

**Pinellas Primary Academy Charter School**  
(A Component Unit of the District School Board of Pinellas County, Florida)

**SPECIAL PURPOSE FINANCIAL REPORT**

**Year Ended June 30, 2019**

**LA MANNA HERNANDEZ P.A.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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**LA MANNA HERNANDEZ P.A.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Pinellas Primary 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 Primary 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 Primary 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 Primary 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 Primary Academy's internal control over financial reporting and compliance.

### ***Report on Summarized Comparative Information***

We have previously audited the Pinellas Primary 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 PRIMARY ACADEMY CHARTER SCHOOL**  
**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 Primary Academy Charter School (öSchoolö) provides an overview of the Schoolö 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 Schoolö 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 Schoolö revenues exceeded expenses as shown on the Schoolö statement of activities by \$229,877.
- As shown on the statement of net position, the School reported an unrestricted net position balance of \$1,351,626.

**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 Schoolö 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 governmentö 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 Schoolö net position and the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the Schoolö 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 Schoolö financial activities, focusing on its most significant

**PINELLAS PRIMARY ACADEMY CHARTER SCHOOL**  
**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 PRIMARY ACADEMY CHARTER SCHOOL**  
**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:

	<b>Net Position</b>		
	Governmental Activities		
	June 30, 2019	June 30, 2018	Increase (Decrease)
<b>ASSETS</b>			
Current assets	\$ 1,569,715	\$ 1,219,355	\$ 350,360
Capital assets, net	3,263,377	3,144,158	119,219
Other assets	<u>4,737,722</u>	<u>6,222,310</u>	<u>(1,484,588)</u>
Total assets	<u>\$ 9,570,814</u>	<u>\$ 10,585,823</u>	<u>\$ (1,015,009)</u>
<b>LIABILITIES</b>			
Current liabilities	\$ 299,426	\$ 308,640	\$ (9,214)
Long-term liabilities	<u>7,852,436</u>	<u>9,088,108</u>	<u>(1,235,672)</u>
Total liabilities	<u>8,151,862</u>	<u>9,396,748</u>	<u>(1,244,886)</u>
<b>NET POSITION</b>			
Net investment in capital assets	(4,483,998)	(411,142)	(4,072,856)
Restricted	4,551,324	466,792	4,084,532
Unrestricted	<u>1,351,626</u>	<u>1,133,425</u>	<u>218,201</u>
Total net position	<u>1,418,952</u>	<u>1,189,075</u>	<u>229,877</u>
Total liabilities and net position	<u>\$ 9,570,814</u>	<u>\$ 10,585,823</u>	<u>\$ (1,015,009)</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 PRIMARY ACADEMY CHARTER SCHOOL**  
**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)
<b>REVENUE</b>			
Federal through State and Local	\$ 11,840	\$ -	\$ 11,840
State Sources	2,658,124	2,824,353	(166,229)
Local and other	294,107	254,535	39,572
Total revenue	<u>\$ 2,964,071</u>	<u>\$ 3,078,888</u>	<u>\$ (114,817)</u>
<b>EXPENSES</b>			
Instruction	\$ 1,662,527	\$ 1,644,983	\$ 17,544
School administration	411,516	253,078	158,438
Fiscal services	24,378	14,577	9,801
Operation and maintenance of plant	341,941	403,756	(61,815)
Other programs and services	51,310	35,739	15,571
Debt service	242,522	253,072	(10,550)
Total expenses	<u>2,734,194</u>	<u>2,605,205</u>	<u>128,989</u>
<b>Increase/(Decrease in Net Position)</b>	<u>\$ 229,877</u>	<u>\$ 473,683</u>	<u>\$ (243,806)</u>

The largest revenue source for the School is the State of Florida (90%). 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 61% 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 \$5,902,950.

**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 PRIMARY ACADEMY CHARTER SCHOOL**  
**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 \$3,263,377 (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 \$7,747,375 in long-term debt outstanding, a net increase of \$4,192,075 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 Primary Academy Charter School'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 Primary Academy Charter School, 2300 South Belcher Road #100, Largo, FL 323771.

