

**ST. JOHNS CLASSICAL ACADEMY, INC.**

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

INDEPENDENT AUDITOR'S REPORT

*for the fiscal year ended JUNE 30, 2018*

***King & Walker, CPAs, PL***

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*Certified Public Accountants*

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# ST. JOHNS CLASSICAL ACADEMY, INC.

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

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## **Independent Auditor's Report**

To the Board of Directors of the St. Johns Classical Academy, Inc.,  
a Charter School and Component Unit of the  
District School Board of Clay County, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of St. Johns Classical Academy, Inc. ("School"), a charter school and component unit of the District School Board of Clay County, Florida, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2018, and the respective changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The Schedule of Bond Activity is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Bond Activity is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves. In our opinion, Schedule of Bond Activity is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2018 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Respectfully submitted,



September 12, 2018  
Tampa, Florida

## **ST. JOHNS CLASSICAL ACADEMY, INC.**

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

### **MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)**

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The Management's Discussion and Analysis (MD&A) section of the annual financial report of the St Johns Classical Academy, Inc., ("School") provides an overview of the School's activities for the fiscal year ended June 30, 2018.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School's financial statements and notes to financial statements, as listed in the table of contents.

#### **FINANCIAL HIGHLIGHTS**

- For the fiscal year ended June 30, 2018, the School's expenses exceeded revenues as shown on the School's statement of activities by \$375,411.
- As shown on the statement of net position, the School reported an unrestricted net position balance of \$298,887.
- The School issued bonded debt of \$12,565,000 for the acquisition and renovation of educational facilities.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements consist of three components:

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

#### **Government-Wide Financial Statements**

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

# **ST. JOHNS CLASSICAL ACADEMY, INC.**

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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)**

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### **Fund Financial Statements**

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide 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 statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental fund to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates the following funds: a General Fund to account for its general operations and internal account activities; a Debt Service Fund to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest; a Capital Projects Fund to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays; and a Special Revenue Fund to account for Federal grant programs. All funds are considered major funds for reporting purposes.

The School adopts an annual budget for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund and major Special Revenue 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.

**ST. JOHNS CLASSICAL ACADEMY, INC.**

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

	<b>Net Position, End of Year</b>		
	<u>Governmental Activities</u>		
	<u>6-30-17</u>	<u>6-30-18</u>	<u>Increase (Decrease)</u>
<b>ASSETS</b>			
Current and Other Assets	\$ 7,397	\$ 3,574,370	\$ 3,566,973
Capital Assets, net	-	10,073,056	10,073,056
Total Assets	<u>7,397</u>	<u>13,647,426</u>	<u>13,640,029</u>
<b>LIABILITIES</b>			
Current Liabilities	87,833	1,718,273	1,630,440
Long Term Liabilities	-	12,385,000	12,385,000
Total Liabilities	<u>87,833</u>	<u>14,103,273</u>	<u>14,015,440</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	-	(1,217,792)	(1,217,792)
Restricted for Debt Service	-	463,058	463,058
Unrestricted	<u>(80,436)</u>	<u>298,887</u>	<u>379,323</u>
Total Net Position	<u>\$ (80,436)</u>	<u>\$ (455,847)</u>	<u>\$ (375,411)</u>

The current assets of the School primarily consists of cash and cash equivalents and restricted investments for the School’s bonded debt and capital asset construction. Capital assets consist land, construction in progress, and furniture, fixtures, and equipment. Current liabilities consist of accrued salaries and benefits payable and accounts payable to vendors. Long-Term liabilities consist of outstanding bonded debt.

The fiscal year ended June 30, 2018, the School reported an unrestricted net position balance amounted of \$298,887.



