

**NORTH COUNTY CHARTER SCHOOL, INC.**

**Basic Financial Statements  
with  
Independent Auditors' Report**

Year ended June 30, 2022

**Table of Contents**

	<b>Page</b>
<b>Independent Auditors' Report</b> .....	2 - 4
<b>Management's Discussion and Analysis</b> .....	5 - 9
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Position .....	10
Statement of Activities .....	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	12
Statements of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	13
Reconciliation of the Governmental Funds Statements of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities .....	14
Budgetary Comparison Schedule – General Fund .....	15
Notes to Basic Financial Statements .....	16 - 25
<b>Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b> .....	<b>26 - 27</b>
<b>Management Letter</b> .....	<b>28 - 29</b>

## **Independent Auditors' Report**

To the Board of Directors  
North County Charter School, Inc.  
Vero Beach, Florida

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North County Charter School, Inc. (the School), a component unit of Indian River County School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2022, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibility of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Directors  
North County Charter School, Inc.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



To the Board of Directors  
North County Charter School, Inc.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2022, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

*Nuttall, Donini & Associates, CPA's*

Nuttall, Donini & Associates, CPA's  
Certified Public Accountants

August 12, 2022



**NORTH COUNTY CHARTER SCHOOL, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

As management of North County Charter School, Inc. (the School), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2022. This overview and analysis is required by generally accepted accounting principles (GAAP) in the United States of America and in Governmental Accounting Standards Board Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34).

**FINANCIAL HIGHLIGHTS**

- The assets of the School as reported in the government-wide financial statements exceeded its liabilities at the close of the current fiscal year by \$8,414,977 (net position). Of this amount, \$3,199,154 (unrestricted net position) may be used to meet the ongoing obligations of the School. The School's total net position increased by \$871,435 or 12% in comparison with the prior year net position.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$3,199,154, or 74% of total expenditures. The School's combined ending fund balances decreased by \$300,766 or 8% in comparison with the prior year balances. \$3,199,154 is available for spending at the School's discretion (unassigned fund balance) and has been appropriated in the subsequent year's budget.
- Net investment in capital assets increased over the prior year by \$1,772,650 or 51%.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements comprise five components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, 4) required supplementary information, and 5) supplementary auditors' reports.

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

The *statement of net position* presents information on all the School's assets (both short-term spendable resources and capital assets) and liabilities, with the difference between the two reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The *statement of activities* presents information showing how the School's net position changed during the most recent fiscal year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements present functions of the School that are principally supported by local revenues (FTE dollars through the Indian River County School District) (*governmental activities*) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The School has no business-type activities and no component units for which they are financially accountable. The government-wide financial statements can be found on pages 10 and 11 of this report.

**NORTH COUNTY CHARTER SCHOOL, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

***Fund financial statements*** – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds used by the School are considered governmental fund types.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The School maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The School adopts an annual appropriated budget for all funds. Government accounting standards require the School to report a budgetary comparison statement for the general fund and any major special revenue funds. A budgetary comparison statement has been provided for the general fund. The School has no major special revenue funds. The basic governmental fund financial statements can be found on pages 12 - 15 of this report.

***Notes to the financial statements*** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 - 25 of this report.

***Required supplementary information*** – The information in this section is required by the Governmental Accounting Standards Board (GASB). It consists of the Management's Discussion and Analysis (MD&A).

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, assets exceeded liabilities by \$8,414,977 at June 30, 2022.

A portion of the School's net position (53%) reflects its net investment in capital assets (e.g. land, buildings, equipment and furniture). The School has related debt outstanding as of June 30, 2022, of \$1,743,381 that was used to acquire these assets. The School uses these capital assets to provide educational services; consequently, these assets are *not* available for future spending.

