

**RIVER CITY SCIENCE ACADEMY**  
**(A CHARTER SCHOOL UNDER RIVER CITY**  
**EDUCATION SERVICES, INC.)**

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

INDEPENDENT AUDITOR'S REPORT

*for the fiscal year ended JUNE 30, 2020*

*King & Walker, CPAs, PL*

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*Certified Public Accountants*

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**RIVER CITY SCIENCE ACADEMY**  
**(A CHARTER SCHOOL UNDER RIVER CITY EDUCATION SERVICES, INC.)**  
A Charter School and Component Unit of the District School Board of Duval County, Florida

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## Independent Auditor's Report

To the Board of Directors of River City Science Academy  
(A Charter School under River City Education Services, Inc.),  
a Charter School and Component Unit of the  
District School Board of Duval County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of River City Science Academy (“School”), a charter school under River City Education Services, Inc. and component unit of the District School Board of Duval County, 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of River City Science Academy, as of June 30, 2020, and the respective changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As described in Note 1, the accompanying financial statements referred to above present only the financial position of River City Science Academy at June 30, 2020, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of River City Education Services, Inc. These financial statements do not purport to and do not present fairly the financial position of River City Education Services, Inc. as of June 30, 2020, and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## ***Other Matters***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2020 on our consideration of River City Science Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering River City Science Academy's internal control over financial reporting and compliance.

Respectfully submitted,



September 28, 2020  
Tampa, Florida

**RIVER CITY SCIENCE ACADEMY**  
**(A CHARTER SCHOOL UNDER RIVER CITY EDUCATION SERVICES, INC.)**  
*A Charter School and Component Unit of the District School Board of Duval County, Florida*  
**MANAGEMENT’S DISCUSSION AND ANALYSIS - (Unaudited)**

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The Management’s Discussion and Analysis (MD&A) section of the annual financial report of the River City Science Academy (“School”), a charter school under River City Education Services, Inc. provides an overview of the School’s activities for the fiscal year ended June 30, 2020.

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

**FINANCIAL HIGHLIGHTS**

- For the fiscal year ended June 30, 2020, the School’s revenues exceeded expenditures in the General Fund as shown on the School’s statement of revenues, expenditures, and changes in fund balances – governmental funds by \$274,437.
- The School reported a combined fund balance of \$3,046,006 on the balance sheet – governmental funds.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements consist of three components:

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

**Government-Wide Financial Statements**

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

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

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**Fund Financial Statements**

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

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund financial statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

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

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates four funds: a General Fund, a Special Revenue Fund, a Debt Service Fund, and a Capital Projects Fund. The School has elected to show each fund as a major fund.

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

Fiduciary Fund: Fiduciary funds are used to report assets held in trust or fiduciary capacity for the benefit of external parties, such as student activity funds. Fiduciary funds are not included in the government-wide statement of net assets because the resources are not available to support the School's own programs. The School uses an Agency Fund to account for resources held for student activities and groups.

**Notes to Financial Statements**

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

	<b>Net Position, End of Year</b>		
	<u>Governmental Activities</u>		
	<u>6-30-19</u>	<u>6-30-20</u>	<u>Increase (Decrease)</u>
<b>ASSETS</b>			
Current and Other Assets	\$ 2,772,544	\$ 3,910,608	\$ 1,138,064
Capital Assets, net	11,515,764	11,386,296	(129,468)
Total Assets	<u>14,288,308</u>	<u>15,296,904</u>	<u>1,008,596</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	1,228,956	1,094,599	(134,357)
Total Deferred Outflows of Resources	<u>1,228,956</u>	<u>1,094,599</u>	<u>(134,357)</u>
<b>LIABILITIES</b>			
Current Liabilities	50,025	864,602	814,577
Long Term Liabilities	16,338,938	16,380,838	41,900
Total Liabilities	<u>16,388,963</u>	<u>17,245,440</u>	<u>856,477</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	266,229	216,786	(49,443)
Total Deferred Inflows of Resources	<u>266,229</u>	<u>216,786</u>	<u>(49,443)</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	(2,218,215)	(2,093,782)	124,433
Restricted for Debt Service	1,592,992	1,642,042	49,050
Unrestricted	<u>(512,705)</u>	<u>(618,983)</u>	<u>(106,278)</u>
Total Net Position	<u>\$ (1,137,928)</u>	<u>\$ (1,070,723)</u>	<u>\$ 67,205</u>

Current and other assets consist primarily of cash & cash equivalents. The School's liabilities are primarily comprised of a loan payable, bonds payable, and a net pension liability. Deferred outflows and inflows and the associated net pension liability relate to the accounting for pensions related to the School's Florida Retirement System participation.