## ST. JOHNS CLASSICAL ACADEMY, INC.

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

### MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

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
	6-30-17	6-30-18	(Decrease)
<b>Revenues:</b>			
Federal Through State and Local	\$ -	\$ 231,055	\$ 231,055
State Sources	-	2,367,011	2,367,011
Local and Other	-	137,573	137,573
Total Revenues	-	2,735,639	2,735,639
<b>Expenses:</b>			
Instruction	3,815	1,400,629	1,396,814
Student Personnel Services	-	30,947	30,947
Instructional Staff Training	-	13,986	13,986
Instructional-Related Technology	150	31,653	31,503
Board of Education	9,310	100,889	91,579
School Administration	63,646	362,345	298,699
Facilities Acquisition & Construction	-	134,475	134,475
Fiscal Services	524	73,557	73,033
Food Services	-	28,368	28,368
Operation of Plant	1,525	102,425	100,900
Maintenance of Plant	-	12,898	12,898
Community Service	-	5,152	5,152
Debt Service - Interest & Fiscal Charges	1,466	810,996	809,530
Unallocated Depreciation	-	2,730	2,730
Total Expenses	80,436	3,111,050	3,030,614
<b>Increase/(Decrease) in Net Position</b>	<b>\$ (80,436)</b>	<b>\$ (375,411)</b>	<b>\$ (294,975)</b>

Revenues from State sources (87%) 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 concentrations of expenses were for Instruction related functions (47%) and Debt Service (26%).

**ST. JOHNS CLASSICAL ACADEMY, INC.**

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)**

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**FINANCIAL ANALYSIS OF THE SCHOOL’S FUNDS**

**Governmental Funds**

As the School completed the year, its governmental funds reported a combined fund balance of \$1,856,097.

**LONG-TERM LIABILITIES**

On December 1, 2017, the School issued revenue bonds in the amount of \$12,565,000 to fund the acquisition and renovation of educational facilities. The bonds will be repaid incrementally over the next 30 years. Additional information regarding the School’s long-term liabilities can be found in the notes to the financial statements.

**CAPITAL ASSETS**

The School’s capital assets for its governmental activities as of June 30, 2018, amounts to \$10,073,056 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, and furniture, fixtures, and equipment. Additional information regarding the School’s capital assets can be found in the notes to the financial statements.

**BUDGETARY HIGHLIGHTS**

The budgets for each fund (General Fund and Special Revenue Fund) for the fiscal year ended June 30, 2018, were 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 each fund’s budget. For the fiscal year ended June 30, 2018, the actual expenditures were equal to the final budget. Refer to the Budgetary Comparison Schedule for additional information regarding the General Fund and major Special Revenue Fund budgets.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

Facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations of the School in fiscal year 2019 include:

- Continued funding from FEFP.
- Expected increase in enrollment.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the St. Johns Classical Academy, Inc.’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to St Johns Classical Academy, 7100 U.S. 17 South, Fleming Island, FL 32003.

**ST. JOHNS CLASSICAL ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF CLAY COUNTY, FLORIDA**

**STATEMENT OF NET POSITION**

*June 30, 2018*

	Governmental Activities
<b>ASSETS</b>	
Current Assets:	
Cash & Cash Equivalents	\$ 299,381
Investments - Restricted	3,199,253
Due from Other Agencies	67,246
Prepaid Expenses	8,490
Capital Assets:	
Land	1,385,000
Construction in Progress	8,669,240
Furniture, Fixtures, and Equipment, Net	18,816
Total Capital Assets, Net	10,073,056
<b>TOTAL ASSETS</b>	<b>13,647,426</b>
<b>LIABILITIES</b>	
Accounts Payable	1,064,083
Salaries and Benefits Payable	90,200
Retainage Payable	563,990
Long Term Liabilities:	
Due after one year - Bonds Payable	12,385,000
<b>TOTAL LIABILITIES</b>	<b>14,103,273</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	(1,217,792)
Restricted for Debt Service	463,058
Unrestricted	298,887
<b>TOTAL NET POSITION</b>	<b>\$ (455,847)</b>

