



**St. Johns County School District**  
**Charter School Review: Follow-Up**

**Prepared By:**  
**Internal Auditors**  
**July 7, 2014**



# Table of Contents

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Transmittal Letter .....	1
Executive Summary .....	2 - 9
Background .....	10 -14
Objectives and Approach .....	15
Individual Charter School Educational Data and Financial Conditions Overview	
ABLE School.....	16 - 20
First Coast Technical College.....	21 - 22
St. Augustine Public Montessori.....	23 - 27
St. Johns Community Campus .....	28 - 29
St. Paul School of Excellence.....	30 - 32
Therapeutic Learning Center.....	33 - 34

July 7, 2014

The Audit Committee of  
 St. Johns County School District  
 40 Orange Street  
 St Augustine, Florida 32084

Pursuant to the St. Johns County School District ("District") approved Audit Plan for 2013-14, we hereby submit our report covering the follow-up on the high risk rated issues identified in the previously issued Charter School Review internal audit report dated March 7, 2013 of the six (6) Charter Schools sponsored by the District. We will be presenting this report to the Audit Committee at the next scheduled meeting on July 24, 2014.

Our report is organized in the following sections:

<b>Executive Summary</b>	This provides a follow-up status of the previously identified issues related to the Charter School Review internal audit report.
<b>Background</b>	This provides an overview of Charter Schools.
<b>Objectives and Approach</b>	The internal audit objectives and focus are expanded upon in this section as well as a review of the various phases of our approach.
<b>Individual Charter School Review</b>	This section contains an updated overview of each charter school, updated issues and recommended action and charter school Management's response. Other matters noted during our procedures are also outlined within this section.

We would like to thank the various schools, departments, the District and all those involved in assisting our firm in connection with our follow-up procedures.

Respectfully Submitted,

**INTERNAL AUDITORS**



## **Executive Summary**

# Executive Summary

We performed follow-up procedures related to the high risk rated issues identified in the previously issued Charter School Review internal audit report dated March 7, 2013 of the six charter schools sponsored by the District. In this report, we have summarized the results of our follow-up, and have provided current comparative financial and other data updated for each charter school in their section of the report, which includes the following categories:

- Date charter school opened
- Charter school contract period
- Student Membership statistics
- Selected Financial Data
- Charter School Grades
- Governing Board
- Sponsor
- Charter School Administration
- Comments – identification of any other significant data that may affect the financial condition

Our follow-up approach consisted of gathering updated data for the categories noted above for fiscal years ended 2010-2014 to provide the opportunity for trend analysis. We performed onsite follow-up testing on the issues rated as “high” in our prior report for each of the six individual charter schools during the month of April 2014.

St. Johns County School District sponsors the following Charter schools:

Charter School	Area of Focus	FY 2014 Preliminary School Grade	FY 2014 Student Membership
The Academy of Business and Leadership Education (ABLE)	5-8	D	111
First Coast Technical College	Florida’s first post secondary Charter School	N/A	1,030
St. Augustine Public Montessori	1-6	B	48
St. Johns Community Campus*	Enable students aged 18-22 identified with intellectual disabilities to discover their own unique interests and preferences	N/A	18
St. Paul School of Excellence	K-5	N/A	56
Therapeutic Learning Center*	Pre-K education and therapy to children ages birth to 5 with special needs	N/A	16

\*Components of The Arc of the St Johns, Inc.

Each issue/observation identified is assigned a relative risk factor. Relative risk is an evaluation of the severity of the concern and the potential impact on operations. Items rated as “High” risk are considered to be of immediate concern and could cause significant operational issues if not addressed. Items rated as “Moderate” risk may also cause operational issues and do not require immediate attention, but should be addressed as soon as possible. Items rated as “Low” risk could escalate into operational issues, but can be addressed through the normal course of conducting business. The following is a high level summary of the major issues identified at each of the six charter schools. The details of these issues are included within this report.

## Executive Summary - continued

### Financial and Compliance Highlights

None of the charter schools were identified as being in a state of financial emergency or deteriorating condition by the external auditors as of June 30, 2013 or June 30, 2012. Three of the charter schools are showing signs of financial strain per the monthly financial reports (ABLE, St. Augustine Public Montessori, St. Paul School of Excellence).

#### **ABLE**

We reviewed the monthly financial results for December 2013 through April 2014, noting as summarized in the table below, the school has reported deficits of revenues under expenditures in all of the past five months reviewed.

	<b>Dec 2013</b>	<b>Jan 2014</b>	<b>Feb 2014</b>	<b>March 2014</b>	<b>April 2014</b>
Revenues	\$ 312,409	\$ 364,605	\$ 409,812	\$ 467,872	\$ 527,067
Expenditures	\$ 333,050	\$ 394,177	\$ 448,392	\$ 505,268	\$ 565,300
Surplus (Deficit)	\$ (20,641)	\$ (29,572)	\$ (38,580)	\$ (37,396)	\$ (38,233)

#### **St. Augustine Public Montessori**

We reviewed the monthly financial results for December 2013 through April 2014, noting as summarized in the table below, the school has reported deficits of revenues under expenditures in all of the past five months reviewed.

	<b>Dec 2013</b>	<b>Jan 2014</b>	<b>Feb 2014</b>	<b>March 2014</b>	<b>April 2014</b>
Revenues	\$ 160,026	\$ 186,482	\$ 211,439	\$ 235,816	\$ 260,931
Expenditures	\$ 171,793	\$ 200,184	\$ 230,185	\$ 256,732	\$ 282,499
Surplus (Deficit)	\$ (11,767)	\$ (13,702)	\$ (18,746)	\$ (20,915)	\$ (21,568)

#### **St. Paul School of Excellence**

We reviewed the monthly financial results for December 2013 through April 2014, noting as summarized in the table below, the school has reported deficits of revenues under expenditures in four of the past five months reviewed.

	<b>Dec 2013</b>	<b>Jan 2014</b>	<b>Feb 2014</b>	<b>March 2014</b>	<b>April 2014</b>
Revenues	\$ 220,925	\$ 252,482	\$ 286,443	\$ 321,294	\$ 355,803
Expenditures	\$ 211,905	\$ 253,679	\$ 293,061	\$ 329,046	\$ 367,181
Surplus (Deficit)	\$ 9,020	\$ (1,197)	\$ (6,618)	\$ (7,752)	\$ (11,378)

***The continued deficit for the above Charter Schools could impair their ability to meet certain required obligations, which is an indication of a deteriorating financial condition as defined in Florida Statue 1002.345(1)(a)3.***

***The District should continue to closely monitor the financial condition of ABLE, St. Augustine Public Montessori, and St. Paul School of Excellence. We note that the District is in constant communication with these charter schools and should be prepared to notify the governing body of these charter schools (within the 7 day requirement) to prepare a Corrective Action Plan.***