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

The following is a summary of the School's change in net position for the current year and prior year:

	Governmental Activities		
	6-30-19	6-30-20	Increase (Decrease)
<b>Revenues:</b>			
Federal Through State and Local	\$ 409,048	\$ 339,886	\$ (69,162)
State Sources	6,225,700	6,648,984	423,284
Local and Other	430,801	265,655	(165,146)
Total Revenues	7,065,549	7,254,525	188,976
<b>Expenses:</b>			
Instruction	3,694,259	3,829,564	135,305
Student Support Services	148,813	217,137	68,324
Instructional Media	37,783	44,651	6,868
Instruction & Curriculum Development	727	-	(727)
Instructional Staff Training	100,092	96,198	(3,894)
Instructional Related Technology	20,085	34,515	14,430
Board of Education	19,420	11,318	(8,102)
General Administration	-	45,243	45,243
School Administration	862,046	706,314	(155,732)
Facilities Acquisition & Construction	-	22,270	22,270
Fiscal Services	141,783	87,294	(54,489)
Food Services	182,711	151,100	(31,611)
Central Services	12,494	17,254	4,760
Student Transportation	294,576	241,335	(53,241)
Operation of Plant	411,698	373,200	(38,498)
Maintenance of Plant	103,112	113,980	10,868
Administrative Technology Services	49,095	48,957	(138)
Community Service	92,349	60,411	(31,938)
Debt Service - Interest & Fees	794,628	777,735	(16,893)
Unallocated Depreciation	295,074	302,745	7,671
Amortization of Bond Discount	6,099	6,099	-
Total Expenses	7,266,844	7,187,320	(79,524)
<b>Increase/(Decrease) in Net Position</b>	<b>\$ (201,295)</b>	<b>\$ 67,205</b>	<b>\$ 268,500</b>

The largest revenue source for the School is the State of Florida (92%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula and Charter School Capital Outlay funds. Both sources utilize student enrollment data to determine the funds available for the School. The largest concentration of expenses was for Instruction, which comprised of 53% of total expenses.

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

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

**Governmental Funds**

As the School completed the year, its governmental funds reported a combined fund balance of \$3,046,006.

**BUDGETARY HIGHLIGHTS**

The General Fund budget for the fiscal year ended June 30, 2020, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Over the course of the year, the school revised its General Fund budget several times. For the fiscal year ended June 30, 2020, the actual expenditures were equal to the final budget. Refer to the Budgetary Comparison Schedule for additional information.

**CAPITAL ASSETS**

The School's investment in capital assets for its governmental activities as of June 30, 2020, amounts to \$11,386,296 (net of accumulated depreciation). This investment in capital assets includes land, improvements other than buildings, buildings, and furniture, fixtures, and equipment. Additional information regarding the School's capital assets can be found in the notes to the financial statements.

**DEBT ADMINISTRATION**

In the 2019-20 fiscal year, River City Education Services, Inc., the School's charter holder, received a Paycheck Protection Program Loan under the CARES Act to be used for payroll costs and health care benefits. The School was allocated \$839,046 of the total loan amount. This loan is expected to be forgiven or repaid during the 2020-21 fiscal year. Additional information regarding the School's short-term debt is located in Note 7 to the financial statements.

In March 2015 the School issued bonds totaling \$14,360,000 to finance the acquisition, improvements, and equipping of facilities. The remaining balance of the bonds is \$13,630,000 at June 30, 2020. Additional information regarding the School's long-term debt is located in the notes to the financial statements.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the River City Science Academy's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director, River City Science Academy 7565 Beach Boulevard., Jacksonville, FL 32216.