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

**STATEMENT OF NET POSITION**

**June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 1,530,804	\$ 1,204,898
Accounts receivable	12,441	-
Prepaid expenses	<u>26,470</u>	<u>14,457</u>
Total current assets	1,569,715	1,219,355
Capital assets, net of accumulated depreciation	3,263,377	3,144,158
Due from affiliate	186,399	5,110,902
Restricted cash	<u>4,551,323</u>	<u>1,111,408</u>
Total assets	<u>\$ 9,570,814</u>	<u>\$ 10,585,823</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 202,826	\$ 183,640
Note payable, due in less than one year	<u>96,600</u>	<u>125,000</u>
Total current liabilities	<u>299,426</u>	<u>308,640</u>
Noncurrent Liabilities		
Due to affiliate	201,661	748,108
Note payable, due in more than one year	<u>7,650,775</u>	<u>8,340,000</u>
Total liabilities	<u>8,151,862</u>	<u>9,396,748</u>
<b>NET POSITION</b>		
Net investment in capital assets	(4,483,998)	(411,142)
Restricted:		
Capital projects	546,778	-
Debt service	3,939,367	402,919
Repairs	65,178	63,873
Unrestricted	<u>1,351,626</u>	<u>1,133,425</u>
Total net position	<u>1,418,952</u>	<u>1,189,074</u>
Total liabilities and net position	<u>\$ 9,570,814</u>	<u>\$ 10,585,823</u>

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

**PINELLAS PRIMARY ACADEMY CHARTER SCHOOL  
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) Revenue and Changes in Net Assets	Summarized Comparative Information  Net Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Component Unit Activities:						
Instruction	\$ 1,662,527	\$ -	\$ 88,562	\$ -	\$ (1,573,965)	\$ (1,579,094)
School administration	411,516	-	-	-	(411,516)	(253,078)
Fiscal services	24,378	-	-	-	(24,378)	(14,577)
Operation and maintenance of plant	341,941	-	11,840	157,802	(172,299)	(20,884)
Other programs and services	51,310	290,855	1,734	-	241,279	218,306
Debt service	<u>242,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(242,522)</u>	<u>(253,072)</u>
Total Governmental Activities	<u>\$ 2,734,194</u>	<u>\$ 290,855</u>	<u>\$ 102,136</u>	<u>\$ 157,802</u>	<u>(2,183,401)</u>	<u>(1,902,399)</u>
General Revenues:						
FTE non-specific revenues					2,411,760	2,375,592
Interest income					1,518	490
Total general revenues					<u>2,413,278</u>	<u>2,376,082</u>
Change in net position					229,877	473,683
Net position - beginning					1,189,075	715,392
Net position - ending					<u>\$ 1,418,952</u>	<u>\$ 1,189,075</u>

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

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

**BALANCE SHEET  
June 30, 2019 and 2018**

	<b>2019</b>			<b>Total</b>	<b>2018</b>
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>	<b>Governmental Funds</b>	(Summarized Comparative Information)
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,530,804	\$ 611,956	\$ 3,939,367	\$ 6,082,127	\$ 1,671,690
Accounts receivable	12,441	-	-	12,441	-
Due from affiliate	-	-	-	-	97,710
Prepaid expenses	26,470	-	-	26,470	14,457
<b>Total Assets</b>	<b>\$ 1,569,715</b>	<b>\$ 611,956</b>	<b>\$ 3,939,367</b>	<b>\$ 6,121,038</b>	<b>\$ 1,783,857</b>
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 202,826	\$ -	\$ -	\$ 202,826	\$ 183,640
Due to affiliate	15,262	-	-	15,262	-
	218,088	-	-	218,088	183,640
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid expenses	26,470	-	-	26,470	14,457
Restricted for:					
Capital projects	-	611,956	-	611,956	
Debt service	-	-	3,939,367	3,939,367	466,792
Unassigned	1,325,157	-	-	1,325,157	1,118,968
<b>Total Fund Balances</b>	<b>1,351,627</b>	<b>611,956</b>	<b>3,939,367</b>	<b>5,902,950</b>	<b>1,600,217</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,569,715</b>	<b>\$ 611,956</b>	<b>\$ 3,939,367</b>	<b>\$ 6,121,038</b>	<b>\$ 1,783,857</b>