Issues	Risk Rating	Status
<b>1. Financial Results</b>	<b>High Increased from Moderate</b>	<b>Open</b>
<p>We reviewed the unaudited monthly financial statements for July 2013 through April 2014 and the 2013-2014 budget prepared by the School, and noted the following:</p> <ul style="list-style-type: none"> <li>• The School's net assets decreased by \$31,489 from \$109,317 for the month ended July 2013 to \$77,828 for the month ended April 2014.</li> <li>• The School's unrestricted net assets decreased by \$31,389 from \$94,806 for the month ended July 2013 to \$63,417 for the month ended April 2014.</li> <li>• Expenditures exceeded revenues as of the end of the month for eight months during the ten month period ended April 2014, including the months of October 2013 through April 2014.</li> <li>• Actual revenues were \$4,733 less than budget for the ten months ended April 2014.</li> <li>• Actual expenses were \$15,873 more than budget for the ten months ended April 2014.</li> <li>• The school's most recent budget projects an excess of expenditures over revenues of \$10,333 when updated to include actual figures for July 2013 through March 2014.</li> </ul>		
<b>2. Authorized Check Signers</b>	<b>High</b>	<b>Open</b>
<p>The school principal is the only authorized signer on one of the school's two bank accounts.</p>		
<b>3. Cash Receipts</b>	<b>High</b>	<b>Open</b>
<p>We noted the following during our testing of cash receipts:</p> <ul style="list-style-type: none"> <li>• For one of the five cash receipts tested, there was no documented record of when the monies were received to verify timely deposit at the bank.</li> <li>• Two of the five selected cash receipts were not deposited within five days of initial collection.</li> </ul>		
<b>4. Background Screenings</b>	<b>High</b>	<b>Open</b>
<p>We noted the following during our testing of background screenings:</p> <ul style="list-style-type: none"> <li>• The school does not maintain documentation of background screening clearances for the employees and governing board members.</li> <li>• Two of the three governing board members had not been fingerprinted as of our audit testing.</li> <li>• Background screenings were completed after the hire date for three of the five employees sampled.</li> </ul>		
<b>Financial Reporting</b>	<b>High</b>	<b>Closed</b>
<p><i>This issue is considered closed as of this follow-up audit.</i></p>		
<b>Identification of Governing Board Members</b>	<b>High</b>	<b>Closed</b>
<p><i>This issue is considered closed as of this follow-up audit.</i></p>		
<b>Governing Board Responsibilities</b>	<b>High</b>	<b>Closed</b>
<p><i>This issue is considered closed as of this follow-up audit.</i></p>		
<b>Qualified Public Depository</b>	<b>Moderate</b>	<b>Not Tested</b>
<p><i>This previous audit finding was rated as moderate; as such, it was not included in this follow-up audit.</i></p>		
<b>Filing of Doing Business As (dba) Name</b>	<b>Moderate</b>	<b>Not Tested</b>
<p><i>This previous audit finding was rated as moderate; as such, it was not included in this follow-up audit.</i></p>		
<b>Cash Balances on Financial Statements</b>	<b>Low</b>	<b>Not Tested</b>
<p><i>This previous audit finding was rated as low; as such, it was not included in this follow-up audit.</i></p>		
<b>Chart of Accounts</b>	<b>Low</b>	<b>Not Tested</b>
<p><i>This previous audit finding was rated as low; as such, it was not included in this follow-up audit.</i></p>		

Issues	Risk Rating	Status
<b>Background Screening</b>	<b>High</b>	<b>Closed</b>
<i>This issue is considered closed as of this follow-up audit.</i>		
<b>Financial Reporting</b>	<b>Moderate</b>	<b>Not Tested</b>
<i>This previous audit finding was rated as moderate; as such, it was not included in this follow-up audit.</i>		
<b>Reporting Student Enrollment</b>	<b>Low</b>	<b>Not Tested</b>
<i>This previous audit finding was rated as low; as such, it was not included in this follow-up audit.</i>		

Issues	Risk Rating	Status
<b>1. Financial Results</b>	<b>High</b>	<b>Open</b>
<p>We reviewed the unaudited monthly financial statements for July 2013 through April 2014 and the 2013-2014 budget prepared by the School, and noted the following:</p> <ul style="list-style-type: none"> <li>• The School's net assets decreased by \$30,930 from \$76,254 for the month ended July 2013 to \$45,324 for the month ended April 2014.</li> <li>• The School's unrestricted net assets decreased by \$17,887 from \$62,926 for the month ended July 2013 to \$45,039 for the month ended April 2014.</li> <li>• Expenditures exceeded revenues as of the end of each of the ten months ended April 2014.</li> <li>• Actual revenues were \$19,285 less than budget for the ten months ended April 2014.</li> <li>• Actual expenses were \$16,822 less than budget for the ten months ended April 2014.</li> <li>• The school's most recent budget projects an excess of expenditures over revenues of \$21,635 when updated to include actual figures for July 2013 through March 2014.</li> </ul>		
<b>2. Background Screenings</b>	<b>High</b>	<b>Open</b>
<p>One governing board member, appointed during the 2013-2014 school year, was not screened within ten days of appointment to the board, as required by the charter contract, section 8.I. The board member was screened approximately three months after appointment.</p>		
<b>Insurance Requirements</b>	<b>High</b>	<b>Closed</b>
<p><i>This issue is considered closed as of this follow-up audit.</i></p>		
<b>Cash Disbursements</b>	<b>High</b>	<b>Closed</b>
<p><i>This issue is considered closed as of this follow-up audit.</i></p>		
<b>Financial Reporting</b>	<b>Moderate</b>	<b>Not Tested</b>
<p><i>This previous audit finding was rated as moderate; as such, it was not included in this follow-up audit.</i></p>		
<b>Cash Receipts</b>	<b>Moderate</b>	<b>Not Tested</b>
<p><i>This previous audit finding was rated as moderate; as such, it was not included in this follow-up audit.</i></p>		
<b>Qualified Public Depository</b>	<b>Moderate</b>	<b>Not Tested</b>
<p><i>This previous audit finding was rated as moderate; as such, it was not included in this follow-up audit.</i></p>		
<b>Chart of Accounts</b>	<b>Low</b>	<b>Not Tested</b>
<p><i>This previous audit finding was rated as low; as such, it was not included in this follow-up audit.</i></p>		

Issues	Risk Rating	Status
<b>1. Background Screenings</b>	<b>High</b>	<b>Open</b>
One of the 11 governing board members had not undergone background screening as of our audit testing.		
<b>Financial Reporting</b>	<b>High</b>	<b>Closed</b>
<i>This issue is considered closed as of this follow-up audit.</i>		
<b>Cash Receipts</b>	<b>High</b>	<b>Closed</b>
<i>This issue is considered closed as of this follow-up audit.</i>		
<b>Authorized Check Signers</b>	<b>High</b>	<b>Closed</b>
<i>This issue is considered closed as of this follow-up audit.</i>		
<b>Governing Board Responsibilities</b>	<b>High</b>	<b>Closed</b>
<i>This issue is considered closed as of this follow-up audit.</i>		
<b>Financial Results</b>	<b>Moderate</b>	<b>Not Tested</b>
<i>This previous audit finding was rated as moderate; as such, it was not included in this follow-up audit.</i>		
<b>Filing of Doing Business As (dba) Name</b>	<b>Moderate</b>	<b>Not Tested</b>
<i>This previous audit finding was rated as moderate; as such, it was not included in this follow-up audit.</i>		

Issues	Risk Rating	Status
<b>1. Financial Results</b>	<b>High</b>	<b>Open</b>
We reviewed the unaudited monthly financial statements for July 2013 through April 2014 and the 2013-2014 budget prepared by the School, noting the following:		
<ul style="list-style-type: none"> <li>• The School’s net assets decreased by \$33,751 from \$11,450 for the month ended July 2013 to a deficit of \$22,301 for the month ended April 2014.</li> <li>• The School’s unrestricted net assets decreased by \$19,135 from \$5,454 for the month ended July 2013 to a deficit of \$13,681 for the month ended April 2014.</li> <li>• Expenditures exceeded revenues as of the end of the month for six months during the ten month period ended April 2014, including the months of January through April 2014.</li> <li>• Actual revenues were \$14,636 more than budget for the ten months ended April 2014.</li> <li>• Actual expenses were \$30,528 more than budget for the ten months ended April 2014.</li> <li>• The school’s most recent budget projects an excess of expenditures over revenues of \$7,598 when updated to include actual figures for July 2013 through March 2014.</li> </ul>		
<b>Insurance Requirements</b>	<b>High</b>	<b>Closed</b>
<i>This issue is considered closed as of this follow-up audit.</i>		
<b>Financial Reporting</b>	<b>High</b>	<b>Closed</b>
<i>This issue is considered closed as of this follow-up audit.</i>		
<b>Authorized Check Signers</b>	<b>High</b>	<b>Closed</b>
<i>This issue is considered closed as of this follow-up audit.</i>		
<b>Cash Receipts</b>	<b>High</b>	<b>Closed</b>
<i>This issue is considered closed as of this follow-up audit.</i>		
<b>Cash Disbursements</b>	<b>High</b>	<b>Closed</b>
<i>This issue is considered closed as of this follow-up audit.</i>		
<b>Background Screenings</b>	<b>High</b>	<b>Closed</b>
<i>This issue is considered closed as of this follow-up audit.</i>		
<b>Bank Reconciliation</b>	<b>Moderate</b>	<b>Not Tested</b>
<i>This previous audit finding was rated as moderate; as such, it was not included in this follow-up audit.</i>		
<b>Chart of Accounts</b>	<b>Low</b>	<b>Not Tested</b>
<i>This previous audit finding was rated as low; as such, it was not included in this follow-up audit.</i>		