**NORTH COUNTY CHARTER SCHOOL, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NORTH COUNTY CHARTER SCHOOL, INC.'S NET POSITION**

	2022	2021
Current assets	\$ 3,215,956	\$ 3,678,322
Capital assets, net	6,959,204	5,982,252
<b>Total assets</b>	<b>10,175,160</b>	<b>9,660,574</b>
Current liabilities	281,163	375,079
Long-term liabilities	1,479,020	1,741,953
<b>Total liabilities</b>	<b>1,760,183</b>	<b>2,117,032</b>
Net position:		
Net investment in capital assets	5,215,823	3,985,399
Unrestricted	3,199,154	3,558,143
<b>Total net position</b>	<b>\$ 8,414,977</b>	<b>\$ 7,543,542</b>

An additional portion of the School's net position (38%) represents an *unrestricted net position* that is available to meet the financial obligations of the School. At the end of the current fiscal year, the School is able to report positive balances in all categories of net position.



**NORTH COUNTY CHARTER SCHOOL, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

**NORTH COUNTY CHARTER SCHOOL, INC.'S CHANGE IN NET POSITION**

	2022	2021
Revenues:		
Program revenues:		
Charges for services	\$ 168,922	\$ 82,044
Operating grants and contributions	563,998	393,073
Capital grants and contributions	230,935	177,540
General revenues:		
FTE non-specific revenues	2,942,794	2,947,629
Unrestricted investment earnings	3,934	13,767
Gifts, grants and bequests not restricted to specific programs	53,713	87,529
Gain on exchange of asset	-	1,522
<b>Total revenues</b>	<b>3,964,296</b>	<b>3,703,104</b>
Expenses:		
Instruction	1,814,293	1,749,355
Parental involvement	-	-
Instructional staff training	4,680	1,352
Board	3,280	24,506
School administration	463,788	420,599
Facilities acquisition and construction	39,879	8,792
Fiscal services	17,205	16,435
Food services	238,302	181,159
Transportation	23,545	29,864
Operation of plant	251,876	247,209
Maintenance of plant	15,449	10,309
Interest on long-term debt	71,824	81,038
Depreciation - unallocated	148,740	133,823
<b>Total expenses</b>	<b>3,092,861</b>	<b>2,904,441</b>
Increase in net position	871,435	798,663
Net position, beginning of year	7,543,542	6,744,879
Net position, end of year	\$ 8,414,977	\$ 7,543,542

**Governmental activities** – The School relies heavily on general revenues (i.e. FTE dollars) to fund the expenses of the governmental activities. Program revenues consisting of capital and operating grants comprise 24% of total revenues. General revenues comprise 76% of total revenues.

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

**NORTH COUNTY CHARTER SCHOOL, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

As of the end of the current fiscal year, the School's governmental funds reported combined ending fund balance of \$3,199,154, a decrease of \$300,766 over the previous fiscal year. The fund balance consists of *unassigned* fund balance of \$3,499,920, which is available for spending at the School's discretion.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

- The original budget was not amended for fiscal year June 30, 2022.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets** – The School's investment in capital assets for its governmental activities as of June 30, 2022, amounted to \$6,959,204 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and furniture. Additional information on the School's capital assets can be found in Notes 1 and 2 on pages 18 and 22 of this report.

**Long-term debt** – The School has related debt outstanding as of June 30, 2022, of \$1,743,381 that was used to acquire these assets. Additional information on the School's long-term debt can be found in Notes 1, 3 and 4 on pages 19, 23 and 24 of this report.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- The School received the majority of its revenues from FTE dollars provided by Indian River County School District.
- Indian River County School District retains approximately 1.3% administrative costs on revenues.
- The Charter School's enrollment is at 100%.

All these factors were considered in preparing the School's budget for the 2022-23 fiscal year.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Ken Miller, Business/Finance Manager, North County Charter School, Inc., 6640 Old Dixie Highway, Vero Beach, Florida 32967.

