

Seaside School Consortium, Inc.
d/b/a Seaside Charter K-8
a/k/a Seaside Charter Beach
(A Component Unit of the Duval County
School Board, Florida)

Basic Financial Statements
and Additional Information
for the Year Ended June 30, 2020

Keefe
McCullough
CPA's + Trusted Advisors

**Seaside School Consortium, Inc.
d/b/a Seaside Charter K-8
a/k/a Seaside Charter Beach**

Table of Contents

Independent Auditor's Report	1-2
Management's Discussion and Analysis (Not Covered by Independent Auditor's Report)	3-6

Basic Financial Statements

Government-wide Financial Statements:

Statement of Net Position	7
---------------------------	---

Statement of Activities	8
-------------------------	---

Fund Financial Statements:

Balance Sheet - Governmental Funds	9
------------------------------------	---

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	10
-------------------------------------------------------------------------------------------	----

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	11
----------------------------------------------------------------------------------------	----

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	12
--------------------------------------------------------------------------------------------------------------------------------------------	----

Statement of Revenues and Expenditures - Budget and Actual - General Fund	13
---------------------------------------------------------------------------	----

Statement of Revenues and Expenditures - Budget and Actual - Special Revenue Fund	14
-----------------------------------------------------------------------------------	----

Statement of Assets and Liabilities - Agency Fund	15
---------------------------------------------------	----

Notes to Basic Financial Statements	16-23
-------------------------------------	-------

Other Independent Auditor's Reports

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24-25
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------

Independent Auditor's Report to the Board of Directors	26-27
--------------------------------------------------------	-------

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Seaside School Consortium, Inc.
d/b/a Seaside Charter K-8
a/k/a Seaside Charter Beach

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 Seaside School Consortium, Inc. d/b/a Seaside Charter K-8 a/k/a Seaside Charter Beach (the "School"), a component unit of the Duval County School Board, Florida, as of and for the year ended June 30, 2020, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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, 2020, and the respective changes in financial position, and respective budgetary comparison for the General Fund and Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the School are intended to present the financial position and change in financial position of only that portion of the governmental activities, each major fund and the aggregate remaining fund information of Seaside School Consortium, Inc. that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of Seaside School Consortium, Inc. as of June 30, 2020 and the changes in its financial position or budgetary comparisons, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2020 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 22, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Keefe
McCullough**
CPA's + Trusted Advisors

As management of Seaside School Consortium, Inc. d/b/a Seaside Charter K-8 a/k/a Seaside Charter Beach (the "School"), a component unit of the Duval County School Board, Florida (the "School Board"), we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2020 with certain comparative information for 2019.

Management's discussion and analysis is included at the beginning of the School's basic financial statements to provide, in layman's terms, the past and current position of the School's financial condition. This summary should not be taken as a replacement for the audit, which consists of the basic financial statements.

Financial Highlights

Our basic financial statements provide these insights into the results of this year's operations.

- The School's total liabilities exceeded its assets by \$ (1,458,670) (net deficit). This amount includes net investment in capital assets (deficit) of \$ (1,834,471), restricted for debt service of \$ 304,000, and an unrestricted net position of \$ 71,801.
- The Schools total revenues were \$ 4,027,253 including \$ 3,668,923 from grants and entitlements, \$ 268,356 from program revenues, \$ 8,376 from interest income, and \$ 81,598 from miscellaneous revenues. The School's expenses for the year were \$ 4,355,767. Net position for the year decreased by \$ 328,514.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide basic financial statements, 2) fund basic financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the net position of the School is improving or deteriorating.

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

The government-wide basic financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding.

The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instructional support services.

The government-wide basic financial statements can be found on pages 7 and 8 of this report.

Fund 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. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

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

The School maintains several individual governmental funds. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balances. The General Fund, Special Revenue Fund, and Capital Project Fund are considered to be the School's major funds.

The School adopts an annual budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund and Special Revenue Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 9 through 14 of this report.

Agency Fund: In addition, the School has one agency fund which is a student activity fund. This fund is formed for educational and school purposes.

The Agency Fund financial statement can be found on page 15 of this report. The assets and liabilities of this Fund are not included in the government-wide statement of net position.

Notes to Basic 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. The notes to basic financial statements can be found on pages 16 through 23 of this report.

Government-Wide Financial Analysis

The School's net position (deficit) was \$ (1,458,670) at June 30, 2020 and (1,130,156) at June 30, 2019.