Issues	Risk Rating	Status
<b>1. Background Screenings</b>	<b>High</b>	<b>Open</b>
One of the 11 governing board members had not undergone background screening as of our audit testing.		
<b>Cash Receipts</b>	<b>High</b>	<b>Closed</b>
<i>This issue is considered closed as of this follow-up audit.</i>		
<b>Authorized Check Signers</b>	<b>High</b>	<b>Closed</b>
<i>This issue is considered closed as of this follow-up audit.</i>		
<b>Financial Reporting</b>	<b>High</b>	<b>Closed</b>
<i>This issue is considered closed as of this follow-up audit.</i>		
<b>Governing Board Responsibilities</b>	<b>High</b>	<b>Closed</b>
<i>This issue is considered closed as of this follow-up audit.</i>		
<b>Filing of Doing Business As (dba) Name</b>	<b>Moderate</b>	<b>Not Tested</b>
<i>This previous audit finding was rated as moderate; as such, it was not included in this follow-up audit.</i>		
<b>Financial Results</b>	<b>Low</b>	<b>Not Tested</b>
<i>This previous audit finding was rated as low; as such, it was not included in this follow-up audit.</i>		

## **Background**

# Background

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## **What are Charter Schools?**

Charter schools are governed by Florida Statute. These statutes require each school to have a sponsor. For those charter schools in St. John's County, the District is that sponsor. This means, pursuant to Florida Statute 1002.33(5) and 1002.34(4), the terms and conditions for the operation of a charter school are set forth by the sponsor and the applicant in a written contractual agreement called a charter. As with any agreement, the sponsor should monitor and review the charter school in its progress towards the goals established in the charter as well as the financial condition of the charter school.

The purpose of charter schools as stated in Florida Statute 1002.33(2) is to:

- Improve student learning and academic achievement.
- Increase learning opportunities for all students, with special emphasis on low-performing students and reading.
- Encourage the use of innovative learning methods.
- Require the measurement of learning outcomes.
- Create innovative measurement tools.
- Provide rigorous competition within the public school district to stimulate continual improvement in all public schools.
- Expand the capacity of the public school system.
- Mitigate the educational impact created by the development of new residential dwelling units.
- Create new professional opportunities for teachers, including ownership of the learning program at the school.

There is one charter technical career center for which the District is the sponsor, First Coast Technical College. The purpose of charter technical career centers as stated in Florida Statute 1002.34(2) is to:

- Develop a competitive workforce to support local business and industry and economic development.
- Create a training and education model that is reflective of marketplace realities.
- Offer a continuum of career educational opportunities using a school-to-work, tech-prep, technical, academy, and magnet school model.
- Provide career pathways for lifelong learning and career mobility.
- Enhance career and technical training.

## **Relationship with the District**

Charter schools are reported as discretely presented component units in accordance with GASB Statement 14. The District considers the Therapeutic Learning Center Charter School and the St. John Community Campus Charter School operated by The ARC of the St. Johns, Inc., for inclusion in its reporting entity; however, because The ARC of the St. Johns, Inc., is a component unit of a nongovernmental not-for-profit organization, the charter schools do not meet the criteria for inclusion as District component units. Each charter school reports FTE data to the District, which ultimately is reported to the Department of Education ("DOE"). Per the contract with the District, the charter schools provide monthly financial statements to the District including a balance sheet, and a statement of revenues and expenditures and changes in fund balances. The financial statements should be prepared in accordance with Generally Accepted Accounting Principles and in a format to include a detail of all revenue and expenditure activities relating to its operations. Florida Statute 1002.33(9)(g)(1) states that, "In order to provide financial information that is comparable to that reported for other public schools, charter schools are to maintain all financial records that constitute their accounting system in accordance with the accounts and codes prescribed in the most recent issuance of the publication titled "Financial and Program Cost Accounting and Reporting for Florida Schools."

The District receives all funds from the DOE and 'passes' them through to the charter school. The District withholds five percent of the available funds as a fee for the support provided, for enrollment for up to and including 250 students. The support includes contract management services, FTE and data reporting, exceptional student education administration, services related to federal school lunch program eligibility and reporting, test administration, processing of teacher certificate data, background screening monitoring and follow-up and information services in accordance with Florida Statute 1002.33(20)(a).

## Background - continued

### District's Duties as the Charter School Sponsor

The following excerpt from F.S.1002.33(5)(b) describes the District's duties as the Sponsor of a charter school:

- a) The sponsor shall monitor and review the charter school in its progress toward the goals established in the charter.
- b) The sponsor shall monitor the revenues and expenditures of the charter school and perform the duties provided in s. 1002.345.
- c) The sponsor may approve a charter for a charter school before the applicant has identified space, equipment, or personnel, if the applicant indicates approval is necessary for it to raise working funds.
- d) The sponsor shall not apply its policies to a charter school unless mutually agreed to by both the sponsor and the charter school.
- e) The sponsor shall ensure that the charter is innovative and consistent with the state education goals established by s. 1002.33(5).
- f) The sponsor shall ensure that the charter school participates in the state's education accountability system. If a charter school falls short of performance measures included in the approved charter, the sponsor shall report such shortcomings to the Department of Education.
- g) The sponsor shall not be liable for civil damages under state law for personal injury, property damage, or death resulting from an act or omission of an officer, employee, agent, or governing body of the charter school.
- h) The sponsor shall not be liable for civil damages under state law for any employment actions taken by an officer, employee, agent, or governing body of the charter school.
- i) The sponsor's duties to monitor the charter school shall not constitute the basis for a private cause of action.
- j) The sponsor shall not impose additional reporting requirements on a charter school without providing reasonable and specific justification in writing to the charter school.
- k) The sponsor shall submit an annual report to the Department of Education in a web-based format to be determined by the department.

For charter technical career centers, the District's duties are as stated in the following excerpt from F.S. 1002.34(6)(f): "The sponsor shall monitor and review the center's progress toward charter goals and shall monitor the center's revenues and expenditures. The sponsor shall perform the duties provided in s. 1002.345." These duties are shown in the Financial Condition Statutory Requirements section below.

The following are the financial results of the operation of the charter schools for the year ended June 30, 2013:

Charter School	Student	Total Revenue	Total	Net	Net Assets
	Membership 2013-14				
ABLE	111	\$ 755,422	\$ 797,922	\$ (42,500)	\$ 117,828
First Coast Technical College	1,030	\$ 10,506,194	\$ 10,376,340	\$ 129,854	\$ 3,766,282
St Augustine Public Montessori	48	\$ 251,031	\$ 245,850	\$ 5,181	\$ 66,608
St. Johns Community Campus*	18	\$ 193,403	\$ 209,742	\$ (16,339)	\$ 119,634
St. Paul School of Excellence	56	\$ 305,634	\$ 302,892	\$ 2,742	\$ 2,742
Therapeutic Learning Center*	16	\$ 343,218	\$ 292,773	\$ 50,445	\$ 452,427
	1,279	\$ 12,354,902	\$ 12,225,519	\$ 129,383	\$ 4,525,521

\*As of school's fiscal year end, September 30, 2013.

## Background - continued

### District's Duties as the Charter School Sponsor - continued

The following describes the notification requirements and corrective actions for the identified financial conditions:

Conditions	Notification Requirements	Corrective Action
1. Failure to provide an audit required by s. 218.39, F.S.	If a charter school fails to provide for an audit required by s. 218.39, F.S., or fails to comply with reporting requirements pursuant to s. 1002.33(9), F.S., a sponsor shall notify the governing board within 7 business days after conditions 1 and/or 2 occurs.	Creation of Corrective Action Plan
2. Failure to comply with reporting requirements pursuant to s. 1002.33(9) or 1002.34(11)(f) F.S.		
3. Charter schools is experiencing a deteriorating financial condition	If a deteriorating financial condition is identified through an annual audit pursuant to s. 218.39(5), F.S., or a monthly financial report pursuant to s. 1002.33(9)(g) or s. 1002.34(11)(f), the sponsor shall notify the charter school governing board within 7 business days after the condition occurs.	Corrective Action Plan – for deteriorating condition.
4. Failure to pay loans or debt service when due as a result of lack of funds	The existence of one or more of these conditions constitutes a state of financial emergency.	Corrective Action Plan – for deteriorating or emergency condition.
5. Failure to pay uncontested claims to creditors within 90 days as a result of lack of funds	In an audit that reveals that one of the conditions in s. 218.503(1) has occurred or will occur if action is not taken to assist the charter school or charter technical career center, the auditor shall notify the governing board of the charter school or charter technical career center, the sponsor, and the Commissioner of Education within business 7 days after the finding is made.	
6. Failure to transfer taxes, social security or retirements/benefits for employees		
7. Failure for one pay period to pay wages, salaries or retirement benefits to employees	If one of the conditions in s. 218.503(1) has occurred or will occur if action is not taken to assist the charter school, the sponsor shall notify the governing board within 7 business days after the condition occurs.	

