

**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, 2021*

***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, 2021, 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, 2021, and the respective changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2021 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,

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

August 25, 2021  
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, 2021.

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, 2021, the School's revenues exceeded expenses as shown on the School's statement of activities by \$213,257.
- As shown on the statement of net position, the School reported an unrestricted net position balance of \$2,700,240.

#### **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; a Special Revenue Fund for grant activities 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. 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 Special Revenue Fund to demonstrate compliance with the budgets.

#### **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:

**Net Position, End of Year**

	Governmental Activities		
	6-30-20	6-30-21	Increase (Decrease)
<b>ASSETS</b>			
Current and Other Assets	\$ 1,487,132	\$ 4,106,519	\$ 2,619,387
Capital Assets, Net	10,858,608	12,922,026	2,063,418
Total Assets	<u>12,345,740</u>	<u>17,028,545</u>	<u>4,682,805</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflow Related to Refunding Bonds		1,419,789	1,419,789
Total Deferred Outflow Related to Refunding Bonds	<u>-</u>	<u>1,419,789</u>	<u>1,419,789</u>
<b>LIABILITIES</b>			
Current Liabilities	953,593	995,855	42,262
Noncurrent Liabilities	12,317,414	18,164,489	5,847,075
Total Liabilities	<u>13,271,007</u>	<u>19,160,344</u>	<u>5,889,337</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	(1,458,806)	(5,210,021)	(3,751,215)
Restricted	91,802	1,797,771	1,705,969
Unrestricted	441,737	2,700,240	2,258,503
Total Net Position	<u>\$ (925,267)</u>	<u>\$ (712,010)</u>	<u>\$ 213,257</u>

The current assets of the School primarily consist of cash & cash equivalents which includes restricted investments for the School’s bonded debt. Capital assets consist of land, buildings and fixed equipment, construction in progress, improvements other than buildings, and furniture, fixtures, and equipment. Current liabilities consist of accrued salaries and benefits payable, retainage payable, and accounts payable to vendors. Long-Term liabilities consist of outstanding bonded debt and accrued interest payable.

For the fiscal year ended June 30, 2021, the School reported an unrestricted net position balance of \$2,700,240.



## 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 change in net position for the current year and prior year:

	Operating Results for the Year		
	Governmental Activities		Increase (Decrease)
	6-30-20	6-30-21	
<b>Revenues:</b>			
Federal Through State and Local	\$ 84,787	\$ 140,728	\$ 55,941
State	5,021,293	5,465,131	443,838
Local and Other	194,935	215,707	20,772
Special Item - Debt Forgiveness	-	547,200	547,200
Total Revenues	<u>5,301,015</u>	<u>6,368,766</u>	<u>1,067,751</u>
<b>Expenses:</b>			
Instruction	2,755,163	2,793,596	38,433
Student Support Services	27,174	36,367	9,193
Instructional Staff Training	4,308	11,354	7,046
Instructional Related Technology	13,942	8,716	(5,226)
Board	1,395	-	(1,395)
School Administration	508,219	741,725	233,506
Fiscal Services	58,459	58,753	294
Food Services	40	3,687	3,647
Operation of Plant	284,366	546,394	262,028
Maintenance of Plant	5,056	12,143	7,087
Community Service	107,351	81,563	(25,788)
Debt Service - Interest	929,568	1,491,059	561,491
Unallocated Depreciation	355,927	370,152	14,225
Total Expenses	<u>5,050,968</u>	<u>6,155,509</u>	<u>1,104,541</u>
<b>Increase/(Decrease) in Net Position</b>	<u>\$ 250,047</u>	<u>\$ 213,257</u>	<u>\$ (36,790)</u>

Revenues from State sources (94%) 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 (46%) and Debt Service - Interest (24%).

# **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 \$3,110,664.

#### **BUDGETARY HIGHLIGHTS**

The budgets for each fund (General Fund and Special Revenue Fund) for the fiscal year ended June 30, 2021, 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, 2021, 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.

#### **CAPITAL ASSETS**

The School's capital assets for its governmental activities as of June 30, 2021, amounts to \$12,922,026 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and fixed equipment, improvements other than buildings, and furniture, fixtures, and equipment. Additional information regarding the School's capital assets can be found in the notes to the financial statements.

#### **DEBT**

At June 30, 2021, the School had \$18,132,047 outstanding as a result of bonded debt to finance the purchase of the School's educational facility and land. Additional information about the School's Debt is presented in the notes to the financial statements.