**North County Charter School, Inc.**  
A Charter School and Component Unit of the  
Indian River County District School Board  
Statement of Net Position

June 30, 2022

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash	\$ 3,178,613	\$ -	\$ 3,178,613
Due from local sources	37,343	-	37,343
Capital assets, net	6,959,204	-	6,959,204
<b>Total Assets</b>	<b>\$ 10,175,160</b>	<b>\$ -</b>	<b>\$ 10,175,160</b>
<b>Liabilities</b>			
Current liabilities:			
Deferred revenue	16,802	-	16,802
Long-term liabilities:			
Due within one year			
Mortgage payable	257,429	-	257,429
Obligation under capital lease	6,932	-	6,932
Due in more than one year			
Mortgage payable	1,461,574	-	1,461,574
Obligation under capital lease	17,446	-	17,446
<b>Total Liabilities</b>	<b>1,760,183</b>	<b>-</b>	<b>1,760,183</b>
<b>Net Position</b>			
Net investment in capital assets	5,215,823	-	5,215,823
Unrestricted, reported in:			
Governmental activities	3,199,154	-	3,199,154
<b>Total Net Position</b>	<b>\$ 8,414,977</b>	<b>\$ -</b>	<b>\$ 8,414,977</b>

See accompanying notes to the basic financial statements.

**North County Charter School, Inc.**  
A Charter School and Component Unit of the  
Indian River County District School Board  
Statement of Activities

Year ended June 30, 2022

	Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Functions/Programs</b>							
Governmental activities:							
Instruction	\$ 1,814,293	\$ 164,854	\$ 137,321	\$ -	\$ (1,512,118)	\$ -	\$ (1,512,118)
Instructional staff training	4,680	-	-	-	(4,680)	-	(4,680)
Board	3,280	-	-	-	(3,280)	-	(3,280)
School administration	463,788	-	87,705	-	(376,083)	-	(376,083)
Facilities acquisition and construction	39,879	-	81,221	230,935	272,277	-	272,277
Fiscal services	17,205	-	-	-	(17,205)	-	(17,205)
Food services	238,302	4,068	230,391	-	(3,843)	-	(3,843)
Transportation	23,545	-	-	-	(23,545)	-	(23,545)
Operation of plant	251,876	-	27,360	-	(224,516)	-	(224,516)
Maintenance of plant	15,449	-	-	-	(15,449)	-	(15,449)
Interest on long-term debt	71,824	-	-	-	(71,824)	-	(71,824)
Depreciation - unallocated *	148,740	-	-	-	(148,740)	-	(148,740)
<b>Total Governmental Activities</b>	<b>\$ 3,092,861</b>	<b>\$ 168,922</b>	<b>\$ 563,998</b>	<b>\$ 230,935</b>	<b>(2,129,006)</b>	<b>-</b>	<b>(2,129,006)</b>
<b>General Revenues:</b>							
Local revenue:							
Florida Education Finance Program					2,483,208	-	2,483,208
Class size funds					361,017	-	361,017
Instructional materials					24,249	-	24,249
Teachers lead program					6,703	-	6,703
Idea funds					67,617	-	67,617
Gifts, grants and bequests					53,713	-	53,713
Interest earned					3,934	-	3,934
<b>Total General Revenues</b>					<b>3,000,441</b>	<b>-</b>	<b>3,000,441</b>
<b>Change in Net Position</b>					<b>871,435</b>	<b>-</b>	<b>871,435</b>
<b>Net Position, beginning</b>					<b>7,543,542</b>	<b>-</b>	<b>7,543,542</b>
<b>Net Position, ending</b>					<b>\$ 8,414,977</b>	<b>\$ -</b>	<b>\$ 8,414,977</b>

\* This amount excludes the depreciation that is included in the direct expenses of the various programs.

See accompanying notes to the basic financial statements.

**North County Charter School, Inc.**  
A Charter School and Component Unit of the  
Indian River County District School Board  
Balance Sheet - Governmental Funds

June 30, 2022

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash	\$ 3,161,811	\$ -	\$ 16,802	\$ 3,178,613
Due from local sources	37,343	-	-	37,343
<b>Total Assets</b>	<b>\$ 3,199,154</b>	<b>\$ -</b>	<b>\$ 16,802</b>	<b>\$ 3,215,956</b>
<b>Liabilities and Fund Balances</b>				
Deferred revenue	\$ -	\$ -	\$ 16,802	\$ 16,802
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>16,802</b>	<b>16,802</b>
Fund balances:				
Unassigned	3,199,154	-	-	3,199,154
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,199,154</b>	<b>\$ -</b>	<b>\$ 16,802</b>	<b>\$ 3,215,956</b>
Total fund balances				\$ 3,199,154
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 in the governmental funds.				6,959,204
Long-term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.				(1,743,381)
Due from Local Sources that are not available to pay for current period expenditures and therefore, are not reported as assets in the governmental funds.				-
Net position of governmental activities				<u>\$ 8,414,977</u>

See accompanying notes to the basic financial statements.