Seaside School Consortium, Inc.
d/b/a Seaside Charter K-8
a/k/a Seaside Charter Beach
Management's Discussion and Analysis
June 30, 2020

Our analysis in the table below focuses on the net position (deficit) of the School's governmental activities:

Seaside School Consortium, Inc. d/b/a Seaside Charter K-8 a/k/a Seaside Charter Beach Net Position		
	June 30, 2020	June 30, 2019
Assets:		
Current and other assets	\$ 656,541	\$ 844,310
Noncurrent assets	7,557,029	7,718,615
Total assets	8,213,570	8,562,925
Liabilities:		
Current liabilities	352,240	303,081
Noncurrent liabilities	9,320,000	9,390,000
Total liabilities	9,672,240	9,693,081
Net Position:		
Net investment in capital assets (deficit)	(1,834,471)	(1,325,683)
Restricted for debt service	304,000	189,589
Unrestricted	71,801	5,938
Total net position (deficit)	\$ (1,458,670)	\$ (1,130,156)

Governmental Activities: The results of the year's operations for the School as a whole are reported in the statement of activities on page 8. The table below provides a condensed presentation of the School's revenues and expenses for the years ended June 30, 2020 and 2019:

Seaside School Consortium, Inc. d/b/a Seaside Charter K-8 a/k/a Seaside Charter Beach Change in Net Position		
	June 30, 2020	June 30, 2019
Revenues:		
General revenues	\$ 3,758,897	\$ 3,597,609
Program revenues	268,356	229,614
Total revenues	4,027,253	3,827,223
Functions/Program Expenses:		
Instruction	2,516,024	2,284,320
Instructional support services	967,471	964,421
Operation of noninstructional services	872,272	1,068,262
Total expenses	4,355,767	4,317,003
Change in net position (deficit)	\$ (328,514)	\$ (489,780)

**Seaside School Consortium, Inc.
d/b/a Seaside Charter K-8
a/k/a Seaside Charter Beach
Management's Discussion and Analysis
June 30, 2020**

Governmental Fund Expenditures

In the table below, we have presented the cost of the largest functions/programs as a percentage of total governmental expenditures:

Functions/Programs	2020		2019	
	Expenditures	Percent	Expenditures	Percent
Governmental expenditures:				
Instructional expenditures	\$ 2,500,256	59%	\$ 2,295,128	27%
Debt service	706,500	17%	662,250	8%
Plant operations and maintenance	469,567	11%	223,386	3%
Administrative services	352,086	8%	585,633	7%
Facilities acquisition and construction	-	0%	4,281,628	52%
All other functions/programs	210,913	5%	409,077	4%
Total governmental expenditures	\$ 4,239,322	100%	\$ 8,457,102	100%

Capital Assets and Debt Administration

Capital assets: At June 30, 2020, the School had capital assets of \$ 7,555,529, net of accumulated depreciation, invested in buildings, computer equipment and furniture, fixtures and equipment, and improvements, compared to \$ 7,717,115 at June 30, 2019.

Debt: At June 30, 2020 and 2019, the School had outstanding debt of \$ 9,390,000 and \$ 9,435,000, respectively. The debt relates to bonds issued to finance the construction and acquisition of the School's facilities. Additional information on the School's debt can be found in Notes 7 and 8.

General Fund Budgetary Highlights

Total actual revenues were unfavorable to the budget by approximately \$ 52,000 due in large part to our fundraising goals not being met. With schools closing in March due to COVID, all activities (including fundraising) were cancelled. Total actual expenditures were unfavorable to the budget by approximately \$ 162,000 due to administrative and operation of plant costs being much higher than budgeted. See page 13 for budget and actual comparisons.

Economic Factors and Next Year's Budget

When adopting the budget for the fiscal year 2020-21, the School expected increased enrollment due to a wait list of interested families. The School does however understand present uncertainties associated with the unknown impacts of COVID.

Amounts available for appropriation are approximately \$ 4,384,200, which is an increase over 2019-20 actual revenues of approximately \$ 3,758,900. Budgeted expenditures are approximately \$ 4,315,100, which is also an increase over 2019-20 actual expenditures of approximately \$ 3,971,000. The School has added no new major programs to the fiscal 2020-21 budget.

With present uncertainties associated with the impacts of COVID, the School expects the budgetary fund balances to remain consistent.