#### **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 2021-22 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, 114 Canova Road, 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, 2021*

	Government Activities
<b>ASSETS</b>	
Cash & Cash Equivalents	\$ 4,096,516
Due From Other Agencies	5,989
Prepaid Items & Deposits	4,014
Capital Assets:	
Land	1,727,190
Buildings & Fixed Equipment, Net	8,971,203
Improvements Other Than Buildings, Net	78,082
Furniture, Fixtures, and Equipment, Net	110,310
Construction in Progress	2,035,241
Total Capital Assets	12,922,026
<b>TOTAL ASSETS</b>	<b>17,028,545</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflow related to Refunding Bonds	1,419,789
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,419,789</b>
<b>LIABILITIES</b>	
Salaries and Benefits Payable	194,958
Accounts Payable	683,925
Retainage Payable	116,972
Noncurrent Liabilities:	
Due Within One Year:	
Accrued Interest Payable	32,442
Bonds Payable	160,000
Due After One Year:	
Bonds Payable	17,972,047
<b>TOTAL LIABILITIES</b>	<b>19,160,344</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	(5,210,021)
Restricted	1,797,771
Unrestricted	2,700,240
<b>TOTAL NET POSITION</b>	<b>\$ (712,010)</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, 2021*

		Program Revenues			Net (Expenses)
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes Net Position Governmental Activities	
Governmental Activities:					
Instruction	\$ 2,793,596	\$ -	\$ 119,073	\$ -	\$ (2,674,523)
Student Support Services	36,367	-	-	-	(36,367)
Instructional Staff Training	11,354	-	-	-	(11,354)
Instructional Related Technology	8,716	-	-	-	(8,716)
School Administration	741,725	-	-	-	(741,725)
Fiscal Services	58,753	-	-	-	(58,753)
Food Services	3,687	-	-	-	(3,687)
Operation of Plant	546,394	-	21,655	362,364	(162,375)
Maintenance of Plant	12,143	-	-	-	(12,143)
Community Service	81,563	164,446	-	-	82,883
Debt Service - Interest	1,491,059	-	-	-	(1,491,059)
Unallocated Depreciation	370,152	-	-	-	(370,152)
<b>Total Governmental Activities</b>	<b>\$ 6,155,509</b>	<b>\$ 164,446</b>	<b>\$ 140,728</b>	<b>\$ 362,364</b>	<b>(5,487,971)</b>
General Revenue					
State Sources					5,102,767
Local and Other					51,261
Special Item - Debt Forgiveness					547,200
Total General Revenues					5,701,228
Change in Net Position					213,257
Net Position - July 1, 2020					(925,267)
Net Position - June 30, 2021					\$ (712,010)

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, 2021*

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash & Cash Equivalents	\$ 1,526,506	\$ 151,127	\$ 1,368,292	\$ 1,050,591	\$ 4,096,516
Due From Other Agencies	-	5,989	-	-	5,989
Prepaid Items & Deposits	4,014	-	-	-	4,014
Due from Other Funds	5,989	-	-	-	5,989
Total Assets	\$ 1,536,509	\$ 157,116	\$ 1,368,292	\$ 1,050,591	\$ 4,112,508
<b>LIABILITIES</b>					
Salaries and Benefits Payable	\$ 194,958	\$ -	\$ -	\$ -	\$ 194,958
Accounts Payable	28,658	-	655,267	-	683,925
Retainage Payable	-	-	116,972	-	116,972
Due to Other Funds	-	5,989	-	-	5,989
Total Liabilities	223,616	5,989	772,239	-	1,001,844
<b>FUND BALANCES</b>					
Nonspendable	4,014	-	-	-	4,014
Restricted	-	151,127	596,053	1,050,591	1,797,771
Unassigned	1,308,879	-	-	-	1,308,879
Total Fund Balances	1,312,893	151,127	596,053	1,050,591	3,110,664
Total Liabilities and Fund Balances	\$ 1,536,509	\$ 157,116	\$ 1,368,292	\$ 1,050,591	\$ 4,112,508

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, 2021*

<b>Total Fund Balances - Governmental Funds</b>	\$	3,110,664
<p>Amounts reported for governmental activities in the statement of net position are different because:</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.		12,922,026
Long-term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.		
Accrued Interest	(32,442)	
Bonds Payable	<u>(18,132,047)</u>	(18,164,489)
Deferred Outflow of Resources related to Refunding Bonds are not available in the current period and are not reported in the governmental funds.		<u>1,419,789</u>
<b>Total Net Position - Governmental Activities</b>	\$	<u><u>(712,010)</u></u>