**North County Charter School, Inc.**

A Charter School and Component Unit of the  
 Indian River County District School Board  
 Statement of Revenues, Expenditures and Changes in  
 Fund Balances - Governmental Funds

Year ended June 30, 2022

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Intergovernmental:				
Federal through local	\$ -	\$ 230,935	\$ 307,138	\$ 538,073
Local	3,246,052	-	234,459	3,480,511
Interest	3,934	-	-	3,934
<b>Total Revenues</b>	<b>3,249,986</b>	<b>230,935</b>	<b>541,597</b>	<b>4,022,518</b>
<b>Expenditures</b>				
Current - Education:				
Instruction	1,675,246	-	90,521	1,765,767
Instructional staff training	4,680	-	-	4,680
Board	3,280	-	-	3,280
School administration	373,123	-	86,012	459,135
Facilities acquisition and construction	39,879	-	-	39,879
Fiscal services	17,205	-	-	17,205
Food services	-	-	232,006	232,006
Transportation	23,545	-	-	23,545
Operation of plant	224,516	-	27,360	251,876
Maintenance of plant	15,449	-	-	15,449
Debt service	325,295	-	-	325,295
Fixed Capital Outlay:				
Facilities acquisition and construction	-	1,064,355	120,812	1,185,167
<b>Total Expenditures</b>	<b>2,702,218</b>	<b>1,064,355</b>	<b>556,711</b>	<b>4,323,284</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>547,768</b>	<b>(833,420)</b>	<b>(15,114)</b>	<b>(300,766)</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in (out)	(848,534)	833,420	15,114	-
<b>Total Other Financing Sources (Uses)</b>	<b>(848,534)</b>	<b>833,420</b>	<b>15,114</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(300,766)</b>	<b>-</b>	<b>-</b>	<b>(300,766)</b>
<b>Fund Balance, beginning of year</b>	<b>3,499,920</b>	<b>-</b>	<b>-</b>	<b>3,499,920</b>
<b>Fund Balance, end of year</b>	<b>\$ 3,199,154</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,199,154</b>

See accompanying notes to the basic financial statements.

**North County Charter School, Inc.**

A Charter School and Component Unit of the  
Indian River County District School Board

Reconciliation of the Governmental Funds Statement of Revenues,  
Expenditures and Changes in Fund Balances to the Statement of Activities

Year ended June 30, 2022

---

<b>Net change in fund balances - governmental funds</b>	<b>\$ (300,766)</b>
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 by which capital outlay (\$1,185,167) exceeds depreciation expense (\$208,215) in the period.	976,952
Repayment of the mortgage payable and capital lease obligation are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	253,471
Collection of the settlement proceeds are revenues in the governmental funds, but the collection reduces the receivable in the statement of net position	(58,222)
<b>Change in net position of governmental activities</b>	<b>\$ 871,435</b>

---

See accompanying notes to the basic financial statements.

**North County Charter School, Inc.**  
A Charter School and Component Unit of the  
Indian River County District School Board  
Budgetary Comparison Schedule - General Fund