Requests for Information

If you have questions about this report or need additional information, please contact Seaside School Consortium, Inc.; 2865 Mayport Rd; Jacksonville, Florida 32233.

BASIC FINANCIAL STATEMENTS

Keefe
McCullough
CPA's + Trusted Advisors

Seaside School Consortium, Inc.
d/b/a Seaside Charter K-8
a/k/a Seaside Charter Beach
Statement of Net Position
June 30, 2020

	Governmental Activities
Current Assets:	
Cash and cash equivalents	\$ 163,685
Accounts receivables	3,695
Due from other governments	32,297
Due from related entities	105,965
Prepaid items	46,899
Restricted cash and cash equivalents	<u>304,000</u>
Total current assets	<u>656,541</u>
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	7,555,529
Deposits	<u>1,500</u>
Total noncurrent assets	<u>7,557,029</u>
Total assets	<u>8,213,570</u>
Current Liabilities:	
Accounts payable and accrued expenses	31,932
Salaries and wages payable	222,855
Accrued interest payable	27,453
Current portion of bonds payable	<u>70,000</u>
Total current liabilities	<u>352,240</u>
Noncurrent Liabilities:	
Bonds payable	<u>9,320,000</u>
Total noncurrent liabilities	<u>9,320,000</u>
Total liabilities	<u>9,672,240</u>
Net Position (Deficit):	
Net investment in capital assets (deficit)	(1,834,471)
Restricted for debt service	304,000
Unrestricted	<u>71,801</u>
Total net position (deficit)	<u>\$ (1,458,670)</u>

The accompanying notes to basic financial statements are an integral part of these statements.

Seaside School Consortium, Inc.
d/b/a Seaside Charter K-8
a/k/a Seaside Charter Beach
Statement of Activities
For the Year Ended June 30, 2020

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Activities Net Revenue (Expense) and Change in Net Position</u>
Functions/Programs:					
Instruction	\$ 2,516,024	\$ -	\$ 15,882	\$ -	\$ (2,500,142)
Instructional support services	49,726	-	-	-	(49,726)
School board	26,200	-	-	-	(26,200)
General administration	91,181	-	-	-	(91,181)
School administration	352,086	-	-	-	(352,086)
Fiscal services	9,442	-	-	-	(9,442)
Central services	282	-	-	-	(282)
Operation and maintenance of plant	615,385	-	-	252,474	(362,911)
Community services	34,082	-	-	-	(34,082)
Interest and other debt service costs	<u>661,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(661,359)</u>
Total governmental activities	<u>\$ 4,355,767</u>	<u>\$ -</u>	<u>\$ 15,882</u>	<u>\$ 252,474</u>	<u>(4,087,411)</u>
General revenues:					
Grants and entitlements					3,668,923
Miscellaneous					81,598
Interest income					<u>8,376</u>
Total general revenues					<u>3,758,897</u>
Change in net position					(328,514)
Net position (deficit), July 1, 2019					<u>(1,130,156)</u>
Net position (deficit), June 30, 2020					<u>\$ (1,458,670)</u>

The accompanying notes to basic financial statements are an integral part of these statements.

Seaside School Consortium, Inc.
d/b/a Seaside Charter K-8
a/k/a Seaside Charter Beach
Balance Sheet - Governmental Funds
June 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 163,685	\$ -	\$ -	\$ 163,685
Accounts receivables	3,695	-	-	3,695
Due from other governments	8,905	-	23,392	32,297
Due from other funds	23,392	-	-	23,392
Due from related entities	105,965	-	-	105,965
Prepaid items	46,899	-	-	46,899
Deposits	1,500	-	-	1,500
Restricted cash and cash equivalents	<u>304,000</u>	<u>-</u>	<u>-</u>	<u>304,000</u>
Total assets	<u>\$ 658,041</u>	<u>\$ -</u>	<u>\$ 23,392</u>	<u>\$ 681,433</u>
Liabilities:				
Accounts payable and accrued expenses	\$ 31,932	\$ -	\$ -	\$ 31,932
Salaries and wages payable	222,855	-	-	222,855
Due to other funds	<u>-</u>	<u>-</u>	<u>23,392</u>	<u>23,392</u>
Total liabilities	<u>254,787</u>	<u>-</u>	<u>23,392</u>	<u>278,179</u>
Fund Balances:				
Nonspendable:				
Prepaid items	46,899	-	-	46,899
Deposits	1,500	-	-	1,500
Restricted for debt service	304,000	-	-	304,000
Unassigned	<u>50,855</u>	<u>-</u>	<u>-</u>	<u>50,855</u>
Total fund balances	<u>403,254</u>	<u>-</u>	<u>-</u>	<u>403,254</u>
Total liabilities and fund balances	<u>\$ 658,041</u>	<u>\$ -</u>	<u>\$ 23,392</u>	<u>\$ 681,433</u>

The accompanying notes to basic financial statements are an integral part of these statements.