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

**PINELLAS PRIMARY ACADEMY CHARTER SCHOOL  
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	\$ 5,902,950
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, not reported as assets in the governmental funds.	3,263,377
Related debt not reported as liabilities in the government funds, net of amount due from affiliate.	<u>(7,747,375)</u>
Total Net Position of Governmental Activities	<u><u>\$ 1,418,952</u></u>

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

**PINELLAS PRIMARY ACADEMY CHARTER SCHOOL  
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**

	<b>2019</b>				<b>2018</b>
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>	<b>Total</b>	(Summarized Comparative Information)
<b>REVENUES AND OTHER ADDITIONS</b>					
Federal, state, and local sources	\$ 2,512,162	\$ 157,802	\$ -	\$ 2,669,964	\$ 2,824,353
Contributions and fund raising	1,734	611,178	3,698,575	4,311,487	50,883
Interest income	647	778	93	1,518	490
Other programs and services	290,855	-	-	290,855	203,162
Transfers - internal activities	(407,999)	169,872	238,127	-	-
<b>Total Revenues and Other Additions</b>	<b>2,397,399</b>	<b>939,630</b>	<b>3,936,795</b>	<b>7,273,824</b>	<b>3,078,888</b>
<b>EXPENDITURES</b>					
Instruction	1,630,325	-	-	1,630,325	1,593,647
School administration	392,287	-	-	392,287	232,223
Fiscal services	24,378	-	-	24,378	14,577
Operation and maintenance of plant	80,897	157,802	-	238,699	201,152
Capital asset acquisition (disposal)	-	169,872	-	169,872	102,782
Other programs and services	51,310	-	-	51,310	35,739
Debt Service:					
Bond issue costs	-	-	169,198	169,198	
Repayment of principal	-	-	52,500	52,500	115,000
Interest	-	-	242,522	242,522	252,442
<b>Total Expenditures</b>	<b>2,179,197</b>	<b>327,674</b>	<b>464,220</b>	<b>2,971,091</b>	<b>2,547,562</b>
<b>EXCESS OF REVENUES AND TRANSFERS OVER EXPENDITURES</b>	<b>218,202</b>	<b>611,956</b>	<b>3,472,575</b>	<b>4,302,733</b>	<b>531,326</b>
Fund Balances - Beginning of Year	1,133,425	-	466,792	1,600,217	1,068,891
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 1,351,627</b>	<b>\$ 611,956</b>	<b>\$ 3,939,367</b>	<b>\$ 5,902,950</b>	<b>\$ 1,600,217</b>

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

**PINELLAS PRIMARY ACADEMY CHARTER SCHOOL  
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	\$ 4,302,733
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital asset acquisition	169,872	
Depreciation expense	<u>(154,673)</u>	
		15,199

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		52,500
Bond issue costs		169,198
Issuance of debt:		
Revenue bonds - Series 2019A	(611,178)	
Revenue bonds - Series 2019B	<u>(3,698,575)</u>	
		(4,309,753)

Change in Net Position of Governmental Activities	\$ <u>229,877</u>
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The accompanying notes are an integral part of the financial statements.

**PINELLAS PRIMARY 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 Primary Academy Charter School (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, 2021, 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 PRIMARY 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 PRIMARY 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 PRIMARY 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 PRIMARY 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 PRIMARY 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 \$157,802 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 PRIMARY 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 o 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>(4,310,710)</u>	<u>(242,935)</u>	<u>(4,553,645)</u>
Total capital assets, net	<u>\$ 3,144,158</u>	<u>\$ 119,219</u>	<u>\$ 3,263,377</u>

**PINELLAS PRIMARY 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 \$154,673 in 2019.

Depreciation was charged to functions as follows:

Instruction	\$ 32,202
School administration	19,229
Operation of plant	<u>103,242</u>
Total	<u>\$ 154,673</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	\$ 26,470
Restricted:	
Capital Projects	1,457,039
Debt service	3,088,519
Unassigned	<u>1,332,856</u>
Total Fund Balance	<u><u>5,904,884</u></u>