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

**ST. JOHNS CLASSICAL ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF CLAY COUNTY, FLORIDA**

**STATEMENT OF ACTIVITIES**  
*For the Fiscal Year Ended June 30, 2018*

		Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Net (Expenses) Revenue and Changes in Net Position Governmental Activities
Governmental Activities:						
Instruction	\$ 1,400,629	\$	\$ 158,514	\$		\$ (1,242,115)
Pupil Personnel Services	30,947					(30,947)
Instructional Staff Training	13,986		13,986			-
Instructional-Related Technology	31,653		9,596			(22,057)
Board of Education	100,889					(100,889)
School Administration	362,345		36,734			(325,611)
Facilities Acquisition & Construction	134,475		12,225	34,477		(87,773)
Fiscal Services	73,557					(73,557)
Food Services	28,368	25,403				(2,965)
Operation of Plant	102,425					(102,425)
Maintenance of Plant	12,898					(12,898)
Community Service	5,152	12,328				7,176
Debt Service - Interest & Fiscal Charges	810,996			49,911		(761,085)
Unallocated Depreciation	2,730					(2,730)
<b>Total Governmental Activities</b>	<b>\$ 3,111,050</b>	<b>\$ 37,731</b>	<b>\$ 231,055</b>	<b>\$ 84,388</b>		<b>(2,757,876)</b>
General Revenues:						
						2,332,534
						49,931
						2,382,465
						(375,411)
						(80,436)
						\$ (455,847)

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

**ST. JOHNS CLASSICAL ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF CLAY COUNTY, FLORIDA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
*June 30, 2018*

	General Fund	Debt Service Fund	Capital Projects Fund	Special Revenue Fund	Total Governmental Activities
<b>ASSETS</b>					
Cash & Cash Equivalents	\$ 299,381	\$	\$	\$	\$ 299,381
Investments - Restricted		515,183	2,684,070		3,199,253
Due from Other Agencies	355			66,891	67,246
Due from Other Funds	99,653				99,653
Prepaid Expenses	8,490				8,490
Total Assets	\$ 407,879	\$ 515,183	\$ 2,684,070	\$ 66,891	\$ 3,674,023
<b>LIABILITIES</b>					
Accounts Payable	\$ 18,792	\$	\$ 1,025,928	\$ 19,363	\$ 1,064,083
Salaries and Benefits Payable	90,200				90,200
Retainage Payable			563,990		563,990
Due to Other Funds		52,125		47,528	99,653
Total Liabilities	108,992	52,125	1,589,918	66,891	1,817,926
<b>FUND BALANCES</b>					
Unassigned	290,397				290,397
Restricted		463,058	1,094,152		1,557,210
Nonspendable	8,490				8,490
Total Fund Balances	298,887	463,058	1,094,152	-	1,856,097
Total Liabilities and Fund Balances	\$ 407,879	\$ 515,183	\$ 2,684,070	\$ 66,891	\$ 3,674,023

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

**ST. JOHNS CLASSICAL ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF CLAY COUNTY, FLORIDA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
*June 30, 2018*

<b>Total Fund Balances - Governmental Funds</b>	\$	1,856,097
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of a notes payable.</p>		(12,385,000)
<p>Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.</p>		<u>10,073,056</u>
<b>Total Net Position - Governmental Activities</b>	<b>\$</b>	<b><u><u>(455,847)</u></u></b>

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

**ST. JOHNS CLASSICAL ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF CLAY COUNTY, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
*For the Fiscal Year Ended June 30, 2018*