Seaside School Consortium, Inc.
d/b/a Seaside Charter K-8
a/k/a Seaside Charter Beach
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2020

Total Fund Balances - Governmental Funds \$ 403,254

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

The cost of capital assets acquired is reported as an expenditure in the governmental funds. The statement of net position includes those capital assets, net of accumulated depreciation, among the assets of the School as a whole.

Cost of capital assets	\$	8,291,972		
Accumulated depreciation		<u>(736,443)</u>		7,555,529

Liabilities not payable with current available resources are not reported as fund liabilities in the governmental fund statements. All liabilities both current and long-term, are reported in the government-wide statements.

Accrued interest payable	\$	(27,453)		
Bonds payable		<u>(9,390,000)</u>		<u>(9,417,453)</u>

Net Position (Deficit) of Governmental Activities \$ (1,458,670)

The accompanying notes to basic financial statements are an integral part of these statements.

Seaside School Consortium, Inc.
d/b/a Seaside Charter K-8
a/k/a Seaside Charter Beach
**Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Revenues:				
Federal through state	\$ -	\$ 15,882	\$ -	\$ 15,882
State sources	3,668,923	-	252,474	3,921,397
Local sources	81,598	-	-	81,598
Interest income	8,376	-	-	8,376
	<u>3,758,897</u>	<u>15,882</u>	<u>252,474</u>	<u>4,027,253</u>
Expenditures:				
Instruction	2,484,374	15,882	-	2,500,256
Instructional support services	49,726	-	-	49,726
School board	26,200	-	-	26,200
General administration	91,181	-	-	91,181
School administration	352,086	-	-	352,086
Fiscal services	9,442	-	-	9,442
Central services	282	-	-	282
Operation and maintenance of plant	217,093	-	252,474	469,567
Community services	34,082	-	-	34,082
Debt service:				
Principal	45,000	-	-	45,000
Interest	661,500	-	-	661,500
	<u>3,970,966</u>	<u>15,882</u>	<u>252,474</u>	<u>4,239,322</u>
Net change in fund balances	(212,069)	-	-	(212,069)
Fund Balances, July 1, 2019	<u>615,323</u>	<u>-</u>	<u>-</u>	<u>615,323</u>
Fund Balances, June 30, 2020	<u>\$ 403,254</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 403,254</u>

The accompanying notes to basic financial statements are an integral part of these statements.

Seaside School Consortium, Inc.
d/b/a Seaside Charter K-8
a/k/a Seaside Charter Beach
**Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances -
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020**

Change in Fund Balances - Governmental Funds \$ (212,069)

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as a provision for depreciation.

Expenditures for capital assets	\$	31,272	
Provision for depreciation		<u>(192,858)</u>	(161,586)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Repayment of debt principal			45,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in accrued interest payable			<u>141</u>
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Change in Net Position (Deficit) of Governmental Activities \$ (328,514)

The accompanying notes to basic financial statements are an integral part of these statements.

Seaside School Consortium, Inc.
d/b/a Seaside Charter K-8
a/k/a Seaside Charter Beach
Statements of Revenues and Expenditures -
Budget and Actual - General Fund
For the Year Ended June 30, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:			
State sources	\$ 3,531,098	\$ 3,668,923	\$ 137,825
Local sources	280,000	81,598	(198,402)
Interest income	-	8,376	8,376
	<u>3,811,098</u>	<u>3,758,897</u>	<u>(52,201)</u>
Expenditures:			
Instruction	2,550,222	2,484,374	65,848
Instructional support services	49,955	49,726	229
School board	15,000	26,200	(11,200)
General administration	89,673	91,181	(1,508)
School administration	174,389	352,086	(177,697)
Fiscal services	6,000	9,442	(3,442)
Central services	-	282	(282)
Operation and maintenance of plant	72,663	217,093	(144,430)
Community services	70,800	34,082	36,718
Debt service:			
Principal	45,000	45,000	-
Interest	735,000	661,500	73,500
	<u>3,808,702</u>	<u>3,970,966</u>	<u>(162,264)</u>
Total expenditures	<u>3,808,702</u>	<u>3,970,966</u>	<u>(162,264)</u>
Net change in fund balance	\$ <u>2,396</u>	\$ <u>(212,069)</u>	\$ <u>(214,465)</u>

The accompanying notes to basic financial statements are an integral part of these statements.