Year ended June 30, 2022

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Local	\$ 3,053,004	\$ 3,053,004	\$ 3,246,052	\$ 193,048
Interest	7,000	7,000	3,934	(3,066)
<b>Total Revenues</b>	<b>3,060,004</b>	<b>3,060,004</b>	<b>3,249,986</b>	<b>189,982</b>
<b>Expenditures</b>				
Current - Education:				
Instruction	1,572,305	1,572,305	1,675,246	(102,941)
Parental involvement	150	150	-	150
Instructional staff training	2,300	2,300	4,680	(2,380)
Board	12,800	12,800	3,280	9,520
School administration	469,637	469,637	373,123	96,514
Facilities acquisition and construction	12,300	12,300	39,879	(27,579)
Fiscal services	16,580	16,580	17,205	(625)
Transportation	33,000	33,000	23,545	9,455
Operation of plant	307,000	307,000	224,516	82,484
Maintenance of plant	10,700	10,700	15,449	(4,749)
Debt service	316,931	316,931	325,295	(8,364)
<b>Total Expenditures</b>	<b>2,753,703</b>	<b>2,753,703</b>	<b>2,702,218</b>	<b>51,485</b>
<b>Excess (Deficit) of Revenues over Expenditures</b>	<b>306,301</b>	<b>306,301</b>	<b>547,768</b>	<b>241,467</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in (out)	-	-	(848,534)	(848,534)
<b>Excess (Deficit) of Revenues and Other Sources over Expenditures and Other Uses</b>	<b>\$ 306,301</b>	<b>\$ 306,301</b>	<b>(300,766)</b>	<b>\$ (607,067)</b>
<b>Fund Balance, beginning of year</b>			<b>3,499,920</b>	
<b>Fund Balance, end of year</b>			<b>\$ 3,199,154</b>	

See accompanying notes to the basic financial statements.



## **North County Charter School, Inc.**

A Charter School and Component Unit of the  
Indian River County District School Board  
Notes to Basic Financial Statements

### **Note 1 – Summary of Significant Accounting Policies**

#### **Reporting Entity**

The North County Charter School, Inc., is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not for Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the Board of Directors which is composed of not less than five members. The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the School has been determined not to be a private foundation within the meaning of Section 509(a) of the Code.

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 Indian River County District School Board. The current charter is effective until June 30, 2028. 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 which 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. The North County Charter School, Inc. is considered a component unit of the Indian River County District School Board.

Criteria for determining if other entities are potential component units of the School which should be reported with 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 provide 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**

The School's financial statements have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

The basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The School has no business-type activities. Governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Reconciling items arise from differences in the measurement focuses and bases of accounting between the statements, and certain required eliminations.

**North County Charter School, Inc.**

A Charter School and Component Unit of the  
Indian River County District School Board  
Notes to Basic Financial Statements (continued)

**Note 1 – Summary of Significant Accounting Policies** (continued)

**Basic Financial Statements - Government-wide Statements**

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The School's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The School first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the School's functions and business-type activities. The functions are also supported by general revenues (funding received from the Indian River County School District, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (administration, food services, facilities acquisition and construction, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue. The School does not allocate indirect costs. This government-wide focus is more on the sustainability of the School as an entity and the change in the School's net position resulting from the current year's activities.

**Basic Financial Statements – Fund Financial Statements**

The financial transactions of the School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The School's major governmental funds are as follows:

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

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures 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.

Both governmental and business-type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**North County Charter School, Inc.**  
 A Charter School and Component Unit of the  
 Indian River County District School Board  
 Notes to Basic Financial Statements (continued)

**Note 1 – Summary of Significant Accounting Policies** (continued)

**Basis of Accounting** (continued)

The governmental funds financial statements are prepared using the modified accrual basis of accounting. Under the modified accrual basis, revenues, except for certain grant revenues, are recognized when they become measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used 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 current fiscal period. 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 unmatured interest on long-term debt, which should be recognized when due. The principal exception to this general rule is that prepaid items are generally not accrued.

**Budgetary Basis Accounting**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services and capital outlay). The budget is adopted and approved by the Board of Directors. The budget amounts presented in the accompanying financial statements are as amended by the Schools’ Board of Directors and adopted on a basis consistent with generally accepted accounting principles.

**Cash**

The School's cash consists of demand deposits with financial institutions, which are insured by Federal depository insurance.

**Capital Assets and Depreciation**

Expenditures for capital assets acquired for general school purposes are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. All capital assets are capitalized at cost and updated for additions and retirements during the year. Donated assets are recorded at fair market value at the date of donation. The School maintains a capitalization threshold of \$750. The School does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and fixed equipment	50 years
Improvements other than buildings	10-15 years
Furniture, fixtures and equipment	5-10 years
Motor vehicles	5 years
Loan costs	5-16 years

**North County Charter School, Inc.**

A Charter School and Component Unit of the  
Indian River County District School Board  
Notes to Basic Financial Statements (continued)

**Note 1 – Summary of Significant Accounting Policies** (continued)**Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. Payments made within sixty days after year end are considered to have been made with current available financial resources. Other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

**Revenue Sources**

Revenues for current operations are received primarily from the Indian River County District School Board 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 (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted FTE students reported by the School during the designated FTE student survey periods.