	General Fund	Debt Service Fund	Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
<b>Revenues</b>					
Intergovernmental:					
Federal Through State and Local	\$ -	\$ -	\$ -	\$ 231,055	\$ 231,055
State Sources	2,367,011				2,367,011
Local and Other	87,662	5,470	44,441		137,573
<b>Total Revenues</b>	<b>2,454,673</b>	<b>5,470</b>	<b>44,441</b>	<b>231,055</b>	<b>2,735,639</b>
<b>Expenditures</b>					
Current - Education:					
Instruction	1,250,946			149,683	1,400,629
Pupil Personnel Services	30,947				30,947
Instructional Staff Training				13,986	13,986
Instructional-Related Technology	22,057			9,596	31,653
Board of Education	100,889				100,889
School Administration	327,364			34,981	362,345
Facilities Acquisition & Construction	122,250			12,225	134,475
Fiscal Services	73,557				73,557
Food Services	28,368				28,368
Operation of Plant	102,425				102,425
Maintenance of Plant	12,898				12,898
Community Service	5,152				5,152
Fixed Capital Outlay:					
Facilities Acquisition & Construction			10,054,240		10,054,240
Other Capital Outlay	10,962			10,584	21,546
Debt Service:					
Interest & Fiscal Charges	3,535	807,461			810,996
<b>Total Expenditures</b>	<b>2,091,350</b>	<b>807,461</b>	<b>10,054,240</b>	<b>231,055</b>	<b>13,184,106</b>
Excess (Deficiency) of Revenues Over Expenditures	363,323	(801,991)	(10,009,799)		(10,448,467)
Other Financing Sources (Uses):					
Proceeds from Long-Term Debt		12,385,000			12,385,000
Transfers In	16,000		11,113,951		11,129,951
Transfers (Out)		(11,119,951)	(10,000)		(11,129,951)
<b>Total Other Financing Sources (Uses)</b>	<b>16,000</b>	<b>1,265,049</b>	<b>11,103,951</b>		<b>12,385,000</b>
Net Change in Fund Balances	379,323	463,058	1,094,152		1,936,533
Fund Balances, July 1, 2017	(80,436)	-	-		(80,436)
<b>Fund Balances, June 30, 2018</b>	<b>\$ 298,887</b>	<b>\$ 463,058</b>	<b>\$ 1,094,152</b>	<b>\$ -</b>	<b>\$ 1,856,097</b>

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

**ST. JOHNS CLASSICAL ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF CLAY COUNTY, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
*For the Fiscal Year Ended June 30, 2018*

<b>Net Change in Fund Balances - Governmental Funds</b>	\$	1,936,533
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay (\$10,075,786) in excess of depreciation expense (\$2,730) in the current period.		10,073,056
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Long-term debt proceeds are reported as other financing sources in Governmental Funds and as long-term liabilities in the statement of net position.		<u>(12,385,000)</u>
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<b>Change in Net Position - Governmental Activities</b>	<b>\$</b>	<b><u>(375,411)</u></b>
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The accompanying notes to the financial statements are an integral part of this statement.



# ST. JOHNS CLASSICAL ACADEMY, INC.

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

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ➤ **Reporting Entity**

St. Johns Classical Academy, Inc. ("School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of not less than three members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Clay County, Florida, ("District"). The current charter is effective until June 30, 2022 and is subject to annual review and may be renewed by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. In this case, the District is required to notify the school in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units which should be reported within the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

#### ➤ **Basis of Presentation**

Government-wide Financial Statements - Government-wide financial statements, including the statement of net position and the statement of activities, present information about the School as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are

# ST. JOHNS CLASSICAL ACADEMY, INC.

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## NOTES TO FINANCIAL STATEMENTS

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not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements - Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School's major governmental funds are as follows:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Debt Service Fund – to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.
- Capital Projects Fund – to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.
- Special Revenue Fund – to account for Federal grant programs.

### ➤ Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and

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**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

➤ **Cash and Cash Equivalents**

Cash deposits consist of demand deposits with financial institutions. Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company up to \$250,000.

➤ **Restricted Investments**

Certain proceeds of the School’s revenue bonds, as well as resources set aside for their repayment, are classified as restricted assets on the statement of net position and the balance sheet-governmental funds because their use is limited by applicable bond covenants and they are maintained in separate bank accounts.

➤ **Fair Value Measurement**

The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	<u>5 years</u>

➤ **Noncurrent Liabilities**

Long-term obligations that will be financed by resources to be received in the future by the general fund are reported in the government-wide financial statements, not in the general fund. Capital improvement debt is reported net of unamortized discount. The School amortizes debt discounts over the life of the debt using the straight-line method. Current-year information relative to changes in long-term debt is described in subsequent notes.

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### ➤ Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until then. The School does not have any items that qualify for reporting in this category.