## Background - continued

### Financial Condition Statutory Requirements

Effective July 1, 2009, Senate Bill 278 amended ss. 218.503 and 1002.33, and creates s. 1002.345, related to a charter school's financial conditions which include the following:

Conditions	Statute Excerpts
1. Failure to provide for an audit required by s. 218.39, F.S.	<p>If a charter school or charter technical career center has not been notified by the first day of the fiscal year that a financial audit for that fiscal year will be performed by the Auditor General, the charter school or charter technical career center shall have an annual financial audit completed within 9 months after the end of its fiscal year by an independent CPA retained by it and paid from its public funds (s. 218.39(1)(e) and (f)).</p> <p>If the charter school fails to provide the audit, the school will be subject to expedited review by the sponsor (s. 1002.345(1)(a)1)</p>
2. Failure to comply with reporting requirements pursuant to s. 1002.33(9), or 1002.34(11)(f) or (14), F.S.	<p>Charter schools shall provide annual financial report and program cost report information in the state-required formats for inclusion in district reporting. A charter school shall provide a monthly financial statement to the sponsor in a form prescribed by the DOE (s. 1002.33(9)(g)).</p> <p>The governing board shall report its progress annually to its sponsor. The DOE developed accountability report shall include a financial status component which must include revenues and expenditures at a level of detail that allows for analysis of the ability to meet financial obligations and timely repayment of debt (s. 1002.33(9)(k)).</p> <p>If the charter school fails to comply with the reporting requirements, the school will be subject to expedited review by the sponsor (s. 1002.345(1)(a)2).</p>
3. Charter schools is experiencing a deteriorating financial condition	<p>A deteriorating financial condition, identified through an annual audit or a monthly financial statement, means a circumstance that significantly impairs the ability of a charter school or a charter technical career center to generate enough revenues to meet its expenditures without causing the occurrence of a condition described in s. 218.503(1). (s. 1002.345(1)(a)3).</p> <p>The charter school is subject to expedited review by the sponsor if a deteriorating financial condition is identified (s. 1002.345(1)(a)3).</p>
4. Failure to pay loans or debt service when due as a result of lack of funds	<p>Failure within the same fiscal year in which due to pay short-term loans or failure to make bond debt service or other long-term debt payments when due, as a result of a lack of funds s. 218.503(1)(a).</p> <p>The charter school is subject to expedited review by the sponsor if notification that this condition has occurred or will occur if action is not taken to assist the school (s. 1002.345(1)(a)4).</p>
5. Failure to pay uncontested claims to creditors within 90 days due to lack of funds	<p>Failure to pay uncontested claims from creditors within 90 days after the claim is presented, as a result of lack of funds s. 218.503(1)(b).</p> <p>The charter school is subject to expedited review by the sponsor if notification that this condition has occurred or will occur if action is not taken to assist the school (s. 1002.345(1)(a)4).</p>

## Background - continued

### Financial Condition Statutory Requirements - continued

Conditions	Statute Excerpts
6. Failure to transfer taxes, social security or retirements/benefits for employees due to lack of funds	Failure to transfer at the appropriate time, due to lack of funds: <ul style="list-style-type: none"> <li>• Taxes withheld on the income of employees; or</li> <li>• Employer and employee contributions for: Federal social security; or</li> <li>• Any pension, retirement, or benefit plan of an employee.</li> </ul> s. 218.503(1)(c)  The charter school is subject to expedited review by the sponsor if notification that this condition has occurred or will occur if action is not taken to assist the school (s. 1002.345(1)(a)4).
7. Failure for one pay period to pay wages, salaries or retirement benefits to employees due to lack of funds	Failure for one pay period to pay, due to lack of funds: <ul style="list-style-type: none"> <li>• Wages and salaries owed to employees, or;</li> <li>• Retirement benefits owed to former employees.</li> </ul> s. 218.503(1)(d)  The charter school is subject to expedited review by the sponsor if notification that this condition has occurred or will occur if action is not taken to assist the school (s. 1002.345(1)(a)4).

The following represents the recommended steps for creating a corrective action plan:

1. A sponsor shall notify the governing board within 7 business days after one or more of the conditions resulting in the establishment of a corrective action plan occur.
2. The governing board and the sponsor shall develop a corrective action plan and file the plan with the Commissioner of Education within 30 business days after notification is received.
3. If the governing board and the sponsor are unable to agree on a corrective action plan, the Commissioner of Education shall determine the components of the plan.
4. The governing board shall implement the final plan.
5. The governing board shall include the corrective action plan and the status of the implementation in the annual progress report to the sponsor.
6. If the governing board fails to implement the corrective action plan within 1 year after one or more of the conditions resulting in the establishment of a plan occur, the State Board of Education shall prescribe any steps necessary for the charter school or charter technical career center to comply with state requirements.
7. The chair of the governing board shall annually appear before the State Board of Education and report on the implementation of the State Board of Education's requirements referenced above (6).

Finally, if the charter school or charter technical career center is found to be in a state of financial emergency the following steps should be performed:

1. The charter school shall develop and submit a financial recovery plan to the Commissioner of Education for review and approval within 30 days of being notified that a financial recovery plan is needed.
2. The charter school shall file the approved financial recovery plan with the Commissioner.
3. The governing board shall monitor the financial recovery plan in order to ensure compliance.
4. The governing board shall include the financial recovery plan and the status of its implementation in the annual progress report to the sponsor.
5. The sponsor may decide not to renew or may terminate a charter if the charter school or charter technical career center fails to correct the deficiencies noted in the corrective action plan within 1 year after being notified of the deficiencies or exhibits one or more financial emergency conditions for 2 consecutive years.

## **Objectives and Approach**

# Objectives and Approach

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## Objectives

We performed follow-up procedures related to the high risk rated issues identified in the previously issued Charter School Review internal audit report dated March 7, 2013 of the six charter schools sponsored by the District. The follow-up procedures did not include a review of the charter schools' operations such as education, child care or any other non-financial areas.

## Approach

### **Follow Up**

We performed follow-up review and testing on all high risk findings in the previously issued Charter School Review internal audit report dated March 7, 2013. These findings were in the areas of:

- Submission of monthly and annual financial reporting
- Governance and screening of the charter schools' board members
- Board meeting minutes
- Cash disbursements
- Cash receipts
- Staff certification and screening to include fingerprinting
- Insurance

Sample sizes, where appropriate, were determined based upon the preliminary risk assessment as described above.

The detailed status of the previously identified high risk issues is included in the individual charter school's overview and issue section of this report.

### **Reporting**

During this phase, we summarized our findings for each of the individual charter schools. We reviewed the results of our follow-up testing with the individual charter schools and District personnel.

**Individual Charter School Educational Data and  
Financial Conditions Overview**

# ABLE (The Academy of Business and Leadership Education)

7 Williams Street  
St. Augustine, FL 32084

## Charter School Contract Entered and School Open Dates:

July 2006 and August 5, 2006

## Charter Contract Date:

July 1, 2012 through June 30, 2016

## Membership:

Fiscal Year	Student Membership				
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
School's Initial Forecast	154	157	154	132	132
Head Count for Year	129	163	133	126	111

## Financial Data:

	Audited	Audited	Audited
	June 30, 2011	June 30, 2012	June 30, 2013
Cash and Equivalents	\$243,916	\$153,491	\$139,560
Net Assets	\$268,340	\$160,328	\$117,828
Change in Net Assets	\$(6,681)	\$(108,012)	\$(42,500)
Fund Balance	\$198,463	\$116,144	\$101,650

## Charter School Grade:

Grade	Per Florida Department of Education: Florida School Grades				
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Grade	C	A	B	C	D*

\*Preliminary School Grade

## Governing Board:

Board Chair: Steve Brandvold  
Treasurer: Karl Vierck  
Secretary: Rene Rockefeller

## School Administration:

Principal: Scott Beebe  
Sponsor: St. Johns County School District

## Comments:

### Financial Condition

*The school has reported deficits of revenues under expenditures in all of the past five months reviewed. The continued deficit could impair the school's ability to meet certain required obligations, which is an indication of a deteriorating financial condition as defined in Florida Statute 1002.345(1)(a)(3).*

**Management Agreement:** N/A      **Debt:** N/A      **Related Parties:** N/A

**Lease:** The school leases land and buildings under a renewable operating lease with Tricat LLP, expiring July 31, 2014. The rental fee required under the lease is \$9,261 per month. The lease has an option to renew with terms subject to negotiation. In the event of renewal, the rent will increase at least 5% per year on the anniversary date of the lease. Future minimum payments under the lease agreement are expected to be \$111,132 for the twelve month term ending July 31, 2014.