Seaside School Consortium, Inc.
d/b/a Seaside Charter K-8
a/k/a Seaside Charter Beach
Statement of Revenues and Expenditures -
Budget and Actual - Special Revenue Fund
For the Year Ended June 30, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:			
Federal sources:			
Title II	\$ -	\$ 15,882	\$ 15,882
Total revenues	<u>-</u>	<u>15,882</u>	<u>15,882</u>
Expenditures:			
Instruction	<u>-</u>	<u>15,882</u>	<u>(15,882)</u>
Total expenditures	<u>-</u>	<u>15,882</u>	<u>(15,882)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes to basic financial statements are an integral part of these statements.

Seaside School Consortium, Inc.
d/b/a Seaside Charter K-8
a/k/a Seaside Charter Beach
Statement of Assets and Liabilities - Agency Fund
June 30, 2020

	<u>Student Activities</u>
Assets:	
Cash and cash equivalents	\$ <u>19,697</u>
Total assets	\$ <u><u>19,697</u></u>
Liabilities:	
Due to others	\$ <u>19,697</u>
Total liabilities	\$ <u><u>19,697</u></u>

The accompanying notes to basic financial statements are an integral part of these statements.

Note 1 - Organization and Operations

Seaside School Consortium, Inc. d/b/a Seaside Charter K-8 a/k/a Seaside Charter Beach (the "School"), a component unit of the Duval County School Board, Florida, was established in July 2013 as a public charter school to serve students from kindergarten to fifth grade in Duval County. Seaside School Consortium, Inc. (the "Company") is a Florida nonprofit corporation organized in August 1998. There were 492 students enrolled for the 2019/2020 school year.

The basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of the Company as of June 30, 2020, and the changes in its financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Accordingly, these basic financial statements only include balances, activity, and disclosures related to the School.

Note 2 - Summary of Significant Accounting Policies

Reporting entity: The School operates under a charter granted by the sponsoring Duval County School Board. The current charter is effective until June 30, 2023 and may be renewed in increments of five years by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter in which case the School Board is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. Seaside Charter Beach is considered a component unit of the Duval County School Board.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the basic financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable which would require inclusion in the School's basic financial statements.

Basis of presentation: Based on the guidance presented in the American Institute of Certified Public Accountants Audit and Accounting Guide - Not-for-Profit Organizations and provisions of Section 228.056, Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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 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 - this fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.

Special Revenue Fund - This fund is used to account for federal grants and certain state grants that are legally restricted to expenditures for particular purposes.

Capital Project Fund - This fund is used to account for state capital outlay funding that is legally restricted to expenditures for particular purposes.

Additionally, the School reports separately the following fiduciary fund type:

Agency Fund - This fund is used to administer funds raised and earned by the various clubs and activities that are part of the School.

Measurement focus and basis of accounting: The basis of accounting refers to the point which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the government-wide statements use the economic resources measurement focus.

Governmental activity in the government-wide basic financial statements are presented on the full 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.

The governmental fund financial statements are prepared using the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within sixty days after year end or soon enough thereafter to be used to pay liabilities of the current period.

The Agency Fund has no measurement focus but utilizes the accrual basis of accounting for reporting.

Note 2 - Summary of Significant Accounting Policies (continued)

Cash and cash equivalents: The School considers all demand accounts and short-term investments with a maturity of three months or less when purchased to be cash and cash equivalents.

The School maintains its cash accounts at one financial institution. The School's accounts at this institution, at times, may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk (Note 3).

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Due to and due from other funds: Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Revenue recognition: Student funding is provided by the State of Florida through the School Board. Such funding is recorded as entitlement revenue in the government-wide financial statements and state source revenue in the fund financial statements. This funding is received on a pro-rata basis over the twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

Income taxes: The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these financial statements.

Capital assets: Capital assets purchased or acquired with an original cost of \$ 1,000 or more are capitalized at historical cost or estimated historical cost and are reported in the government-wide financial statement. Donated property and equipment are valued at the acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related fixed assets. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Building	39 years
Building improvements	2-4 years
Furniture, fixtures, and equipment	5 years
Motor vehicles	5 years

Within governmental funds, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported within the governmental fund financial statements.