### ➤ Net Position and Fund Balance Classification

#### *Government-wide Financial Statements*

Net Position are classified and reported in three components:

- Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted Net Position – consists of net position with constraints placed on their use either by external groups such as creditors, contributors, or laws or regulations of other governments.
- Unrestricted Net Position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

#### *Fund Financial Statements*

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

# ST. JOHNS CLASSICAL ACADEMY, INC.

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- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.
- Assigned – fund balance that is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

### ➤ **Order of Fund Balance Spending Policy**

The School’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for non-general fund.

### ➤ **Revenue Sources**

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School’s charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students (FTE) 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.,

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Florida Statutes. For the fiscal year ended June 30, 2018, the School reported 353.89 unweighted FTE and 372.2585 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC).
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC).
- 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 educational 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.

### ➤ **Income Taxes**

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

### ➤ **Use of Estimates**

In preparing the financial statements in conformity with generally accepted accounting principles in the United States management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net position and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

# ST. JOHNS CLASSICAL ACADEMY, INC.

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## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

### ➤ Subsequent Events

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management determined there are no subsequent events which require disclosure.

## 2. CASH DEPOSITS

*Custodial Credit Risk – Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned to the School. The School does not have a custodial credit risk policy. Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000. As of June 30, 2018, the School was exposed to custodial risk. One of the School's bank accounts exceeded the FDIC insurance limit by \$27,834.

## 3. RESTRICTED INVESTMENTS

The School had not adopted a written investment policy. Therefore, pursuant to Florida Statutes, the School is authorized to invest in the Florida PRIME investment pool, administered by the State Board of Administration (SBA); Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories, as defined by Section 280.02, Florida Statutes; and direct obligations of the United States Treasury.

Restricted Investments are set aside to make debt service payments, maintain sinking or reserve funds, and to purchase or construct capital assets and are classified as restricted. The restricted funds are reported as restricted in the Debt Service Fund in the balance sheet – governmental funds.

All of the School's recurring fair value measurements as of June 30, 2018 are valued using quoted market prices (Level 1 inputs).

The School's investments at June 30, 2018, are reported as follows:

	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Morgan Stanley Institutional Liquidity Funds - Treasury Portfolio	\$3,199,253	\$3,199,253	\$ -	\$ -
Total investments	\$3,199,253	\$3,199,253	\$ -	\$ -

**ST. JOHNS CLASSICAL ACADEMY, INC.**

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**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**4. DUE FROM OTHER AGENCIES**

The amounts due from other agencies included in the accompanying statement of net position and balance sheet – governmental funds primarily consists of an amount due for FEFP revenue receivable from the District School Board of Clay County (District) recorded in the General Fund and for grant funds to be reimbursed by the District recorded in the Special Revenue Funds. These receivables are considered to be fully collectible and as such, no allowance for uncollectible accounts has been established.

**5. CONSTRUCTION CONTRACT COMMITMENTS**

The following is a schedule of major construction contract commitments at June 30, 2018:

<u>Project</u>	<u>Contract Amount</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
St. John's Classical Academy School Facility - Summit Construction Management Group LLC	\$ 7,409,181	\$ 6,415,877	\$ 993,304
Total	<u>\$ 7,409,181</u>	<u>\$ 6,415,877</u>	<u>\$ 993,304</u>

**6. CHANGES IN CAPITAL ASSETS**

Changes in capital assets are presented in the table below.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ -	\$ 1,385,000	\$ -	\$ 1,385,000
Construction in Progress	-	8,669,240	-	8,669,240
Total Capital Assets Not Being Depreciated	<u>-</u>	<u>10,054,240</u>	<u>-</u>	<u>10,054,240</u>
Capital Assets Being Depreciated:				
Furniture, Fixtures and Equipment	-	21,546	-	21,546
Total Capital Assets Being Depreciated	<u>-</u>	<u>21,546</u>	<u>-</u>	<u>21,546</u>
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	-	(2,730)	-	(2,730)
Total Accumulated Depreciation	<u>-</u>	<u>(2,730)</u>	<u>-</u>	<u>(2,730)</u>
Total Capital Assets Being Depreciated, net	<u>-</u>	<u>18,816</u>	<u>-</u>	<u>18,816</u>
Governmental Activities Capital Assets, net	<u>\$ -</u>	<u>\$ 10,073,056</u>	<u>\$ -</u>	<u>\$ 10,073,056</u>

All depreciation expense was shown as unallocated on the statement of activities.