## ABLE - continued

### Comments: - continued

**Sublease:** The school also subleases part of one of the leased buildings to St. Augustine Montessori Community, Inc., under a sublease agreement that ends June 30, 2014. The agreement provides for facility usage payments of \$3,900 per month (\$46,800/year) and additional monthly payments for cleaning service, monitoring service and utilities.

**Other:** ABLE School has contracted with the District to provide bus transportation to their students. The school's monthly financial statements are compiled by Waler & Waler CPAs, and Kattell and Company, P.L. serves as the school's external auditor.

### Results from Audited Financial Statements as of June 30, 2013:

<i>As Reported from the External Independent Auditor's Report for Fiscal Year 2013</i>	
Controls over Cash Receipts – Segregation of Duties	Significant deficiency
Controls over Cash Disbursements – Overpayment to Employee	Significant deficiency
Supporting Documentation for Cash Disbursements	Significant deficiency
Accounts Payable Not Properly Accrued	Significant deficiency
Potential Cost Savings – Overpayment of Sales Tax	Management Letter Comment

ABLE - continued

Rating	Issues	Recommendation	Management Response																				
<b>Financial Operations</b>																							
<b>High</b>	<b>1. Financial Results</b>																						
<b>Increased from Moderate</b>	<p>We reviewed the unaudited monthly financial statements for July 2013 through April 2014 and the 2013-2014 budget prepared by the School, and noted the following:</p> <ul style="list-style-type: none"> <li>The School's net assets decreased by \$31,489 from \$109,317 for the month ended July 2013 to \$77,828 for the month ended April 2014.</li> <li>The School's unrestricted net assets decreased by \$31,389 from \$94,806 for the month ended July 2013 to \$63,417 for the month ended April 2014.</li> <li>Expenditures exceeded revenues as of the end of the month for eight months during the ten month period ended April 2014, including the months of October 2013 through April 2014.</li> <li>Actual revenues were \$4,733 less than budget for the ten months ended April 2014.</li> <li>Actual expenses were \$15,873 more than budget for the ten months ended April 2014.</li> <li>The school's most recent budget projects an excess of expenditures over revenues of \$10,333 when updated to include actual figures for July 2013 through March 2014.</li> </ul> <p>We reviewed the monthly financial results for January 2014 through April 2014, noting as summarized in the table below, the school has reported deficits of revenues under expenditures in all of the past four months reviewed.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>Jan 2014</th> <th>Feb 2014</th> <th>Mar 2014</th> <th>Apr 2014</th> </tr> </thead> <tbody> <tr> <td>Revenues</td> <td>\$ 364,605</td> <td>\$409,812</td> <td>\$ 467,872</td> <td>\$ 527,067</td> </tr> <tr> <td>Expenditures</td> <td>\$ 394,177</td> <td>\$448,392</td> <td>\$ 505,268</td> <td>\$ 565,300</td> </tr> <tr> <td>Surplus (Deficit)</td> <td>\$ (29,572)</td> <td>\$(38,580)</td> <td>\$ (37,396)</td> <td>\$ (38,233)</td> </tr> </tbody> </table> <p>The continued deficit could impair the school's ability to meet certain required obligations, which is an indication of a deteriorating financial condition as defined in Florida Statute 1002.345(1)(a)(3).</p>		Jan 2014	Feb 2014	Mar 2014	Apr 2014	Revenues	\$ 364,605	\$409,812	\$ 467,872	\$ 527,067	Expenditures	\$ 394,177	\$448,392	\$ 505,268	\$ 565,300	Surplus (Deficit)	\$ (29,572)	\$(38,580)	\$ (37,396)	\$ (38,233)	<p>We recommend that the school closely monitor current and projected financial results and provide the District their plan to improve the financial condition of the school.</p> <p>The District should continue to closely monitor the financial condition of ABLE. We note that the District is in constant communication with this charter school and should be prepared to notify the governing body to prepare a Corrective Action Plan.</p>	<p><b>Response:</b> The February FTE count was considerably higher than the October count (18 students), but the funds did not begin to be dispersed until May. Therefore, the revenue vs. expenditures was not balanced. That will look more adequate by the end of this fiscal year. Also, some of the wages are being reimbursed through Title I funds, which show up on our expenditure side, but not on our revenue side until the reimbursements follow.</p> <p>More focus will be made on enrollment in the future. Increasing the number of students enrolled at the school will allow for a more balanced budget and the accumulation of a reserve fund. Different advertising avenues are currently being explored.</p> <p><b>ECD:</b> September 2014</p> <p><b>Principal Responsible:</b> Scott Beebe</p>
	Jan 2014	Feb 2014	Mar 2014	Apr 2014																			
Revenues	\$ 364,605	\$409,812	\$ 467,872	\$ 527,067																			
Expenditures	\$ 394,177	\$448,392	\$ 505,268	\$ 565,300																			
Surplus (Deficit)	\$ (29,572)	\$(38,580)	\$ (37,396)	\$ (38,233)																			

ABLE - continued

Rating	Issues	Recommendation	Management Response
<b>High</b>	<b>2. Authorized Check Signers</b>		
	<p>The school principal is the only authorized signer on one of the school's two bank accounts.</p> <p>Coverage over the check signing authority function should be adequate to ensure timely disbursement when one of the signers is unavailable.</p>	<p>We recommend that each of the school's bank accounts have at least two authorized check signers to ensure timely disbursement when one of the signers is not available.</p>	<p><b>Response:</b> We switched our bank as recommended by the audit and still have some funds in our previous bank account. That account will be terminated this Summer. The new accounts will have two signers for each account.</p> <p><b>ECD:</b> September 2014</p> <p><b>Principal Responsible:</b> Scott Beebe</p>

Rating	Issues	Recommendation	Management Response
<b>High</b>	<b>3. Cash Receipts</b>		
	<p>We noted the following during our testing of cash receipts:</p> <ul style="list-style-type: none"> <li>For one of the five cash receipts tested, there was no documented record of when the monies were received to verify timely deposit at the bank.</li> <li>Two of the five selected cash receipts were not deposited within five days of initial collection. The receipts were deposited between seven and eight business days after initial collection.</li> </ul> <p>Without the proper controls surrounding cash collections, funds could be misappropriated. In addition, incomplete and delayed deposits could result in errors in records and misappropriation of funds.</p>	<p>We recommend the school ensure that all monies received are deposited within five working days after receipt, as recommended by Red Book Chapter 8, Section 1.4.c.</p>	<p><b>Response:</b> We will try to deposit funds within the five day recommended timeframe, but it is not always possible or efficient to make trips to the bank for small deposits.</p> <p><b>ECD:</b> September 2014</p> <p><b>Principal Responsible:</b> Scott Beebe</p>

ABLE - continued

Rating	Issues	Recommendation	Management Response
High	<p><b>4. Background Screening</b></p> <p>We noted the following during our testing of background screenings:</p> <ul style="list-style-type: none"> <li>The school does not maintain documentation of background screening clearances for the employees and governing board members.</li> <li>Two of the three governing board members had not been fingerprinted as of our audit testing.</li> <li>Background screenings were completed after the hire date for three of the five employees sampled.</li> </ul> <p>Section 1012.32(2)(b) of the Florida State Statutes states the following: <i>"Instructional and non-instructional personnel who are hired or contracted to fill positions in any charter school and members of the governing board of any charter school, in compliance with s. 1002.33(12)(g), must, upon employment, engagement of services, or appointment, undergo background screening... by filing with the district school board for the school district in which the charter school is located a complete set of fingerprints taken by an authorized law enforcement agency or an employee of the school or school district who is trained to take fingerprints."</i></p> <p>Unless the school monitors and maintains records relating to the results of the screening, they are unable to guarantee compliance with Florida Statutes and risk the viability of the school's charter and continued existence.</p>	<p>We recommend the following:</p> <ul style="list-style-type: none"> <li>All governing board members undergo background screening immediately.</li> <li>The school obtains and maintains written evidence/confirmation for each one of its staff and governing board members to ensure that every employee and governing board member has been properly screened.</li> </ul>	<p><b>Response:</b> Our Board members all were background screened, but two were screened through other agencies and the School Board did not have that documentation. We will be sure to have all future screenings done through the School Board channels.</p> <p>Newly hired teachers will be background screened before their hire dates. We will also ask that the School Board sends us copies of all background screened personnel.</p> <p><b>ECD:</b> September 2014</p> <p><b>Principal Responsible:</b> Scott Beebe</p>

