	644,617
Unassigned	1,194,912	-	-	1,194,912	1,149,050
Total Fund Balances	1,232,554	845,083	5,440,076	7,517,713	1,813,542
Total Liabilities and Fund Balances	\$ 1,399,857	\$ 845,083	\$ 5,440,076	\$ 7,685,016	\$ 2,144,381

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

PINELLAS PREPARATORY ACADEMY
A COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA

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

For the Year Ended June 30, 2019

Total Fund Balance - Governmental Funds	\$ 7,517,713
---	--------------

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,553,645
---	-----------

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities--both current and long-term are reported in the Statement of Net Position.	<u>(10,698,755)</u>
--	---------------------

Total Net Position of Governmental Activities	<u><u>\$ 1,372,603</u></u>
---	----------------------------

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

PINELLAS PREPARATORY ACADEMY
A COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

For the Year Ended June 30, 2019
With Comparative Totals for 2018

	2019				2018
	General Fund	Capital	Debt Service	Total	(Summarized Comparative Information)
	Unreserved	Projects Fund	Fund		
REVENUES AND OTHER ADDITIONS					
Federal, state, and local sources	\$ 2,924,691	\$ 210,995	\$ -	\$ 3,135,686	\$ 3,365,630
Contributions and fund raising	61,094	845,083	5,101,577	6,007,754	45,555
Interest income	712	1,853	-	2,565	172
Other programs and services	448,393	-	-	448,393	329,369
Transfers - internal activities	(614,791)	279,842	334,949	-	-
Total Revenues and Other Additions	2,820,099	1,337,773	5,436,526	9,594,398	3,740,726
EXPENDITURES					
Instruction	2,071,422	-	-	2,071,422	2,007,339
School administration	473,238	-	-	473,238	318,928
Fiscal services	25,204	-	-	25,204	30,247
Operation and maintenance of plant	114,890	210,995	-	325,885	361,994
Capital asset acquisition	-	281,695	-	281,695	40,980
Other programs and services	71,716	-	-	71,716	54,388
Debt Service:					
Loan costs	-	-	233,655	233,655	-
Repayment of principal	-	-	72,500	72,500	115,000
Interest	-	-	334,912	334,912	348,611
Total Expenditures	2,756,470	492,690	641,067	3,890,227	3,277,487
EXCESS (DEFICIENCY) OF REVENUES AND TRANSFERS OVER EXPENDITURES	63,629	845,083	4,795,459	5,704,171	463,239
Fund Balances - Beginning of Year	1,168,925	-	644,617	1,813,542	1,350,303
FUND BALANCES - END OF YEAR	\$ 1,232,554	\$ 845,083	\$ 5,440,076	\$ 7,517,713	\$ 1,813,542

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

**PINELLAS PREPARATORY ACADEMY
A COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2019

Change in Fund Balance - Governmental Funds	\$ 5,704,171
---	--------------

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. This is the amount of depreciation expense in excess of capital outlays in the current period.

Capital asset acquisition	281,695	
Depreciation	(187,311)	
		94,384

The issuance of bonds and similar long-term debt provides current financial resources to governmental funds and thus contributes to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position. The amounts that make up these differences in the treatment of long-term debt are:

Principal repayments - bonds	72,500	
Bond issue costs		233,655
Issuance of debt:		
Revenue bonds - Series 2019A	(845,083)	
Revenue bonds - Series 2019B	(5,101,577)	
		(5,946,660)

Change in Net Position of Governmental Activities	\$ 158,050
---	------------

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

PINELLAS PREPARATORY ACADEMY
A Component Unit of the District School Board of Pinellas County, Florida

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Pinellas Preparatory Academy (the "School"), a charter school under Pinellas Preparatory Academy, Inc., is a component of the District School Board of Pinellas County, Florida, (the "School Board"). The School's charter is held by Pinellas Preparatory Academy, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not for Profit Corporation Act, and Section 228.056, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of not less than five members.

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

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Pinellas County, Florida, (the "School Board"). The current charter is effective until June 30, 2026, 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. 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, which include 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. Depreciation expenses, which can be associated with a specific program or activity, are allocated to the related function, while remaining depreciation expense is reported as unallocated.

Program revenues include charges for services for other programs and services. Revenues that are not classified as program revenues are presented as general revenues, with certain exceptions. General revenues include amounts received from state and local sources.