Note 2 - Summary of Significant Accounting Policies (continued)

Deferred outflows/inflows of resources: In addition to assets, the statement of net 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 net 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 that time. The School does not have any items that qualify for reporting in this category.

Unearned revenue: Unearned revenue arises when the School receives resources before it has a legal claim to them.

Net position: Net position is classified in three categories. The general meaning of each is as follows:

- Net investment in capital assets - represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of borrowings used for the acquisition, construction or improvement of those assets.
- Restricted - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - indicated that portion of net position that is available to fund future operations.

Fund balance: The School has implemented the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance classifications to report on the nature and extent to which the School is bound to have constraints on the specific purposes for which amounts in those funds can be spent:

The following classifications describe the relative strength of the spending restraints:

- *Nonspendable fund balance* - amounts that are not in spendable form (such as prepaids items) or are legally or contractually required to be maintained intact.
- *Restricted fund balance* - amounts constrained to specific purposes by external providers (such as grantors, creditors, etc.) or imposed by law through constitutional provisions or enabling legislation.

Note 2 - Summary of Significant Accounting Policies (continued)

- *Committed fund balance* - amounts constrained to specific purposes voted on through formal action of the Board of Directors (the highest level of decision making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.
- *Assigned fund balance* - amounts the School intends to use for a specific purpose but are neither restricted nor committed. Assignment can be made by the Board.
- *Unassigned fund balance* - amounts that have not been restricted, committed, or assigned for a specific purpose within the General Fund. Positive amounts are only reported in the General Fund.

The School uses restricted amounts to be spent first when both restricted or unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this. When the School has expenditures for which committed, assigned, or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds, and lastly unassigned funds.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budget: An operating budget is adopted and maintained by the governing board for the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the basic financial statements.

Date of management review: Subsequent events were evaluated by management through September 22, 2020, which is the date the financial statements were available to be issued.

Note 3 - Cash and Cash Equivalents

At June 30, 2020, the carrying amount of the deposits and cash on hand totaled \$ 183,382, with a bank balance of \$ 217,833.

State statutes require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as "qualified public depositories" as defined by Chapter 280 of the Florida Statutes. This Statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and the reporting requirements of the qualified public depositor to the Treasurer is defined by statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository and are covered by the collateral pool because the School has identified itself as a public entity.

Note 3 - Cash and Cash Equivalents (continued)

Restricted cash and cash equivalents: In January 2018, the School borrowed funds for construction of facilities for several of their schools. The restricted cash equivalents of the School are governed by the Bond Indenture. The cash equivalents are held by the Trustee and are restricted for debt service and capital projects.

Note 4 - Due from Other Governments

Due from government agencies at June 30, 2020 consists of amounts due from the School Board for capital outlay and for other small grants.

Note 5 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2020 are as follows:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital assets, not being depreciated:				
Land	\$ 1,040,000	\$ -	\$ -	\$ 1,040,000
	<u>1,040,000</u>	<u>-</u>	<u>-</u>	<u>1,040,000</u>
Total capital assets, not being depreciated				
	<u>1,040,000</u>	<u>-</u>	<u>-</u>	<u>1,040,000</u>
Capital assets, being depreciated:				
Building	6,793,407	-	-	6,793,407
Building improvements	355,602	7,828	-	363,430
Furniture, fixtures, and equipment	62,441	23,444	-	85,885
Motor vehicles	9,250	-	-	9,250
	<u>7,220,700</u>	<u>31,272</u>	<u>-</u>	<u>7,251,972</u>
Total capital assets, being depreciated				
	<u>7,220,700</u>	<u>31,272</u>	<u>-</u>	<u>7,251,972</u>
Accumulated depreciation:				
Building	174,190	174,190	-	348,380
Building improvements	338,515	445	-	338,960
Furniture, fixtures, and equipment	26,156	15,861	-	42,017
Motor vehicles	4,724	2,362	-	7,086
	<u>543,585</u>	<u>192,858</u>	<u>-</u>	<u>736,443</u>
Total accumulated depreciation				
	<u>543,585</u>	<u>192,858</u>	<u>-</u>	<u>736,443</u>
Net capital assets	<u>\$ 7,717,115</u>	<u>\$ (161,586)</u>	<u>\$ -</u>	<u>\$ 7,555,529</u>

Provision for depreciation was charged to governmental activities as follows:

Instruction	\$ 18,668
Operation of plant	<u>174,190</u>
	<u>\$ 192,858</u>

Note 6 - Due from Related Parties

The School is related to Seaside Charter - North (“North”), as they are also governed under the same Board of Directors and are both divisions of the Company. At June 30, 2020, the School had an amount due from North amounting to \$ 105,965, which represents expenses paid by the School on behalf of North.