# First Coast Technical College

2980 Collins Avenue  
St. Augustine, FL 32084

## Charter School Contract Entered and School Open Date:

July 1, 2009

## Charter Contract Date:

July 1, 2013 through June 30, 2017

## Membership:

Fiscal Year	Student Membership				
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
School's Initial Forecast	N/A	N/A	N/A	N/A	N/A
Head Count for Year	1238	1084	1209	1075	1030

## Financial Data:

	Audited June 30, 2011	Audited June 30, 2012	Audited June 30, 2013
Cash and Equivalents	\$855,614	\$1,519,082	\$1,560,594
Net Assets	\$3,767,178	\$3,636,428	\$3,766,282
Change in Net Assets	\$313,858	\$86,925	\$129,854
Fund Balance	\$1,730,714	\$1,915,726	\$1,877,789

## Charter School Grade:

Grade	Per Florida Department of Education: Florida School Grades				
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Grade	N/A	N/A	N/A	N/A	N/A

## Governing Board:

Board Chair:	Carol Alford
Vice Chair:	Ty Silcox
Board Member:	Steven Blalock
Board Member:	John Browning
Board Member:	Michael Curtis
Board Member:	Bill Garrison
Board Member:	Dana Jones
Board Member:	Carol Saviak
Board Member:	Bob Graden

## School Administration:

President:	Sandra Raburn
Sponsor:	St. Johns County School District

## Comments:

**Management Agreement:** N/A

**Debt:** N/A

**Lease:** The College leases buildings and equipment under non-cancelable operating leases. Future minimum rental payments as of June 30, 2013, required by these leases are as follows:

<b>2014</b>	217,760
<b>2015</b>	216,409
<b>2016</b>	183,726
<b>2017</b>	69,192
<b>Total</b>	<u>\$ 687,087</u>

## First Coast Technical College - continued

### Comments: - continued

**Related Parties:** The College is a component unit of St. Johns County School District. The majority of the college's revenues are provided by the School Board of St. John's County. These revenues are used for current operations and program activities. The college reimbursed the School Board for certain costs such as payroll and other miscellaneous expenses. Total payments to the School Board for the year ended June 30, 2013 were \$6,309,604.

**Other:** First Coast Technical College does not provide bus transportation to their students. The school's monthly financial statements are compiled by the school's Chief Financial Officer and Dufresne & Associates serves as the school's external auditor.

**Results from Audited Financial Statements as of June 30, 2013:** None noted.

# St. Augustine Public Montessori

7 Williams Street  
St. Augustine, FL 32084

## Charter School Entered and School Open Dates:

February 12, 2012 and August 20, 2012

## Charter Contract Date:

July 1, 2012 through June 30, 2016

## Membership:

Fiscal Year	Student Membership				
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
School's Initial Forecast	N/A	N/A	N/A	36	48
Head Count for Year	N/A	N/A	N/A	37	48

## Financial Data:

	Audited	Audited	Audited
	June 30, 2011	June 30, 2012	June 30, 2013
Cash and Equivalents	N/A	N/A	\$67,658
Net Assets	N/A	N/A	\$66,608
Change in Net Assets	N/A	N/A	\$5,181
Fund Balance	N/A	N/A	\$66,608

## Charter School Grade:

Grade	Per Florida Department of Education: Florida School Grades				
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Grade	N/A	N/A	N/A	N/A	B*

N/A per State School Board Rule - 6A-1.09981 Implementation of Florida's System of School Improvement and Accountability

\*Preliminary School Grade

## Governing Board:

President:	Jean McDowell	Treasurer:	Nan Nutt
Vice-President:	Roman Pytel	Board Member :	Irene Arriola
Secretary:	Carrie Morgan	Board Member :	Jeannie Buskirk

## School Administration:

Director: Judi Dunlap  
Sponsor: St. Johns County School District

## Comments:

### Financial Condition

*The school has reported deficits of revenues under expenditures in all of the past five months reviewed. The continued deficit could impair the school's ability to meet certain required obligations, which is an indication of a deteriorating financial condition as defined in Florida Statute 1002.345(1)(a)(3).*

**Management Agreement:** N/A and **Debt:** N/A

**Lease:** The school subleases land and part of a building under an operating lease agreement with leaseholder ABLE School, through June 30, 2014. The sublease provides for payments of \$3,900 per month (\$46,800), which covers the facility and athletic fields usage. The sublease also calls for monthly payments for cleaning service, monitoring service and utilities.

**Related Parties:** N/A

## St. Augustine Public Montessori - continued

### Comments: - continued

**Other:** The school does not provide transportation to its students. The school's monthly financial statements are compiled by Sharon P. Fourakre, CPA and Kattell and Company, P.L. serves as the school's external auditor.

The school had a beginning fund balance, comprised of private donations to the school.

### Results from Audited Financial Statements as of June 30, 2013:

<i>As Reported from the External Independent Auditor's Report for Fiscal Year 2013</i>	
<b>Controls over Cash Receipts</b>	<b>Material Weakness</b>
<b>Immaterial Noncompliance – Teacher Lead Fund Disbursements</b>	<b>Significant Deficiency</b>

St. Augustine Public Montessori - continued

Rating	Issues	Recommendation	Management Response																				
<b>Financial Operations</b>																							
<b>High</b>	<b>1. Financial Results</b>																						
	<p>We reviewed the unaudited monthly financial statements for July 2013 through April 2014 and the 2013-14 Budget prepared by the School, noting the following:</p> <ul style="list-style-type: none"> <li>The School's net assets decreased by \$30,930 from \$76,254 for the month ended July 2013 to \$45,324 for the month ended April 2014.</li> <li>The School's unrestricted net assets decreased by \$17,887 from \$62,926 for the month ended July 2013 to \$45,039 for the month ended April 2014.</li> <li>Expenditures have exceeded revenues as of the end of each of the ten months ended April 2014.</li> <li>Actual revenues were \$19,285 less than budget for the ten months ended April 2014.</li> <li>Actual expenses were \$16,822 less than budget for the ten months ended April 2014.</li> <li>The school's most recent budget projects an excess of expenditures over revenue of \$21,635 when updated to include actual figures for July 2013 through March 2014.</li> </ul> <p>We reviewed the monthly financial results for January 2014 through April 2014, noting as summarized in the table below, the school has reported deficits of revenues under expenditures in all of the past four months reviewed.</p> <table border="1" data-bbox="289 1065 1087 1182"> <thead> <tr> <th></th> <th>Jan 2014</th> <th>Feb 2014</th> <th>Mar 2014</th> <th>Apr 2014</th> </tr> </thead> <tbody> <tr> <td>Revenues</td> <td>\$ 186,482</td> <td>\$211,439</td> <td>\$ 235,816</td> <td>\$ 260,931</td> </tr> <tr> <td>Expenditures</td> <td>\$ 200,184</td> <td>\$230,185</td> <td>\$ 256,732</td> <td>\$ 282,499</td> </tr> <tr> <td>Surplus (Deficit)</td> <td>\$ (13,702)</td> <td>\$ (18,746)</td> <td>\$ (20,915)</td> <td>\$ (21,568)</td> </tr> </tbody> </table> <p>The continued deficit could impair the school's ability to meet certain required obligations, which is an indication of a deteriorating financial condition as defined in Florida Statue 1002.345(1)(a)(3).</p>		Jan 2014	Feb 2014	Mar 2014	Apr 2014	Revenues	\$ 186,482	\$211,439	\$ 235,816	\$ 260,931	Expenditures	\$ 200,184	\$230,185	\$ 256,732	\$ 282,499	Surplus (Deficit)	\$ (13,702)	\$ (18,746)	\$ (20,915)	\$ (21,568)	<p>We recommend that the school closely monitor current and projected financial results and provide the District their plan to improve the financial condition of the school.</p> <p>The District should continue to closely monitor the financial condition of St. Augustine Public Montessori. We note that the District is in constant communication with this charter school and should be prepared to notify the governing body to prepare a Corrective Action Plan.</p>	<p><b>Response:</b> The SAPMS governing board believes that the results of the months examined do not present a full picture of the financial results of the school for the year for the following reasons:</p> <ul style="list-style-type: none"> <li>A \$5,000 disbursement for prepaid rent was made in March. This amount was refunded and returned to the school's cash account in April.</li> <li>Since October, the district has been underfunding the school. The recent recalculation from the district increased SAPMS support from \$287,491 to \$303,196. This increase was not reflected in revenue received from the district until adjusted payments were made to the school beginning in May 2014.</li> <li>Although expenses have exceeded revenue in some months, expenses through April were \$16,822 below budget projections. This amount offsets fundraising proceeds, which were below budget in April by \$13,004.</li> </ul>
	Jan 2014	Feb 2014	Mar 2014	Apr 2014																			
Revenues	\$ 186,482	\$211,439	\$ 235,816	\$ 260,931																			
Expenditures	\$ 200,184	\$230,185	\$ 256,732	\$ 282,499																			
Surplus (Deficit)	\$ (13,702)	\$ (18,746)	\$ (20,915)	\$ (21,568)																			