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, 2021*

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>					
Intergovernmental:					
Federal Through State and Local State	\$ -	\$ 140,728	\$ -	\$ -	\$ 140,728
Local and Other	5,102,767	-	362,364	-	5,465,131
Total Revenues	<u>5,153,931</u>	<u>305,174</u>	<u>362,399</u>	<u>62</u>	<u>5,821,566</u>
<b>Expenditures</b>					
Current - Education:					
Instruction	2,674,523	119,073	-	-	2,793,596
Student Support Services	36,367	-	-	-	36,367
Instructional Staff Training	11,354	-	-	-	11,354
Instructional Related Technology	8,716	-	-	-	8,716
School Administration	741,725	-	-	-	741,725
Fiscal Services	58,753	-	-	-	58,753
Food Services	3,687	-	-	-	3,687
Operation of Plant	524,739	21,655	-	-	546,394
Maintenance of Plant	12,143	-	-	-	12,143
Community Service	-	81,563	-	-	81,563
Fixed Capital Outlay:					
Facilities Acquisition & Construction	-	-	2,383,109	-	2,383,109
Other Capital Outlay	50,461	-	-	-	50,461
Debt Service:					
Principal	-	-	-	12,317,414	12,317,414
Interest	-	-	-	1,451,383	1,451,383
Total Expenditures	<u>4,122,468</u>	<u>222,291</u>	<u>2,383,109</u>	<u>13,768,797</u>	<u>20,496,665</u>
Excess/(Deficiency) of Revenues					
Over Expenditures	1,031,463	82,883	(2,020,710)	(13,768,735)	(14,675,099)
Other Financing Sources (Uses):					
Proceeds from Debt	18,138,597	-	-	-	18,138,597
Special Item - Debt Forgiveness	547,200	-	-	-	547,200
Payment to Refunding Bond Escrow Agent	-	-	-	(1,433,573)	(1,433,573)
Transfers In/(Out)	(18,846,104)	68,244	2,616,763	16,161,097	-
Total Other Financing Sources (Uses)	<u>(160,307)</u>	<u>68,244</u>	<u>2,616,763</u>	<u>14,727,524</u>	<u>17,252,224</u>
Net Change in Fund Balances	871,156	151,127	596,053	958,789	2,577,125
Fund Balances, July 1, 2020	441,737	-	-	91,802	533,539
Fund Balances, June 30, 2021	<u>\$ 1,312,893</u>	<u>\$ 151,127</u>	<u>\$ 596,053</u>	<u>\$ 1,050,591</u>	<u>\$ 3,110,664</u>

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, 2021*

<b>Net Change in Fund Balances - Governmental Funds</b>	\$	2,577,125
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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.

Capital Outlays	2,433,570	
Depreciation Expense	<u>(370,152)</u>	2,063,418

The repayment of principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.	13,750,987
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Long-term debt proceeds are reported as other financing sources in the Governmental Funds and as long-term liabilities in the Statement of Net Position.	(18,138,597)
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Expenses in the statement of activities that do not require the use of current financial resources are not reported in governmental funds:

Accrued Interest Expense	(32,442)	
Amortization of bond premium	6,550	
Amortization of bond refunding asset	<u>(13,784)</u>	

<b>Change in Net Position - Governmental Activities</b>	\$	<u><u>213,257</u></u>
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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, 2021

### 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

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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 and internal accounts.

### ➤ 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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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 and cash equivalents are defined as demand deposits, money market accounts, and short-term investments with original maturities of three months or less from date of acquisition. The School considers all demand accounts and money market funds which are not subjected to withdrawal restrictions to be 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.

➤ **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.

The School’s 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. These investments are reported as restricted in the Statement of Net Position and in the Debt Service Fund in the Balance Sheet – Governmental Funds.

➤ **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>
Buildings and Fixed Equipment	10 - 30 years
Improvements Other Than Buildings	10 - 15 years
Furniture, Fixtures and Equipment	5 - 10 years

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### ➤ 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.

### ➤ 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.

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.

### ➤ 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

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nonspendable fund balances at year end relate to assets that are in nonspendable form.

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

### ➤ 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.

### ➤ Recently Issued Accounting Principles

The School implemented GASB Statement No. 84, Fiduciary Activities, which establishes criteria for identifying and reporting fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether an entity is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.