**ST. JOHNS CLASSICAL ACADEMY, INC.**

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**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**7. BONDS PAYABLE**

Bonds payable at June 30, 2018, are as follows:

Bond Type	Amount Outstanding	Interest Rates	Annual Maturity To
Revenue Bonds:			
Series 2017A	\$ 12,215,000	7.0 percent	2047
Series 2017B	350,000	7.5 percent	2023
<i>less: Unamortized Bond Discount</i>	<u>(180,000)</u>		
Total Bonds Payable	<u>\$ 12,385,000</u>		

**Revenue Bonds Series 2017A and 2017B** – On December 1, 2017, the School issued tax-exempt revenue bonds (Series 2017A) for \$12,215,000 and taxable revenue bonds (Series 2017B) for \$350,000 secured by a mortgage on the School’s property and buildings. The bonds were issued to finance the acquisition of land with an existing building and to finance the construction, improvement, installation, and equipping purchase of the new educational facility.

Series 2017A bonds are term bonds paying interest quarterly at a rate of 7% and principal payments semi-annually with maturities starting December 15, 2023, and ending June 15, 2047. Series 2017B bonds are term bonds paying interest quarterly at a rate of 7.5% and principal payments semi-annually with maturities starting December 15, 2019, and ending June 15, 2023.

As required by the bond resolution, the District has established a sinking fund and reserve account and has accumulated and maintained adequate resources in the sinking fund and reserve account.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2018, are as follows:

Fiscal Year Ending June 30:	Total	Principal	Interest
2019	\$ 881,300	\$ -	\$ 881,300
2020	959,800	80,000	879,800
2021	958,613	85,000	873,613
2022	957,238	90,000	867,238
2023	955,488	95,000	860,488
2024-2028	4,945,100	785,000	4,160,100
2029-2033	4,946,350	1,110,000	3,836,350
2034-2038	4,953,900	1,575,000	3,378,900
2039-2043	4,948,150	2,215,000	2,733,150
2044-2047	8,077,175	6,530,000	1,547,175
<i>Less: Unamortized Bond Discount</i>	<u>(180,000)</u>	<u>(180,000)</u>	<u>-</u>
Total	<u>\$32,403,113</u>	<u>\$12,385,000</u>	<u>\$20,018,113</u>

**ST. JOHNS CLASSICAL ACADEMY, INC.**

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**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

**8. CHANGES IN LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities:

	Beginning Balance	Additions	Deductions	Ending Balance	Due in One Year
<u>Governmental Activities:</u>					
Bonds Payable	\$ -	\$12,565,000	\$ -	\$12,565,000	\$ -
Unamortized Discount	-	(180,000)	-	(180,000)	
Total Bonds Payable	-	12,385,000	-	12,385,000	-
Total Governmental Activities	\$ -	\$12,385,000	\$ -	\$12,385,000	\$ -

**9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

At June 30, 2018, the Debt Service Fund and the Special Revenue Fund owed the General Fund \$52,125 and \$47,528, respectively, for expenditures accrued awaiting reimbursement. The Debt Service Fund transferred \$6,000 to the General Fund for reimbursement of costs of issuance related to the bond issuance, and \$11,113,951 to the Capital Projects Fund for the acquisition and construction costs. The Capital Projects Fund transferred \$10,000 to the General Fund for reimbursement of costs of issuance related to the bond issuance. The amounts of interfund receivables, payables, and transfers are netted together and not reported in the statement of net position and the statement of activities.