Note 7 - Bonds Payable

The School previously issued \$ 9,075,000 in Educational Facilities Revenue Bonds, Series 2018A and \$ 360,000 in Taxable Educational Facilities Revenue Bonds, Series 2018B pursuant to an Indenture of Trust between the Agency and a Trustee to make a loan to the School to finance the acquisition of the facilities and equipment. The Series 2018A Bonds bear interest at 7.00% through June 2048. The Series 2018B Bonds bear interest at 7.50% through June 2024. Interest will be paid quarterly on each March, June, September, and December 15. In order to secure the payment of the principal and interest on the Bonds, the Agency assigned all of its rights and interest in the loan agreement to the Trustee. The Bonds are payable from and secured by a lien upon and pledge of payments to be received by the Trustee.

The School’s share of the annual debt service requirements to maturity for the Series 2018 Bond is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 70,000	\$ 657,563	\$ 727,563
2022	75,000	652,125	727,125
2023	80,000	646,500	726,500
2024	90,000	640,313	730,313
2025	110,000	633,325	743,325
2026-2030	685,000	3,036,250	3,721,250
2031-2035	960,000	2,756,600	3,716,600
2036-2040	1,360,000	2,360,925	3,720,925
2041-2045	1,920,000	1,802,150	3,722,150
2046-2048	4,040,000	720,825	4,760,825
	<u>\$ 9,390,000</u>	<u>\$ 13,906,576</u>	<u>\$ 23,296,576</u>

Note 8 - Long-Term Liabilities

Changes in the School’s long-term liabilities for fiscal year ended June 30, 2020, are as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Revenue Bonds, Series 2018A	\$ 9,075,000	\$ -	\$ -	\$ 9,075,000	\$ -
Series 2018B	360,000	-	45,000	315,000	70,000
	<u>\$ 9,435,000</u>	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ 9,390,000</u>	<u>\$ 70,000</u>

Note 9 - Employee Benefit Plan

The School sponsors the Seaside Charter School Retirement Plan (the "Plan"), which is a defined contribution plan. The Plan operates under Section 403(b) of the Internal Revenue Code. All eligible employees may contribute up to an annual maximum pretax annual compensation, as defined in the Plan. Under the terms of the Plan, the School contributes amounts to the Plan at the discretion of the Board of Directors. The School made approximately \$ 13,000 in contributions to the Plan during the year ending June 30, 2020.

Note 10 - Risk Management

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies including, but not limited to, general liability and errors and omissions insurance. There were no claims in excess of insurance coverage limits during the past year.

Note 11 - Risks and Uncertainties

In March 2020, the *World Health Organization* declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, the local and global financial markets are experiencing significant declines and creating economic uncertainties. At this time, it is unknown precisely how this negative outlook will impact the School's financial statements in the future. No adjustments have been made to the accompanying financial statements as a result of the current events.

OTHER INDEPENDENT
AUDITOR'S REPORTS

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
Seaside School Consortium, Inc.
d/b/a Seaside Charter K-8
a/k/a Seaside Charter Beach

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 Seaside School Consortium, Inc. d/b/a Seaside Charter K-8 a/k/a Seaside Charter Beach (the "School"), a component unit of the Duval County School Board, Florida, as of and for the year ended June 30, 2020, 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 22, 2020.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 22, 2020

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Seaside School Consortium, Inc.
d/b/a Seaside Charter K-8
a/k/a Seaside Charter Beach

Report on the Financial Statements

We have audited the financial statements of Seaside School Consortium, Inc. d/b/a Seaside Charter K-8 a/k/a Seaside Charter Beach (the "School"), a component unit of the Duval County School Board, Florida, as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated September 22, 2020.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 22, 2020, 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 recommendations made in the preceding audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and school code assigned by the Florida Department of Education of the entity is Seaside School Consortium, Inc. d/b/a Seaside Charter K-8 a/k/a Seaside Charter Beach and 165401.

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 the review of financial information provided by same.

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether 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 maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 22, 2020