St. Augustine Public Montessori - continued

Rating	Issues	Recommendation	Management Response
<i>Financial Operations</i>			
<b>High</b>	1. <i>Financial Results (Continued)</i>		
			<ul style="list-style-type: none"> <li>The SAPMS 2013-2014 budget, approved by the district, planned for spending \$16,000 from the reserve fund, leaving approximately \$50,000 in reserve at the end of the 2013-14 year. We believe we are on target to end the year at or near this reserve amount.</li> </ul> <p><b>ECD:</b> April/May 2014</p> <p><b>Principal Responsible:</b> Judi Dunlap</p>

St. Augustine Public Montessori - continued

Rating	Issues	Recommendation	Management Response
<b>Sponsor Contract and Compliance with Florida Statutes</b>			
<b>High</b>	<b>2. Background Screening</b>		
	<p>We noted the following during our testing of background screenings:</p> <ul style="list-style-type: none"> <li>One governing board member, appointed during the 2013/2014 school year, was not screened within ten days of appointment to the board, as required by the charter contract, section 8.1. The board member was screened approximately three months after appointment.</li> </ul> <p>Section 1012.32(2)(b) of the Florida Statutes states the following: <i>"Instructional and non-instructional personnel who are hired or contracted to fill positions in any charter school and members of the governing board of any charter school, in compliance with s. 1002.33(12)(g), must, upon employment, engagement of services, or appointment, undergo background screening... by filing with the district school board for the school district in which the charter school is located a complete set of fingerprints taken by an authorized law enforcement agency or an employee of the school or school district who is trained to take fingerprints."</i></p> <p>Section 8.1 of the charter contract between the school and the District states that: "Members of the governing board of the school and its chief administrator shall also be fingerprinted at their cost in a manner similar to that provided in Section 1012.32, Florida Statutes, within ten (10) days of their appointment and, if initial members of the governing Board, prior to approval of this charter."</p>	<p>We recommend that the school ensure that all future governing board members undergo background screening in accordance with Florida Statutes and charter contract requirements.</p>	<p><b>Response:</b> We are ensuring that any new governing board members complete background screening in accordance with statutes and contract requirements. A new member elected to the board on June 11, 2014 completed screening on June 18, 2014.</p> <p><b>ECD:</b> June 18, 2014</p> <p><b>Principal Responsible:</b> Judi Dunlap</p>

# St. Johns Community Campus

62 Cuna Street  
St. Augustine, FL 32084

## Charter School Contract Entered and School Open Dates:

July 1, 2010 and August 23, 2010

## Charter Contract Date:

July 1, 2010 through June 30, 2014

## Membership:

Fiscal Year	Student Membership				
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
School's Initial Forecast	N/A	20	15	16	12
Head Count for Year	N/A	*	*	11	18

\*Not available from the District

## Financial Data:

	Audited September 30, 2011	Audited September 30, 2012	Audited September 30, 2013
Cash and Equivalents	\$75,948	\$121,805	\$113,644
Net Assets	\$99,990	\$135,974	\$119,634
Change in Net Assets	\$17,064	\$35,984	(\$16,339)

## Charter School Grade:

Grade	Per Florida Department of Education: Florida School Grades				
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Grade	N/A	N/A	N/A	N/A	N/A

N/A per State School Board Rule - 6A-1.09981 Implementation of Florida's System of School Improvement and Accountability

## Governing Board:

President:	Rob Matthews III	Board Member:	Michael Degutis
Vice President:	Bob Bergstrom	Board Member:	MJ DeNardo
Treasurer:	Aaron Johnson	Board Member:	Sylvi Herrick
Secretary:	Andy Norman	Board Member:	Grant Mysterly
Board Member:	Ronald Brown	Board Member:	Kris Phillips
Board Member:	Michael Davis		

## School Administration:

Principal:	Lynne Funcheon
Sponsor:	St. Johns County School District

## Comments:

**Management Agreement:** N/A

**Debt:** N/A **Lease:** N/A

**Related Parties:** The school is a component unit of The Arc of the St. Johns, Inc. The school relies on the Arc's administrative staff for accounting, human resources and management oversight. The school conducts its education programs in a facility owned by the Arc. A portion of administrative, management, facility, transportation and general expenses are allocated to the school.

**Other:** The school provides transportation to its students. The school's monthly financial statements are compiled by the Assistant Finance Director of The Arc of the St. Johns, and Neville Breidenstein CPAs serves as the school's external auditor.

**Results from Audited Financial Statements as of June 30, 2013:** None noted.

St. Johns Community Campus - continued

Rating	Issues	Recommendation	Management Response
<b>Sponsor Contract and Compliance with Florida Statutes</b>			
<b>High</b>	<b>1. Background Screening</b>		
	<p>One of the 11 governing board members had not undergone background screening as of our audit testing.</p> <p>Section 1012.32(2)(b) of the Florida State Statutes states the following: <i>"Instructional and non-instructional personnel who are hired or contracted to fill positions in any charter school and members of the governing board of any charter school, in compliance with s. 1002.33(12)(g), must, upon employment, engagement of services, or appointment, undergo background screening... by filing with the district school board for the school district in which the charter school is located a complete set of fingerprints taken by an authorized law enforcement agency or an employee of the school or school district who is trained to take fingerprints."</i></p>	<p>We recommend that the remaining governing board member undergo background screening immediately.</p>	<p><b>Response:</b> On 4/17/2014, the Board Member underwent a background screening process as a member of the Board of Directors.</p> <p><b>ECD:</b> 4/17/2014</p> <p><b>Principal Responsible:</b> Lynne Funcheon</p>

# St. Paul School of Excellence

85 M. L. King Avenue  
St. Augustine, FL 32084

## Charter School Contract Entered and School Open Dates:

February 14, 2012 and August 20, 2012

## Charter Contract Date:

July 1, 2012 through June 30, 2016

## Membership:

Fiscal Year	Student Membership				
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
School's Initial Forecast	N/A	N/A	N/A	48	64
Head Count for Year	N/A	N/A	N/A	46	56

## Financial Data:

	Audited	Audited	Audited
	June 30, 2011	June 30, 2012	June 30, 2013
Cash and Equivalents	N/A	N/A	\$6,544
Net Assets	N/A	N/A	\$2,742
Change in Net Assets	N/A	N/A	\$2,742
Fund Balance	N/A	N/A	(\$2,303)

## Charter School Grade:

Grade	Per Florida Department of Education: Florida School Grades				
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Grade	N/A	N/A	N/A	N/A	N/A

N/A per State School Board Rule - 6A-1.09981 Implementation of Florida's System of School Improvement and Accountability

## Governing Board:

President:	Rev. Ron Rawls
Vice President:	Ina Backman
Treasurer:	Jacqueline Bryant
Board Member:	Karen Rowe
Board Member:	Tyrone Ramsey
Board Member:	Mary Ford

## School Administration:

Principal:	Mary Hemphill-Davis
Sponsor:	St. Johns County School District

## Comments:

### Financial Condition

***The school has reported deficits of revenues under expenditures in all of the past five months reviewed. The continued deficit could impair the school's ability to meet certain required obligations, which is an indication of a deteriorating financial condition as defined in Florida Statue 1002.345(1)(a)(3).***

Management Agreement: N/A

## St. Paul School of Excellence - continued

### Comments: - continued

**Debt:** Effective September 28, 2013, the school converted the outstanding balance under the existing commercial line of credit into a commercial loan with Prosperity Bank, maturing September 26, 2018. The balance on the loan was \$36,476.26 as of March 10, 2014. The interest rate on the loan is fixed at 6% for the term of the loan and the monthly payment amount is \$421. All six current board members signed guaranties in support of the business loan agreement. Prosperity Bank was acquired by Ameris Bank in January 2014.