**RIVER CITY SCIENCE ACADEMY**  
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**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF DUVAL COUNTY, FLORIDA**

**STATEMENT OF NET POSITION**

*June 30, 2020*

	Governmental Activities
<b>ASSETS</b>	
Cash & Cash Equivalents	\$ 3,868,250
Accounts Receivable	3,088
Due from Other Agency	39,270
Capital Assets:	
Land	3,036,516
Improvements Other Than Buildings, Net	299,554
Buildings, Net	7,932,370
Furniture, Fixtures, and Equipment, Net	117,856
Total Capital Assets, Net	11,386,296
<b>TOTAL ASSETS</b>	<b>15,296,904</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflow Related to Pensions	1,094,599
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,094,599</b>
<b>LIABILITIES</b>	
Accounts Payable	3,671
Due to Other Agencies	3,965
Unearned Revenue	17,920
Loan Payable	839,046
Long Term Liabilities:	
Bonds Payable, Due in One Year	275,000
Bonds Payable, Due After One Year	13,205,078
Net Pension Liability	2,900,760
<b>TOTAL LIABILITIES</b>	<b>17,245,440</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflow Related to Pensions	216,786
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>216,786</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	(2,093,782)
Restricted for Debt Service	1,642,042
Unrestricted	(618,983)
<b>TOTAL NET POSITION</b>	<b>\$ (1,070,723)</b>

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

**RIVER CITY SCIENCE ACADEMY**  
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**DISTRICT SCHOOL BOARD OF DUVAL COUNTY, FLORIDA**

**STATEMENT OF ACTIVITIES**  
*For the Fiscal Year Ended June 30, 2020*

		Program Revenues			Net (Expenses)
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes Net Position Governmental Activities	
Governmental Activities:					
Instruction	\$ 3,829,564	\$ -	\$ 2,522	\$ -	\$ (3,827,042)
Student Support Services	217,137		160,089		(57,048)
Instructional Media	44,651				(44,651)
Instructional Staff Training	96,198		45,812		(50,386)
Instructional Related Technology	34,515				(34,515)
Board of Education	11,318				(11,318)
General Administration	45,243		11,386		(33,857)
School Administration	706,314				(706,314)
Facilities Acquisition & Construction	22,270				(22,270)
Fiscal Services	87,294				(87,294)
Food Services	151,100	73,914	102,979		25,793
Central Services	17,254				(17,254)
Student Transportation	241,335				(241,335)
Operation of Plant	373,200				(373,200)
Maintenance of Plant	113,980				(113,980)
Administrative Technology Services	48,957				(48,957)
Community Service	60,411				(60,411)
Debt Service - Interest & Fees	777,735			451,252	(326,483)
Amortization of Bond Discount	6,099				(6,099)
Unallocated Depreciation	302,745				(302,745)
<b>Total Governmental Activities</b>	<b>\$ 7,187,320</b>	<b>\$ 73,914</b>	<b>\$ 322,788</b>	<b>\$ 451,252</b>	<b>(6,339,366)</b>
General Revenues:					
State Sources					6,197,732
Grants and Contributions not restricted to specific program					17,098
Local and Other					191,741
Total General Revenues					6,406,571
Change in Net Position					67,205
Net Position - July 1, 2019					(1,137,928)
Net Position - June 30, 2020					\$ (1,070,723)

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

**RIVER CITY SCIENCE ACADEMY**  
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**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF DUVAL COUNTY, FLORIDA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
*June 30, 2020*

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash & Cash Equivalents	\$ 2,226,208	\$ -	\$ 1,642,042	\$ -	\$ 3,868,250
Accounts Receivable	3,088				3,088
Due from Other Funds	39,270				39,270
Due from Other Agency		1,849		37,421	39,270
Total Assets	\$ 2,268,566	\$ 1,849	\$ 1,642,042	\$ 37,421	\$ 3,949,878
<b>LIABILITIES</b>					
Accounts Payable	\$ 3,671	\$ -	\$ -	\$ -	\$ 3,671
Due to Other Funds		1,849		37,421	39,270
Due to Other Agencies	3,965				3,965
Unearned Revenue	17,920				17,920
Loan Payable	839,046				839,046
Total Liabilities	864,602	1,849	-	37,421	903,872
<b>FUND BALANCES</b>					
Restricted			1,642,042		1,642,042
Unassigned	1,403,964				1,403,964
Total Fund Balances	1,403,964	-	1,642,042	-	3,046,006
Total Liabilities and Fund Balances	\$ 2,268,566	\$ 1,849	\$ 1,642,042	\$ 37,421	\$ 3,949,878

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

**RIVER CITY SCIENCE ACADEMY**  
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**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**

*June 30, 2020*

<b>Total Fund Balances - Governmental Funds</b>	\$	3,046,006
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Amounts reported for governmental activities in the statement of Net Position are different because:

Deferred Outflows and Inflows of Resources are not available in the current period and not reported in the governmental funds and, therefore, are not reported as liabilities in the governmental funds.