**10. SCHEDULE OF STATE REVENUE SOURCES**

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

Source	Amount
Florida Education Finance Program	\$ 1,592,998
Class Size Reduction	409,975
Discretionary Local Effort	97,788
Supplementary Academic Instruction	91,046
ESE Guaranteed Allocation	76,549
FEFP Restricted Capital Outlay	34,477
Instructional Materials	27,171
Reading Allocation	15,636
Digital Classrooms Allocation	10,257
Safe Schools	5,521
Teachers Classroom Supply Program	5,236
Miscellaneous State Revenue	357
Total State Revenue	<u>\$2,367,011</u>

As provided in the charter school contract, the District has charged the School an administrative fee totaling \$83,594.

# **ST. JOHNS CLASSICAL ACADEMY, INC.**

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

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

### **11. FACILITY LEASES**

While the new educational facilities are under construction, St. Johns Classical Academy, Inc. entered into a 1 year non-cancelable operating lease for its educational facility beginning July 15, 2017, through July 14, 2018. Rental expenditures under this lease agreement for the fiscal year totaled \$134,475.

### **12. PROFESSIONAL SERVICES AGREEMENT**

The School entered into a contract with a professional accounting services company which provides accounting and financial services and other assistance to the School at a fixed percentage (3%) of the net FEFP revenue collected from the District. Fees under this agreement incurred during the 2017-18 fiscal year amounted to \$73,557. This contract may be cancelled by either party with 30 days advance notice.

### **13. FUNDING AND CREDIT RISK CONCENTRATIONS**

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

### **14. RISK MANAGEMENT PROGRAMS**

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

### **15. COMMITMENTS AND CONTINGENT LIABILITIES**

The School participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at June 30, 2018, may be impaired.

In the opinion of the School, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

### **16. LEGAL MATTERS**

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. The School has no legal actions or pending proceedings in progress.

**ST. JOHNS CLASSICAL ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF CLAY COUNTY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MAJOR SPECIAL REVENUE FUND (UNAUDITED)**  
*For the Fiscal Year Ended June 30, 2018*

	General Fund				Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues:</b>								
Intergovernmental:								
Federal Through State and Local	\$ -	\$ -	\$ -	\$ -	\$ 259,796	\$ 231,055	\$ 231,055	\$ -
State Sources	2,549,285	2,367,011	2,367,011	-			-	-
Local and Other		87,662	87,662	-			-	-
Total Revenues	<u>2,549,285</u>	<u>2,454,673</u>	<u>2,454,673</u>	<u>-</u>	<u>259,796</u>	<u>231,055</u>	<u>231,055</u>	<u>-</u>
<b>Expenditures:</b>								
Current - Education:								
Instruction	1,330,744	1,250,946	1,250,946	-	110,583	149,683	149,683	-
Pupil Personnel Services	46,424	30,947	30,947	-	998	-	-	-
Instructional Staff Training	22,550	-	-	-	12,405	13,986	13,986	-
Instructional-Related Technology		22,057	22,057	-	11,398	9,596	9,596	-
Board of Education	178,113	100,889	100,889	-	5,000	-	-	-
School Administration	281,701	327,364	327,364	-	48,930	34,981	34,981	-
Facilities Acquisition & Construction	144,000	122,250	122,250	-	12,215	12,225	12,225	-
Fiscal Services	80,083	73,557	73,557	-	-	-	-	-
Food Services		28,368	28,368	-	-	-	-	-
Operation of Plant	78,552	102,425	102,425	-	-	-	-	-
Maintenance of Plant	6,000	12,898	12,898	-	-	-	-	-
Community Service		5,152	5,152	-	-	-	-	-
Fixed Capital Outlay:								
Other Capital Outlay	42,785	10,962	10,962	-	58,267	10,584	10,584	-
Debt Service:								
Principal	150,000	-	-	-	-	-	-	-
Interest & Fiscal Charges	6,750	3,535	3,535	-	-	-	-	-
Total Expenditures	<u>2,367,702</u>	<u>2,091,350</u>	<u>2,091,350</u>	<u>-</u>	<u>259,796</u>	<u>231,055</u>	<u>231,055</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>181,583</u>	<u>363,323</u>	<u>363,323</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):								
Transfers In		16,000	16,000	-		-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>16,000</u>	<u>16,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>181,583</u>	<u>379,323</u>	<u>379,323</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, July 1, 2017	(80,436)	(80,436)	(80,436)	-	-	-	-	-
Fund Balances, June 30, 2018	<u>\$ 101,147</u>	<u>\$ 298,887</u>	<u>\$ 298,887</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report.