PINELLAS PREPARATORY ACADEMY
A Component Unit of the District School Board of Pinellas County, Florida

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The effects of inter-fund activities have been eliminated from the government-wide financial statements.

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. Non-major funds are aggregated and reported in a single 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 reports the following major governmental funds:

General Fund ó to account for all financial resources not required to be accounted for in another fund.

Capital Projects Fund ó to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Fund ó to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Financial resources that are being accumulated for principal and interest maturing in future years are also reported in the debt service fund.

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 reported 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 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 reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both 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. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The principal exception to this general rule is that expenditures related to compensated absences and long-term debt agreements are recorded only when payment is due. Allocations of cost, such as depreciation, are not recognized in governmental funds. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, and then unrestricted resources as they are needed.

PINELLAS PREPARATORY ACADEMY
A Component Unit of the District School Board of Pinellas County, Florida

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Budgets and Budgetary Accounting

Budgets are prepared and original budgets are adopted annually for the General Fund in accordance with procedures and intervals prescribed by the Board of Directors (the "Board") of the School. During the fiscal year ended June 30, 2019, the Board adopted an annual budget for the General Fund. The school is not required to submit its budget to any regulatory agencies.

Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instructional, school administration, and debt service) and may be amended at any Board meeting prior to the due date of the annual financial report. Budgets are prepared using the same modified accrual basis as is used to account for actual transactions.

Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at year-end and encumbrances outstanding are honored for the subsequent year's appropriations.

Cash and Cash Equivalents

The School considers cash and cash equivalents to consist of cash on hand, demand deposits and savings accounts.

Cash deposits are held by banks qualified as public depositories under Florida law. All 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.

Accounts Receivable

The School believes that all receivable balances are fully collectible.

Capital Assets

Capital assets consist of furniture, fixtures and equipment. Capital assets purchased in the governmental funds are recorded as expenditures at the time of purchase. The School defines capital assets as those assets costing more than \$750 individually or in the aggregate. Such assets are recorded at historical cost. Donated assets are recorded at fair market value at the date received. Capital assets are depreciated using the straight-line method over the estimated useful lives of the various classes of depreciable assets, which range from 3 to 15 years.

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

Long Term Liabilities

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position. In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due.

PINELLAS PREPARATORY ACADEMY
A Component Unit of the District School Board of Pinellas County, Florida

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Compensated Absences

It is the School's policy to grant employees leave based upon the number of years of employment with the School. Personal leave may be used as time off or accrued up to the maximum the employee would earn in two years. An employee resigning or retiring with two weeks' notice shall be paid for their credited personal leave up to the maximum allowable rate referred to above. Such leave pay shall be made at the employee's current rate of pay. Employees who terminate prior to completion of six months of continuous service will not be paid for any accrued personal leave time.

In the government-wide financial statements, compensated absences are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments. A liability is reported in the governmental fund financial statements only for the portion of compensated absences expected to be paid using expendable available resources.

Net Position and Fund Balance Classification

Government-wide Financial Statements

Net Position are classified and reported in three components:

- Net Investment in Capital Assets ó 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 ó 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 ó 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 ó 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 ó fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed ó fund balance that can be used only for the specific purposes determined by a formal action of the School's Board of Governance.

PINELLAS PREPARATORY ACADEMY
A Component Unit of the District School Board of Pinellas County, Florida

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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

Order of Fund Balance Spending Policy

The Schoolø 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.

Donated Services

A number of volunteers have donated significant amounts of their time to the Schoolø operations. However, they are not reflected on the accompanying financial statements, since they do not meet the requirements of generally accepted accounting principles.

Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the Schoolø 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 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 (FTE) 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, multiplied 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, 2018, the School reported 577.71 unweighted and 617.334 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:

PINELLAS PREPARATORY ACADEMY
A Component Unit of the District School Board of Pinellas County, Florida

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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

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

The state allocates gross receipt taxes, generally known as Public Education Capital Outlay money, to local school boards on an annual basis. The boards are authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the Department. The School was awarded an allocation of \$210,995 for the year ended June 30, 2019.

Contributions

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The School reports gifts of fixed assets or materials as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations regarding how long donated assets or assets acquired with restricted contributions must be maintained, the School reports expirations of donor restrictions when donated or acquired assets are placed in service. Contributions are considered to be unrestricted program funds unless specifically restricted by donor.

Use of Estimates

The preparation of the basic financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of asset and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**PINELLAS PREPARATORY ACADEMY CHARTER SCHOOL
A COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Subsequent Events

Management has evaluated all events subsequent events 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.