**PINELLAS PRIMARY 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 5 – 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 42% 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	\$ 56,700	\$ 123,874	\$ 180,574
2020	58,800	244,275	303,075
2021	<u>3,387,300</u>	<u>240,673</u>	<u>3,627,973</u>
	<u>\$3,502,800</u>	<u>\$ 608,822</u>	<u>\$4,111,622</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 42% 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 42% 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	\$ 39,900	\$ 145,025	\$ 184,925
2020	70,340	213,628	283,968
2021	88,119	200,647	288,766
2022	120,812	168,038	288,850
Thereafter	<u>3,925,404</u>	<u>1,893,657</u>	<u>5,819,061</u>
	<u>\$ 4,244,575</u>	<u>\$2,620,995</u>	<u>\$ 6,865,570</u>

**PINELLAS PRIMARY 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 - TEMPORARILY RESTRICTED NET ASSETS**

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

Capital Projects	\$ 546,758
Debt Service	3,939,367
Repairs	<u>65,178</u>
Total	<u>\$ 4,551,323</u>

**NOTE 7 – 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 8 – 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 Primary Academy Charter School. The following disclosures are required in accordance with SOP 94-3:

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

**PINELLAS PRIMARY 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 8 – 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	<u>10,836,482</u>	<u>1,111,408</u>
Total assets	<u>21,607,814</u>	<u>11,285,396</u>
Liabilities:		
Current liabilities	600,129	541,767
Long term debt	<u>18,216,130</u>	<u>8,340,000</u>
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	<u>2,584,180</u>	<u>2,302,352</u>
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 9 – 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 \$39,500 for the year ended June 30, 2019.

**PINELLAS PRIMARY ACADEMY CHARTER SCHOOL  
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 Projects</u>	<u>Debt Service</u>
	<u>Original</u>	<u>Final</u>			<u>Fund</u>	<u>Fund</u>
<b>REVENUES</b>						
Federal, state, and local sources	\$ 2,743,483	\$ 2,442,497	\$ 6,825,167	\$ 2,106,544	\$ 781,828	\$ 3,936,795
Capital outlay funding	59,165	162,186	157,802	-	157,802	-
Other income	234,500	234,500	290,855	290,855	-	-
<b>TOTAL REVENUES</b>	<u>3,037,148</u>	<u>2,839,183</u>	<u>7,273,824</u>	<u>2,397,399</u>	<u>939,630</u>	<u>3,936,795</u>
<b>EXPENDITURES</b>						
Instruction	1,635,077	1,621,104	1,630,325	1,630,325	-	-
School administration	332,228	391,078	392,287	392,287	-	-
Operation and maintenance of plant	278,068	230,604	238,699	80,897	157,802	-
Fiscal services	25,997	25,997	24,378	24,378	-	-
Capital asset acquisition and other capital outlay	59,165	162,186	169,872	-	169,872	-
Debt service	265,075	300,575	464,220	-	-	464,220
Other programs and services	31,488	52,062	51,310	51,310	-	-
<b>TOTAL EXPENDITURES</b>	<u>2,627,098</u>	<u>2,783,606</u>	<u>2,971,091</u>	<u>2,179,197</u>	<u>327,674</u>	<u>464,220</u>
<b>NET CHANGE IN FUND BLANCE</b>	<u>\$ 410,050</u>	<u>\$ 55,577</u>	<u>\$ 4,302,733</u>	<u>\$ 218,202</u>	<u>\$ 611,956</u>	<u>\$ 3,472,575</u>

**LA MANNA HERNANDEZ P.A.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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

To the Board of Directors of  
Pinellas Primary 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 Primary 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 Primary 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**

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**INDEPENDENT AUDITORS' MANAGEMENT LETTER**

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

**Report on the Financial Statements**

We have audited the financial statements of Pinellas Primary 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 Reports and Schedules**

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 Primary Academy Charter School.

## **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 Primary 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 Primary Academy Charter School 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 Primary Academy Charter School. It is management's responsibility to monitor the Pinellas Primary Academy Charter School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

## **Transparency**

Sections 10.854(1)(e)7. And 10.855(13), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether the Pinellas Primary 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 Primary Academy maintained on its website 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 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