School internal funds are those funds received on behalf of students in connection with school, athletic, class, and club activities. The School’s control over these funds precludes the School from reporting these activities in a Custodial Fund. Guidance provided by the Florida DOE requires these activities be reported in a Special Revenue Fund. As such, all internal fund transactions have been reported in the special revenue fund beginning in the 2020-2021 fiscal year.

### ➤ 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

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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., Florida Statutes. For the fiscal year ended June 30, 2021, the School reported 738.00 unweighted FTE and 775.15 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.

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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.

➤ **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, 2021, the School was exposed to custodial risk. The School has two bank accounts with amounts exceeding the FDIC insured amount by \$750,055 and \$276,452. The School has not experienced losses in such accounts

## 3. DUE FROM OTHER AGENCIES

The amount due from other agencies included in the accompanying statement of net position and balance sheet – governmental funds consist of revenue receivable for reimbursements for Federal grants recorded in the Special Revenue Fund. These receivables are considered to be fully collectible and as such, no allowance for uncollectible accounts has been established.

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### 4. INVESTMENTS

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.

All of the School's recurring fair value measurements as of June 30, 2021 are valued using quoted market prices (Level 1 inputs).

The School's investments at June 30, 2021, are reported as follows:

<u>Investments (1)</u>	<u>Amount</u>
BOK Financial-Federated Hermes Treasury Obligation Trust - Treasury Portfolio	\$ 2,418,883
Total	<u>\$ 2,418,883</u>

(1) This investment is reported as a cash equivalent for financial statement reporting purposes.

### 5. 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>				
Land	\$ 1,385,000	\$ 342,190	\$ -	\$ 1,727,190
Construction in Progress	-	2,035,241	-	2,035,241
Buildings & Fixed Equipment	9,728,009	-	-	9,728,009
Improvements Other than Building	86,000	5,678	-	91,678
Furniture, Fixtures and Equipment	145,324	50,461	-	195,785
Total Capital Assets	<u>11,344,333</u>	<u>2,433,570</u>	<u>-</u>	<u>13,777,903</u>
Less Accumulated Depreciation for:				
Buildings & Fixed Equipment	(432,319)	(324,487)	-	(756,806)
Improvements Other than Building	(6,061)	(7,535)	-	(13,596)
Furniture, Fixtures and Equipment	(47,345)	(38,130)	-	(85,475)
Total Accumulated Depreciation	<u>(485,725)</u>	<u>(370,152)</u>	<u>-</u>	<u>(855,877)</u>
Governmental Activities Capital Assets, net	<u>\$ 10,858,608</u>	<u>\$ 2,063,418</u>	<u>\$ -</u>	<u>\$ 12,922,026</u>

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



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**6. CONSTRUCTION CONTRACT COMMITMENTS**

The following is a schedule of major construction contract commitments at June 30, 2021:

<u>Project</u>	<u>Contract Amount</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
St. Johns Classical Academy Addition - Summit Construction Management Group LLC	\$ 2,335,469	\$ 1,872,993	\$ 462,476
Total	<u>\$ 2,335,469</u>	<u>\$ 1,872,993</u>	<u>\$ 462,476</u>

**7. LINE OF CREDIT**

The School has established a line of credit with Ameris Bank. The primary purpose of the line of credit is to fund operational costs. The current repayment requirement for the line of credit calls for monthly interest only payments at an annual interest rate of 4.5 percent. The line of credit available is in the amount of \$200,000 and there is no outstanding balance as of June 30, 2021.

**8. BONDS PAYABLE**

Bonds payable at June 30, 2021, are as follows:

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>	<u>Annual Maturity To</u>
Series 2021A	\$ 16,705,000	5.0 percent	2056
Series 2021B	510,000	5.5 percent	2024
Unamortized Bond Premium	917,047		
	<u>\$18,132,047</u>		

**Revenue Bonds Series 2021A and 2021B** – On March 26, 2021, the School issued tax-exempt Educational Facilities Revenue and Revenue Refunding Bonds of \$16,705,000 (2021A) at par and Taxable Educational Facilities Revenue and Revenue Refunding Bonds of \$510,000 (2021B) at par plus an original issue premium of \$923,597 secured by a mortgage on the School’s property and buildings. The bonds were issued for the purpose of a current refunding of outstanding principal of tax-exempt revenue bonds (Series 2017A) and taxable revenue bonds (Series 2017B), and to finance the acquisition, construction improvement, installation and equipping of an expansion of the existing facility, the acquisition of land and the funding of a debt service reserve fund.