Income Taxes

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

Comparative Data

The amounts shown for the year ended June 30, 2018 in the accompanying financial statements are included to provide a basis for comparison with 2019 and present summarized totals only. Accordingly, the 2018 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the School's audited financial statements for the year ended June 30, 2018, from which the summarized information was derived.

NOTE 2 – CAPITAL ASSETS

In 2019, capital assets and related debt were allocated to the School from an affiliate. Management felt the allocations were a better reflection of the School's net position. The following is a summary of changes in capital assets during the fiscal year:

	<u>Balance</u> <u>June 30, 2018</u>	<u>(Decrease)</u> <u>Increase</u>	<u>Balance</u> <u>June 30, 2019</u>
Capital assets being depreciated/amortized:			
Building	\$ 6,762,889	\$ 5,750	\$ 6,768,639
Improvements	535,659	141,681	677,340
Land	1,093,667	-	1,093,667
Furniture, fixtures, and equipemt	1,013,320	153,612	1,166,932
Loan costs	<u>383,400</u>	<u>402,854</u>	<u>786,254</u>
	9,788,935	703,897	10,492,832
Less accumulated depreciation/amortization	(2,334,067)	(341,743)	(2,675,810)
Less amount allocated to affiliate	<u>(3,144,158)</u>	<u>(119,219)</u>	<u>(3,263,377)</u>
Total capital assets, net	<u>\$ 4,310,710</u>	<u>\$ 242,935</u>	<u>\$ 4,553,645</u>

PINELLAS PREPARATORY ACADEMY CHARTER SCHOOL
A COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 2 – CAPITAL ASSETS – Continued

Depreciation expense was \$187,311 in 2019.

Depreciation was charged to functions as follows:

Instruction	\$ 22,388
School administration	17,756
Operation of plant	<u>147,167</u>
Total	<u>\$ 187,311</u>

NOTE 3 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School purchases commercial insurance for all types of claims with nominal deductible amounts. There have been no significant reductions in insurance coverage during fiscal year 2019. Settled claims have not exceeded the commercial excess coverage in any of the past five years.

NOTE 4 - FUND BALANCE REPORTING

The following is a schedule of fund balances by category as of June 30, 2019:

Nonspendable:	
General Fund:	
Prepaid expense	\$ 37,642
Restricted:	
Capital Projects	845,083
Debt service	5,440,076
Unassigned	<u>1,194,912</u>
Total Fund Balance	<u><u>7,517,713</u></u>

**PINELLAS PREPARATORY ACADEMY CHARTER SCHOOL
A COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 6 – BONDS PAYABLE

Series 2011A Bonds ó On October 13, 2011, the School entered into a Tax Regulatory agreement with the Pinellas County Educational Authority associated with revenue term bonds issued, in the aggregate amount of \$8,670,000. The revenue term bonds were divided into two lots with \$7,905,000 paying 7.125% maturing on September 15, 2041, and \$765,000 paying 6.125% maturing on September 15, 2021. The proceeds were used to finance and refinance the cost of the acquisition and renovation of school facilities, fund a deposit to the debt service reserve fund and pay a portion of bond issuance costs. The bond is to be repaid in accordance with bond debt service schedules. The bond payment is shared with an affiliate, with 58% of the bond payable allocated to the School.

On June 4, 2019 the School entered into an escrow agreement to defease and discharge the bonds, with a call date of September 15, 2021.

Following is a schedule of future minimum payment for the years ending June 30,

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 78,300	\$ 171,064	\$ 249,364
2020	81,200	337,331	418,531
2021	<u>4,677,700</u>	<u>332,359</u>	<u>2,905,834</u>
	<u>\$4,837,200</u>	<u>\$ 840,754</u>	<u>\$5,677,954</u>

Series 2019A Bonds ó On June 4, 2019, the School entered into a Tax Regulatory agreement with the Pinellas County Educational Authority associated with revenue term bonds issued, in the aggregate amount of \$1,300,000. The revenue term bonds are paying 4.200% maturing on September 15, 2041. The proceeds are to finance a capital construction project. The bond is to be repaid in accordance with bond debt service schedules. The bond payment is shared with an affiliate, with 58% of the bond payable allocated to the School.