**ST. JOHNS CLASSICAL ACADEMY, INC.**

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2018**

**1. BUDGETARY BASIS OF ACCOUNTING**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

**ST. JOHNS CLASSICAL ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF CLAY COUNTY, FLORIDA**  
**SUPPLEMENTAL SCHEDULE OF BOND ACCOUNTS AND ACTIVITY**  
*For the Fiscal Year Ended June 30, 2018*

	<u>Debt Service</u> <u>Bond Accounts</u>	<u>Capital Project</u> <u>Bond Accounts</u>	<u>Total</u> <u>Bond Accounts</u>
<b><u>Cash In</u></b>			
Bond Proceeds	\$ 12,385,000	\$ -	\$ 12,385,000
Interest Income	5,470	44,441	49,911
Contributions from the School's General Fund	17,787		17,787
Funds Transferred in from Bond Accounts		11,113,951	11,113,951
Total Additions of Cash to Bond Accounts	<u>12,408,257</u>	<u>11,158,392</u>	<u>23,566,649</u>
<b><u>Cash Out</u></b>			
Funds Transferred Out to Bond Accounts	11,113,951		11,113,951
Funds Transferred to School's General Fund	6,000	10,000	16,000
Interest Expense	450,442		450,442
Costs of Issuance	312,944		312,944
Construction Costs - General Contractor		5,625,959	5,625,959
Other Construction Costs		7,301	7,301
Land and Building Purchase		2,831,062	2,831,062
Dues & Fees	9,737		9,737
Total Deletions to Bond Accounts	<u>11,893,074</u>	<u>8,474,322</u>	<u>20,367,396</u>
Total Bond Account Balances at June 30, 2018	<u>\$ 515,183</u>	<u>\$ 2,684,070</u>	<u>\$ 3,199,253</u>
Items effecting Debt Service and Capital Projects			
Funds to reconcile with GAAP:			
Accrual of construction costs	-	1,025,928	1,025,928
Accrual of retainage payable	-	563,990	563,990
Total	<u>-</u>	<u>1,589,918</u>	<u>1,589,918</u>
Fund Balance at June 30, 2018	<u>\$ 515,183</u>	<u>\$ 1,094,152</u>	<u>\$ 1,609,335</u>

See Independent Auditor's Report.

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

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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 St. Johns Classical Academy, Inc.  
a Charter School and Component Unit of the  
District School Board of Clay County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of St. Johns Classical Academy, Inc. ("School"), a charter school and component unit of the District School Board of Clay County, Florida, as of and for the year ended June 30, 2018, 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 12, 2018.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

### **Purpose of this Report**

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

Respectfully submitted,

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive style with a large, stylized "K" and "W".

September 12, 2018  
Tampa, Florida



Members:  
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Government Audit Quality Center

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**Management Letter as Required by Rules of the Florida Auditor General,  
Chapter 10.850, Florida Statutes, *Charter School Audits***

To the Board of Directors of St. Johns Classical Academy, Inc.  
a Charter School and Component Unit of the  
District School Board of Clay County, Florida

**Report on the Financial Statements**

We have audited the financial statements of the St. Johns Classical Academy, Inc. (“School”), a charter school and component unit of the District School Board of Clay County, Florida, as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated September 12, 2018.

**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 Reports and Schedules**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated September 12, 2018, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no prior audit findings or recommendations.

**Official Title**

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is St. Johns Classical Academy, Inc.

## **Financial Condition**

Sections 10.854(1)(e)2., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the School 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 School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

## **Transparency**

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether the School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School's website did contain all of the required elements as specified in Section 1002.33(9)(p), Florida Statutes.

## **Other Matters**

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

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

## **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, applicable management, and the District School Board of Clay County and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

September 12, 2018  
Tampa, Florida