Series 2021A bonds are term bonds paying interest semiannually at a rate of 5% and principal payments annually with maturities starting June 15, 2025, and ending June 15, 2056. Series 2021B bonds are term bonds paying interest semiannually at a rate of 5.5%. and principal payments annually with maturities starting June 15, 2022, and ending June 15, 2024.

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

In the event of default for non-payment of principal or interest on the bonds, the outstanding amounts will become due and payable. The School is required to disclose its debt service coverage ratio and days cash on hand as described in the Loan Agreement.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2021, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2022	\$ 938,600	\$ 160,000	\$ 778,600
2023	939,800	170,000	769,800
2024	940,450	180,000	760,450
2025	965,550	215,000	750,550
2026	964,800	225,000	739,800
2027-2031	4,823,500	1,305,000	3,518,500
2032-2036	4,818,750	1,660,000	3,158,750
2037-2041	4,824,000	2,125,000	2,699,000
2042-2046	4,817,750	2,705,000	2,112,750
2047-2051	4,818,800	3,385,000	1,433,800
2052-2056	5,785,400	5,085,000	700,400
<i>Unamortized Bond Premium</i>	917,047	917,047	-
<b>Total</b>	<b><u>\$ 35,554,447</u></b>	<b><u>\$ 18,132,047</u></b>	<b><u>\$ 17,422,400</u></b>

**9. 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
<b>GOVERNMENTAL ACTIVITIES:</b>					
Bonds Payable	\$ 12,485,000	\$ 17,215,000	\$ (12,485,000)	\$ 17,215,000	\$ 160,000
Unamortized Bond Discount	(167,586)		167,586	-	-
Unamortized Bond Premium	-	923,597	(6,550)	917,047	-
Total Bonds Payable	<u>12,317,414</u>	<u>18,138,597</u>	<u>(12,323,964)</u>	<u>18,132,047</u>	<u>160,000</u>
Total Governmental Activities	<u>\$ 12,317,414</u>	<u>\$ 18,138,597</u>	<u>\$ (12,323,964)</u>	<u>\$ 18,132,047</u>	<u>\$ 160,000</u>

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**10. DEBT REFUNDINGS**

In order to accomplish the refunding, the School paid a premium (\$1,433,573) to holders of the outstanding 2017 bonds. Unamortized 2017 bond discount costs were \$162,931 at the date of the refunding. As provided by paragraph below the deferred amount on refunding is the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, calculated as follows:

Reacquisition price:	
Refunded Portion of Bond issued	\$ 13,609,578
2017 remaining bond principal account balances	101,064
Funds required to refund old bonds	<u>13,710,642</u>
Net carrying amount of old bonds:	
Series 2017A	(12,215,000)
Series 2017B	(225,000)
Unamortized Bond Discount	162,931
Net Carrying amount	<u>(12,277,069)</u>
Deferred amount from Refunding	<u><u>\$ 1,433,573</u></u>

The deferred amount on refunding be will be straight line amortized over the 26 years, the remaining life of the refunded bonds. The following table illustrates amortization of the \$1,433,573 deferred amount over the remaining life of the old debt:

Fiscal Year Ending June 30	Total
2022	\$ 55,137
2023	55,137
2024	55,137
2025	55,137
2026	55,137
2027-2031	275,687
2032-2036	275,687
2037-2041	275,687
2042-2046	275,687
2047	41,353
Total	<u><u>\$ 1,419,789</u></u>

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**11. INTERFUND TRANSFERS AND DUE TO/FROM OTHER FUNDS**

At June 30, 2021, the Special Revenue Fund owed the General Fund \$5,989 for unreimbursed Special Revenue Fund grant expenses paid by the General Fund. In addition, the School’s General fund transferred \$68,244 to the Special Revenue Fund for money held from the School’s internal accounts as prescribed by new accounting pronouncement GASB 84 which requires school internal accounts be accounted for in a special revenue fund. The General Fund also transferred \$16,161,097 to the Debt Service Fund for bond principal and interest payments, and \$2,616,763 to the Capital Projects Fund for the purchase of a piece of land paid for at the bond closing. The amounts of interfund transactions are netted together and not reported in the statement of net position and the statement of activities.

**12. SCHEDULE OF STATE REVENUE SOURCES**

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

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 4,275,745
Categorical Programs:	
Class Size Reduction	813,749
Charter School Capital Outlay	362,364
Miscellaneous	<u>13,273</u>
Total State Revenue	<u>\$ 5,465,131</u>

As provided in the charter school contract, the District has charged the School an administrative fee totaling \$69,634.