Series 2019B Bonds ó On June 4, 2019, the School entered into a Tax Regulatory agreement with the Pinellas County Educational Authority associated with revenue refunding bonds issued, in the aggregate amount of \$8,806,130. The revenue term bonds are paying 5.250% maturing on September 15, 2041. The proceeds will be used to refinance the Series 2011A bonds. The bond is to be repaid in accordance with bond debt service schedules. The bond payment is shared with an affiliate, with 58% of the bond payable allocated to the School.

Following is a schedule of future minimum payment for the years ending June 30,

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 55,100	\$ 84,115	\$ 139,215
2020	97,136	295,009	392,146
2021	121,688	277,084	398,772
2022	166,835	232,053	398,888
Thereafter	<u>5,420,796</u>	<u>2,988,120</u>	<u>8,408,916</u>
	<u>\$ 5,861,555</u>	<u>\$3,876,380</u>	<u>\$ 9,737,936</u>

**PINELLAS PREPARATORY ACADEMY CHARTER SCHOOL
A COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 7 - RESTRICTED NET ASSETS

Net assets were restricted for the following purposes as of June 30, 2019:

Capital Projects	\$ 755,075
Debt Service	5,440,076
Repairs	<u>90,008</u>
Total	<u>\$ 6,285,159</u>

NOTE 8 – ECONOMIC DEPENDENCE

For the year ended June 30, 2019, revenues for program services from the School Board represented ninety percent (90%) of the School's total revenues. The School's ability to continue operating and to provide program services is predicated on the School Board's continued support and funding of its programs. If a significant reduction were to occur, it would have an adverse effect on the School's ability to continue operations.

NOTE 9 – FINANCIALLY INTERRELATED ORGANIZATIONS

Under the definitions provided by Statement of Position (SOP) 94-3, *Reporting of Related Entities by Not-for-Profit Organizations*, the Organization is financially interrelated with Pinellas Preparatory Academy Charter School. The following disclosures are required in accordance with SOP 94-3:

Interrelated Organizations: Pinellas Preparatory Academy, Inc.
Pinellas Preparatory Academy Charter School

Nature of Relationship: Pinellas Preparatory Academy, Inc. (the Parent) has been awarded charters to operate a middle school and an elementary school by the District School Board of Pinellas County, Florida.

The Parent coordinates fund raising and shared expenses for Pinellas Preparatory Academy, Inc. and Pinellas Preparatory Academy Charter School. In addition, the Parent owns the land and improvements that house the educational facilities.

PINELLAS PREPARATORY ACADEMY CHARTER SCHOOL
A COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

NOTE 9 – FINANCIALLY INTERRELATED ORGANIZATIONS, CONTINUED

Summarized Financial Data: Consolidated Totals for Interrelated Organizations

	2019	2018
Revenues and support:		
Federal, state and local support	\$ 5,805,650	\$ 6,189,983
Contributions	62,828	96,438
Program fees	739,247	532,531
Investments income	4,083	662
Total revenues and support	<u>6,611,808</u>	<u>6,819,614</u>
Total expenses	<u>6,223,882</u>	<u>5,898,052</u>
Change in net assets	<u>\$ 387,926</u>	<u>\$ 921,562</u>
Assets:		
Current assets	\$ 2,954,310	\$ 2,719,119
Land, building and equipment, net	7,817,022	7,454,869
Restricted cash	10,836,482	1,111,408
Total assets	<u>21,607,814</u>	<u>11,285,396</u>
Liabilities:		
Current liabilities	600,129	541,767
Long term debt	18,216,130	8,340,000
Total liabilities	<u>18,816,259</u>	<u>8,881,767</u>
Net Position:		
Invested in capital assets	(10,629,108)	(1,010,131)
Restricted	10,836,483	1,111,408
Unrestricted	2,584,180	2,302,352
Total net position	<u>2,791,555</u>	<u>2,403,629</u>
Total liabilities and net position	<u>\$ 21,607,814</u>	<u>\$ 11,285,396</u>

NOTE 10 – EMPLOYEE BENEFIT PLAN

The School sponsors a salary reduction contribution plan pursuant to Section 403(b) of the Internal Revenue Code, covering substantially all employees. Under the plan, employees contribute a specified percentage of their salary, or a fixed dollar amount, to the plan. The School may agree to make nonelective contributions to their employees' 403(b) plans. Nonelective contributions made by the School were \$32,138 for the year ended June 30, 2019.