**Lease:** The school leases buildings and land under an operating lease agreement with St. Paul AME Church, through June 30, 2014. The rental fee required under the lease is \$2500 per month. After the lease term ends, the lease automatically renews from month to month. Future minimum payments under the lease agreement are expected to be \$30,000 for the twelve month term ending June 30, 2014.

The school also leases buildings and land under an operating lease agreement with First Baptist Church, through June 30, 2014. The rental fee required under the lease is \$800 per month. After the lease term ends, the lease automatically renews from month to month. Future minimum payments under the lease agreement are expected to be \$9,600 for the twelve month term ending June 30, 2014.

**Related Parties:** The school benefited from donated classroom facilities from St. Paul AME Church during the year ended June 30, 2013. The value of the donated facilities is estimated at \$30,000 based on the current lease agreement. On April 9, 2013, the school entered into a lease agreement with St. Paul AME Church, as discussed above.

**Other:** St. Paul School of Excellence has contracted with the District to provide bus transportation to their students. The school's monthly financial statements are compiled by Waler & Waler CPAs, and Darryl R. Jackson, CPA, will serve as the school's external auditor.

**Results from Audited Financial Statements as of June 30, 2013:** None noted.

St. Paul School of Excellence - continued

Rating	Issues	Recommendation	Management Response																				
<b>Financial Operations</b>																							
<b>High</b>	<p><b>1. Financial Results</b></p> <p>We reviewed the unaudited monthly financial statements for July 2013 through April 2014 and the 2013-14 budget prepared by the School, and noted the following:</p> <ul style="list-style-type: none"> <li>The School's net assets decreased by \$33,751 from \$11,450 for the month ended July 2013 to a deficit of \$22,301 for the month ended April 2014.</li> <li>The School's unrestricted net assets decreased by \$19,135 from \$5,454 for the month ended July 2013 to a deficit of \$13,681 for the month ended April 2014.</li> <li>Expenditures exceeded revenues as of the end of the month for six months during the ten month period ended April 2014, including January through April 2014.</li> <li>Actual revenues were \$14,636 more than budget for the ten months ended April 2014.</li> <li>Actual expenses were \$30,528 more than budget for the ten months ended April 2014.</li> <li>The school's most recent budget projects an excess of expenditures over revenues of \$7,598 when updated to include actual figures for July 2013 through March 2014.</li> </ul> <p>We reviewed the monthly financial results for January 2014 through April 2014, noting as summarized in the table below, the school has reported deficits of revenues under expenditures in all of the past four months reviewed.</p> <table border="1"> <thead> <tr> <th></th> <th>Jan 2014</th> <th>Feb 2014</th> <th>Mar 2014</th> <th>Apr 2014</th> </tr> </thead> <tbody> <tr> <td>Revenues</td> <td>\$ 252,482</td> <td>\$286,443</td> <td>\$ 321,294</td> <td>\$ 355,803</td> </tr> <tr> <td>Expenditures</td> <td>\$ 253,679</td> <td>\$293,061</td> <td>\$ 329,046</td> <td>\$ 367,181</td> </tr> <tr> <td>Surplus (Deficit)</td> <td>\$ (1,197)</td> <td>\$ (6,618)</td> <td>\$ (7,752)</td> <td>\$ (11,378)</td> </tr> </tbody> </table> <p>The continued deficit could impair the school's ability to meet certain required obligations, which is an indication of a deteriorating financial condition as defined in Florida Statue 1002.345(1)(a)(3).</p>		Jan 2014	Feb 2014	Mar 2014	Apr 2014	Revenues	\$ 252,482	\$286,443	\$ 321,294	\$ 355,803	Expenditures	\$ 253,679	\$293,061	\$ 329,046	\$ 367,181	Surplus (Deficit)	\$ (1,197)	\$ (6,618)	\$ (7,752)	\$ (11,378)	<p>We recommend that the school continue to monitor current and projected financial results and provide the District their plan to improve the financial condition of the school.</p> <p>The District should continue to closely monitor the financial condition of St. Paul School of Excellence. We note that the District is in constant communication with this charter school and should be prepared to notify the governing body to prepare a Corrective Action Plan.</p>	<p><b>Response:</b> The reduction in revenue was a result of decreased enrollment, but we expect all responsibilities to be satisfied by June 30<sup>th</sup>. We plan to use the additional funds from the significantly reduced June payroll to satisfy all payables by June 30. St. Paul School of Excellence has addressed the issue of student retention, which caused the deficit. We have also reduced our expenditures, which will be satisfied by June 30, 2014.</p> <p><b>ECD:</b> 6/30/2014</p> <p><b>Principal Responsible:</b> Ron Rawls (School President)</p>
	Jan 2014	Feb 2014	Mar 2014	Apr 2014																			
Revenues	\$ 252,482	\$286,443	\$ 321,294	\$ 355,803																			
Expenditures	\$ 253,679	\$293,061	\$ 329,046	\$ 367,181																			
Surplus (Deficit)	\$ (1,197)	\$ (6,618)	\$ (7,752)	\$ (11,378)																			

# Therapeutic Learning Center

2109 Arc Drive  
St. Augustine, FL 32084

## Charter School Contract Entered and School Open Dates:

July 1, 2008 and August 2008

## Charter Contract Date:

July 1, 2008 through June 30, 2014

## Membership:

### Student Membership

Fiscal Year	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
School's Initial Forecast	12	20	15	18	12
Head Count for Year	*	*	*	18	16

\*Not available from the District

## Financial Data:

	Audited September 30, 2011	Audited September 30, 2012	Audited September 30, 2013
Cash and Equivalents	\$285,559	\$287,321	\$347,623
Net Assets	\$378,969	\$401,982	\$452,427
Change in Net Assets	\$1,278	\$23,012	\$50,445

## Charter School Grade:

### Per Florida Department of Education: Florida School Grades

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Grade	N/A	N/A	N/A	N/A	N/A

N/A per State School Board Rule - 6A-1.09981 Implementation of Florida's System of School Improvement and Accountability

## Governing Board:

President:	Rob Matthews III	Board Member:	Michael Degutis
Vice President:	Bob Bergstrom	Board Member:	MJ DeNardo
Treasurer:	Aaron Johnson	Board Member:	Sylvi Herrick
Secretary:	Andy Norman	Board Member:	Grant Mysterly
Board Member:	Ronald Brown	Board Member:	Kris Phillips
Board Member:	Michael Davis		

## School Administration:

Principal:	Paulette Hudson
Sponsor:	St. Johns County School District

## Comments:

**Management Agreement:** N/A

**Debt:** N/A **Lease:** N/A

**Related Parties:** The school is a component unit of The Arc of the St. Johns, Inc. The school relies on the Arc's administrative staff for accounting, human resources and management oversight. The school conducts its education programs in a facility owned by the Arc. A portion of administrative, management, facility, transportation and general expenses are allocated to the school.

**Other:** Transportation is not provided to students. The school's monthly financial statements are compiled by the Assistant Finance Director of The Arc of the St. Johns, and Neville Breidenstein CPAs serves as the school's external auditor.

**Results from Audited Financial Statements as of June 30, 2013:** None noted.

Therapeutic Learning Center - continued

Rating	Issues	Recommendation	Management Response
<b>Sponsor Contract and Compliance with Florida Statutes</b>			
<b>High</b>	<b>1. Background Screening</b>		
	<p>One of the 11 governing board members had not undergone background screening as of our audit testing.</p> <p>Section 1012.32(2)(b) of the Florida State Statutes states the following: <i>"Instructional and non-instructional personnel who are hired or contracted to fill positions in any charter school and members of the governing board of any charter school, in compliance with s. 1002.33(12)(g), must, upon employment, engagement of services, or appointment, undergo background screening... by filing with the district school board for the school district in which the charter school is located a complete set of fingerprints taken by an authorized law enforcement agency or an employee of the school or school district who is trained to take fingerprints."</i></p>	<p>We recommend that the remaining governing board member undergo background screening immediately.</p>	<p><b>Response:</b> On 4/17/2014, THE Board Member underwent a background screening process as a member of the Board of Directors.</p> <p><b>ECD:</b> 4/17/2014</p> <p><b>Principal Responsible:</b> Paulette Hudson</p>

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