The School received Federal awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For Federal 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.

**Deferred Revenue**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements awarded before the eligibility requirements are met are recorded as deferred revenue.

**Compensated Absences**

Sick and personal leave expenditures are recognized when payments are made to the employees. Sick and personal leave do not accumulate from year-to-year; thus, no liability is recorded.

**Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in governmental funds.

**Note 1 – Summary of Significant Accounting Policies** (continued)

**Fund Balance Disclosure**

The School implemented the provisions of GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions (GASB No. 54)”, in 2011, as required. The purpose of GASB 54 is to improve the consistency and usefulness of the fund balances information to the financial user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

**Governmental Fund Financial Statements.** In accordance with GASBS No. 54, the School classifies fund balances in the governmental funds as follows:

**Nonspendable** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The School did not have any nonspendable resources as of June 30, 2022.

**Spendable Fund Balance** includes Restricted, Committed, Assigned, and Unassigned designations:

**Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School did not have any restricted resources as of June 30, 2022.

**Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School did not have any committed resources as of June 30, 2022.

**Assigned** – This classification includes amounts that are constrained by the School’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the School or by an official or body to which the School delegates the authority. The School did not have any assigned resources as of June 30, 2022.

**Unassigned** – This classification includes the residual fund balance for the General Fund.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 11). The School would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

**General Fund**

The General Fund has an Unassigned Fund Balance of \$3,199,154 at June 30, 2022.

## **North County Charter School, Inc.**

A Charter School and Component Unit of the  
Indian River County District School Board  
Notes to Basic Financial Statements (continued)

### **Note 1 – Summary of Significant Accounting Policies** (continued)

#### **Fund Balance Disclosure** (continued)

Beginning with fiscal year end June 30, 2012, the School implemented the provisions of GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (GASB No. 63)”, in 2012, as required. The purpose of GASB 63 is to establish guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position.

**Governmental-wide Financial Statements.** In accordance with GASB No. 63, the School classifies net position in the government-wide financial statements as follows:

**Net Investment in Capital Assets** – This classification includes the School’s capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted Net Position** – This classification includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The School typically uses restricted assets first, as appropriate opportunities arise, but reserve the right to selectively defer the use until a future project. The School did not have any restricted net position as of June 30, 2022.

**Unrestricted Net Position** – This classification typically includes unrestricted liquid assets. The School has the authority to revisit or alter this designation.

#### **Interfund Activity**

Loans between governmental funds are reported as interfund receivables or payables as appropriate and are subject to elimination upon consolidation. Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. During the year ended June 30, 2022, the School made an interfund transfer of \$15,114 from the general fund fund to the special revenue fund to subsidize the School’s food program. Also, during the year ended June 30, 2022, the School made an interfund transfer of \$833,420 from the general fund to the capital projects fund to subsidize the capital projects fund. As fund balance becomes available the capital projects fund and special revenue fund will transfer back amounts subsidized by the general fund.

#### **Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Directors and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year ended June 30, 2022.

#### **Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

#### **Subsequent Events**

Management has evaluated subsequent events through August 12, 2022, the date the financial statements were available to be issued.