**13. SPECIAL ITEM - DEBT FORGIVENESS**

The School was granted a loan from Ameris Bank in May 2020 in the amount of \$547,200, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act. The School met the qualifications for loan forgiveness under the PPP and was provided repayment forgiveness in December 2020. Revenue was recorded in the statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds of \$547,200.

**14. 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, 2021, 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.

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**15. 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.

**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.

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**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF CLAY COUNTY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND & SPECIAL REVENUE FUND (UNAUDITED)**  
*For the Fiscal Year Ended June 30, 2021*

	General Fund				Major 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 State	\$ 41,593	\$ -	\$ -	\$ -	\$ 41,593	\$ 140,728	\$ 140,728	\$ -
Local and Other	5,239,924	5,102,767	5,102,767	-	-	-	-	-
	33,346	51,164	51,164	-	-	164,446	164,446	-
Total Revenues	<u>5,314,863</u>	<u>5,153,931</u>	<u>5,153,931</u>	<u>-</u>	<u>41,593</u>	<u>305,174</u>	<u>305,174</u>	<u>-</u>
<b>Expenditures:</b>								
Current - Education:								
Instruction	2,744,893	2,674,523	2,674,523	-	41,593	119,073	119,073	-
Student Support Services	38,014	36,367	36,367	-	-	-	-	-
Instructional Staff Training	11,350	11,354	11,354	-	-	-	-	-
Instructional Related Technology	8,716	8,716	8,716	-	-	-	-	-
School Administration	389,517	741,725	741,725	-	-	-	-	-
Fiscal Services	58,750	58,753	58,753	-	-	-	-	-
Food Services	3,583	3,687	3,687	-	-	-	-	-
Operation of Plant	157,496	524,739	524,739	-	-	21,655	21,655	-
Maintenance of Plant	12,140	12,143	12,143	-	-	-	-	-
Community Service	-	-	-	-	-	81,563	81,563	-
Fixed Capital Outlay:								
Facilities Acquisition & Construction	-	-	-	-	-	-	-	-
Other Capital Outlay	64,237	50,461	50,461	-	-	-	-	-
Debt Service:								
Principal	90,000	-	-	-	-	-	-	-
Interest	1,320,015	-	-	-	-	-	-	-
Total Expenditures	<u>4,898,711</u>	<u>4,122,468</u>	<u>4,122,468</u>	<u>-</u>	<u>41,593</u>	<u>222,291</u>	<u>222,291</u>	<u>-</u>
Excess (Deficiency) of Revenues								
Over Expenditures	<u>416,152</u>	<u>1,031,463</u>	<u>1,031,463</u>	<u>-</u>	<u>-</u>	<u>82,883</u>	<u>82,883</u>	<u>-</u>
Other Financing Sources (Uses):								
Proceeds from Debt	-	18,138,597	18,138,597	-	-	-	-	-
Special Item - Debt Forgiveness	-	547,200	547,200	-	-	-	-	-
Transfers In/(Out)	-	(18,846,104)	(18,846,104)	-	-	68,244	68,244	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(160,307)</u>	<u>(160,307)</u>	<u>-</u>	<u>-</u>	<u>68,244</u>	<u>68,244</u>	<u>-</u>
Net Change in Fund Balances	416,152	871,156	871,156	-	-	151,127	151,127	-
Fund Balances, July 1, 2020	441,737	441,737	441,737	-	-	-	-	-
Fund Balances, June 30, 2021	<u>\$ 857,889</u>	<u>\$ 1,312,893</u>	<u>\$ 1,312,893</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,127</u>	<u>\$ 151,127</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, 2021**

**1. BUDGETARY BASIS OF ACCOUNTING**

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

Members:  
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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, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 25, 2021.

**Internal Control Over Financial Reporting**

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

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

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



## **Compliance and Other Matters**

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

### **Purpose of this Report**

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

Respectfully submitted,

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, professional style.

August 25, 2021  
Tampa, Florida

Members:  
Florida Institute of CPAs  
American Institute of CPAs  
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, 2021, and have issued our report thereon dated August 25, 2021.

**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 August 25, 2021, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

**Official Title**

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are St. Johns Classical Academy, Inc., 100667.

## **Financial Condition and Management**

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

## **Transparency**

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

## **Additional Matters**

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

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

## **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, applicable management, and 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 style.

August 25, 2021  
Tampa, Florida