**PINELLAS PREPARATORY ACADEMY
A COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA**

**BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2019

	<u>General Fund Budget</u>		<u>Actual by Government Fund</u>			
	<u>Budgeted Amounts</u>		<u>Total All Funds</u>	<u>General Fund</u>	<u>Capital Fund</u>	<u>Debt Service Fund</u>
	<u>Original</u>	<u>Final</u>				
REVENUES						
Federal, state, and local sources	\$ 3,311,628	\$ 3,017,475	\$ 2,371,706	\$ 2,371,706	\$ -	\$ -
Capital outlay funding	67,169	216,308	210,995	-	210,995	-
Other income	356,453	356,453	7,011,697	448,393	1,126,778	5,436,526
TOTAL REVENUES	<u>3,735,250</u>	<u>3,590,236</u>	<u>9,594,398</u>	<u>2,820,099</u>	<u>1,337,773</u>	<u>5,436,526</u>
EXPENDITURES						
Instruction	2,020,426	2,084,771	2,071,422	2,071,422	-	-
School administration	417,145	454,962	473,238	473,238	-	-
Fiscal services	14,636	23,186	25,204	25,204	-	-
Operation and maintenance of plant	343,595	284,464	396,585	114,890	281,695	-
Capital asset acquisition and other capital outlay	67,169	216,308	210,995	-	210,995	-
Debt service	366,000	416,000	641,067	-	-	641,067
Other programs and services	58,610	61,090	71,716	71,716	-	-
TOTAL EXPENDITURES	<u>3,287,581</u>	<u>3,540,781</u>	<u>3,890,227</u>	<u>2,756,470</u>	<u>492,690</u>	<u>641,067</u>
NET CHANGE IN FUND BLANCE	<u>\$ 447,669</u>	<u>\$ 49,455</u>	<u>\$ 5,704,171</u>	<u>\$ 63,629</u>	<u>\$ 845,083</u>	<u>\$ 4,795,459</u>

LA MANNA HERNANDEZ P.A.
CERTIFIED PUBLIC ACCOUNTANTS

James M. La Manna, CPA
822 62nd Street Circle East, #105
Bradenton, FL 34208
Telephone: (941) 487-3653

D. Mitch Hernandez, CPA
2429 Central Avenue, Suite 203
St. Petersburg, FL 33713
Telephone: (727) 234-0074

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

To the Board of Directors of
Pinellas Preparatory Academy
Largo, 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 of Pinellas Preparatory Academy (the "School"), a charter school and component unit of the District School Board of Pinellas County, Florida, as of June 30, 2019, and the related notes to the financial statements which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 17, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 Pinellas Preparatory Academy'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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

La Manna Hernandez PA

La Manna Hernandez P.A.
Certified Public Accountants

St. Petersburg, Florida

September 17, 2019

LA MANNA HERNANDEZ P.A.
CERTIFIED PUBLIC ACCOUNTANTS

James M. La Manna, CPA
822 62nd Street Circle East, #105
Bradenton, FL 34208
Telephone: (941) 487-3653

D. Mitch Hernandez, CPA
2429 Central Avenue, Suite 203
St. Petersburg, FL 33713
Telephone: (727) 234-0074

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Board of Directors and Management
of Pinellas Preparatory Academy
Largo, Florida

Report on the Financial Statements

We have audited the financial statements of Pinellas Preparatory Academy (the "School"), a component unit of the District School Board of Pinellas County, Florida, as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated September 17, 2019.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits 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 Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 17, 2019, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.850, *Rules of the Auditor General*, which govern the conduct of charter school entity and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in aforementioned auditor's reports:

Prior Audit Findings

Section 10.854(1)(e)1, *Rules of the Auditor General*, require 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 recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)1, *Rules of the Auditor General*, requires the name or official title of the entity. The official title of the entity is Pinellas Preparatory Academy.

Financial Condition and Management

Section 10.854(1)(e)2, *Rules of the Auditor General*, requires us to apply appropriate procedures and communicate whether or not the Pinellas Preparatory Academy has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Pinellas Preparatory Academy did not meet any of the conditions as 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 Pinellas Preparatory Academy. It is management's responsibility to monitor the Pinellas Preparatory Academy's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Transparency

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

Other 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

We wish to thank the Principal and her staff for their support and assistance during our audit.

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, and the Florida Auditor General, and Federal and other granting agencies, the Board of Directors, management, and others within the organization, the District School Board of Pinellas County, and is not intended to be and should not be used by anyone other than these specified parties.

La Manna Hernandez PA

La Manna Hernandez, P.A.
Certified Public Accountants

St. Petersburg, Florida

September 17, 2019