**North County Charter School, Inc.**  
A Charter School and Component Unit of the  
Indian River County District School Board  
Notes to Basic Financial Statements (continued)

**Note 2 – Capital Assets**

Capital asset activity for governmental activities for the year ended June 30, 2022, was as follows:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets not being depreciated:				
Land	\$ 749,238	\$ -	\$ -	\$ 749,238
Total capital assets not being depreciated	749,238	-	-	749,238
Other capital assets:				
Buildings and fixed equipment	5,546,036	1,381,177	-	6,927,213
Improvements other than buildings	308,052	18,635	-	326,687
Furniture, fixtures and equipment	474,908	150,223	-	625,131
Motor vehicles	3,000	-	-	3,000
Property under capital lease	36,828	-	-	36,828
Computer software	4,117	1,068	-	5,185
Loan costs	63,109	-	-	63,109
Construction in progress	377,436	11,500	(377,436)	11,500
Total other capital assets at historical cost	6,813,486	1,562,603	(377,436)	7,998,653
Less accumulated depreciation for:				
Buildings and fixed equipment	(1,073,658)	(121,927)	-	(1,195,585)
Improvements other than buildings	(119,995)	(20,738)	-	(140,733)
Furniture, fixtures and equipment	(327,242)	(54,571)	-	(381,813)
Motor vehicles	(1,400)	(600)	-	(2,000)
Property under capital lease	(6,138)	(7,366)	-	(13,504)
Computer software	(3,072)	(1,316)	-	(4,388)
Loan costs	(48,967)	(1,697)	-	(50,664)
Total accumulated depreciation	(1,580,472)	(208,215) *	-	(1,788,687)
Other capital assets, net	5,233,014	1,354,388	(377,436)	6,209,966
Governmental activities capital assets, net	\$ 5,982,252	\$ 1,354,388	\$ (377,436)	\$ 6,959,204

**\* Depreciation expense was charged to governmental functions as follows:**

Instruction	\$ 48,526
School administration	4,653
Food services	6,296
Unallocated	148,740
	\$ 208,215

**North County Charter School, Inc.**

A Charter School and Component Unit of the  
 Indian River County District School Board  
 Notes to Basic Financial Statements (continued)

**Note 3 – Obligation under Capital Lease**

Fiscal year ending June 30,	
2023	\$ 8,340
2024	8,340
2025	8,340
2026	1,390
Total minimum lease payments	26,410
Less amount representing interest	(2,032)
	\$ 24,378

The imputed interest rate is 5.0 percent.

**Note 4 – Long-Term Liabilities**

The changes in the School's long-term obligations for governmental activities during the year consist of the following:

	Principal Outstanding June 30, 2021	Additions	Reductions	Principal Outstanding June 30, 2022	Amount Due in One Year
Mortgages payable	\$ 1,965,543	\$ -	\$ 246,540	\$ 1,719,003	\$ 257,429

The School has obtained financing to purchase and add to its facilities. A loan agreement was entered into on November 1, 2012 with Seacoast National Bank that requires monthly principal, plus interest payments of \$17,818 until the maturity date of November 1, 2027. The loan carries a fixed interest rate of 3.75%, based on a five-year adjusted rate through November 1, 2022.

On September 20, 2013, the School obtained a second loan with Seacoast National Bank. Under the terms of the agreement, beginning November 1, 2014, monthly principal, plus interest payments of \$8,593 are required until maturity on November 1, 2029, at which time all unpaid principal and interest shall become immediately due and payable. The loan carries a five-year adjustable interest rate of 3.75% for the first five years. Beginning October 1, 2018, the interest rate was adjusted to 3.75% over the 5-year Treasury Constant Maturity, with a floor rate of 3.75%. The adjustment is to occur every 5 years until paid in full.

Currently, payments on the mortgage payable are made by the General Fund.



**North County Charter School, Inc.**

A Charter School and Component Unit of the  
 Indian River County District School Board  
 Notes to Basic Financial Statements (continued)

**Note 4 – Long-Term Liabilities** (continued)

Amounts needed for the planned extended repayment of the mortgage at June 30, 2022, are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2023	\$ 257,429	\$ 59,503	\$ 316,932
2024	267,250	49,682	316,932
2025	277,446	39,486	316,932
2026	288,031	28,901	316,932
2027	299,020	17,913	316,933
2028 and thereafter	329,827	11,099	340,926
	\$ 1,719,003	\$ 206,584	\$ 1,925,587

**Note 5 – Revenue Sources**

As stated in Note 1, Revenue Sources, the School received revenues for current operations primarily from the State of Florida through the Indian River County District School Board. The following is a schedule of revenue sources and funding amount for the year ended June 30, 2022:

Source	Amount
Florida Education Finance Program	\$ 2,483,208
Categorical programs:	
Class size reduction	361,017
Instructional materials	24,249
National School Lunch Program	230,391
IDEA Funds	67,617
Capital outlay funds	230,935
ESSER II funds	239,521
VPK funding	94,086
Other revenue	233,272
	\$ 3,964,296

**North County Charter School, Inc.**  
A Charter School and Component Unit of the  
Indian River County District School Board  
Notes to Basic Financial Statements (continued)

**Note 6 – Net Position**

At June 30, 2022, the net position of the School consisted of the following:

	Governmental Activities	Business-type Activities
Net investment in capital assets:		
Net property, plant and equipment	\$ 6,959,204	\$ -
Less:		
Mortgage payable and capital lease obligation	(1,743,381)	-
Total net investment in capital assets	5,215,823	-
Unrestricted	3,199,154	-
Total net position	\$ 8,414,977	\$ -

**Note 7 – 401(k) Plan**

The School initiated a 401(k) plan on September 1, 2002 and subsequently amended, that covers all employees who have attained twenty-one years of age and satisfied a one-year service requirement. Employees may make elective contributions up to the limit established by federal law. The School may make elective contributions equal to the employee’s contribution up to a limit of 3% of the employee’s compensation (excluding bonuses) for the fiscal year. For the year ended June 30, 2022, the School contributed \$23,174 to the plan.

**Note 8 – Risk Management Programs**

Personnel of the School are provided through a leasing arrangement with a licensed employee leasing company. Workers' compensation coverage is provided by the employee leasing company. Employees of the School are covered by purchased health insurance. The School contributes monthly for each employee to the plan and employees, at their option, authorize payroll withholdings to pay for dependents. Employees may also voluntarily enroll in other various insurance plans through a pre-tax program. Employees authorize payroll withholdings and are responsible for all premiums. General liability, professional liability, and property coverages are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Commercial coverage has not been exceeded.

**Note 9 – Global Pandemic**

Beginning in the first quarter of 2020, a global pandemic of coronavirus affected the nation, including the community wherein the school operates. The Governor of Florida passed Executive Order 20-91 that required all Florida residents to limit their movements and personal interactions outside of their home to only those necessary to obtain or provide essential services or conduct essential activities, resulting in the School operating remotely through the end of the 2019-20 school year. The 2020-21 school year had a late start and had to operate remotely during the last quarter of 2020. The 2021-22 school year returned to normal operating hours. The School received federal assistance of \$136,144 for 2021-22, \$120,179 for 2021-22 and \$81,742 for 2020-21, of which \$16,802 has been deferred as of June 30, 2022. These funds were provided to assist the School with the additional costs of providing a safe and healthy environment and remote learning aids.

**Independent Auditors' Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors  
North County Charter School, Inc.  
Vero Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North County Charter School, Inc. (the School), a component unit of the Indian River County School District, as of and for the year ended June 30, 2022, 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 12, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be 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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

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

To the Board of Directors  
North County Charter School, Inc.

**Purpose of this Report**

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

*Nuttall, Donini & Associates, CPA's*

Nuttall, Donini & Associates, CPA's  
Certified Public Accountants

August 12, 2022



## Management Letter

To the Board of Directors  
North County Charter School, Inc.  
Vero Beach, Florida

### Report on the Financial Statements

We have audited the financial statements of North County Charter School, Inc., Florida, as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated August 12, 2022.

### 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 Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated August 12, 2022, 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.

### Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in the management letter. The official title and the school code assigned by the Florida Department of Education of the entity are North County Charter School, Inc. and 315003.

### 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 North County Charter School, Inc. 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 North County Charter School, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

To the Board of Directors  
North County Charter School, Inc.

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 North County Charter School, Inc. It is management's responsibility to monitor North County Charter School, Inc.'s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

### **Transparency**

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

### **Additional Matters**

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note 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 Indian River County School District and is not intended to be and should not be used by anyone other than these specified parties.

*Nuttall, Donini & Associates, CPA's*

Nuttall, Donini & Associates, CPA's  
Certified Public Accountants

August 12, 2022