	Deferred Outflows	1,094,599	
	Deferred Inflows	<u>216,786</u>	877,813

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.	11,386,296
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

	Bonds Payable	(13,480,078)	
	Net Pension Liability	<u>(2,900,760)</u>	<u>(16,380,838)</u>

<b>Total Net Position - Governmental Activities</b>	<b>\$</b>	<b><u>(1,070,723)</u></b>
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The accompanying notes to financial statements are an integral part of this statement.

**RIVER CITY SCIENCE ACADEMY**  
**(A CHARTER SCHOOL UNDER RIVER CITY EDUCATION SERVICES, INC.)**  
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**DISTRICT SCHOOL BOARD OF DUVAL COUNTY, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
*For the Fiscal Year Ended June 30, 2020*

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues</b>					
Intergovernmental:					
Federal Through State and Local	\$ -	\$ 339,886	\$ -	\$ -	\$ 339,886
State Sources	6,197,732			451,252	6,648,984
Local and Other	173,230	73,914	18,511		265,655
<b>Total Revenues</b>	<b>6,370,962</b>	<b>413,800</b>	<b>18,511</b>	<b>451,252</b>	<b>7,254,525</b>
<b>Expenditures</b>					
Current - Education:					
Instruction	3,446,327	2,522			3,448,849
Student Support Services	57,048	160,089			217,137
Instructional Media	44,651				44,651
Instructional Staff Training	50,386	45,812			96,198
Instructional Related Technology	34,515				34,515
Board of Education	11,318				11,318
General Administration	33,857	11,386			45,243
School Administration	706,314				706,314
Facilities Acquisition & Construction	22,270				22,270
Fiscal Services	87,294				87,294
Food Services		151,100			151,100
Central Services	17,254				17,254
Student Transportation	241,335				241,335
Operation of Plant	373,200				373,200
Maintenance of Plant	113,980				113,980
Administrative Technology Services	48,957				48,957
Community Service	60,411				60,411
Fixed Capital Outlay:					
Facilities Acquisition & Construction	122,584				122,584
Other Capital Outlay	33,595	17,098			50,693
Debt Service:					
Principal			260,000		260,000
Interest & Fees			777,735		777,735
<b>Total Expenditures</b>	<b>5,505,296</b>	<b>388,007</b>	<b>1,037,735</b>	<b>-</b>	<b>6,931,038</b>
Excess (Deficiency) of Revenues Over Expenditures	865,666	25,793	(1,019,224)	451,252	323,487
Other Financing Sources (Uses):					
Transfers In/(Out)	(591,229)	(25,793)	1,068,274	(451,252)	-
Total Other Financing Sources (Uses)	(591,229)	(25,793)	1,068,274	(451,252)	-
Net Change in Fund Balances	274,437	-	49,050	-	323,487
Fund Balances, July 1, 2019	1,129,527	-	1,592,992	-	2,722,519
Fund Balances, June 30, 2020	<u>\$ 1,403,964</u>	<u>\$ -</u>	<u>\$ 1,642,042</u>	<u>\$ -</u>	<u>\$ 3,046,006</u>

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

**RIVER CITY SCIENCE ACADEMY**  
**(A CHARTER SCHOOL UNDER RIVER CITY EDUCATION SERVICES, INC.)**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF DUVAL COUNTY, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
*For the Fiscal Year Ended June 30, 2020*

<b>Net Change in Fund Balances - Governmental Funds</b>	\$	323,487
---------------------------------------------------------	----	---------

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense (\$302,745) in excess of capital outlay (\$173,277) in the current year.		(129,468)
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	-----------

Principal payments on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position.		260,000
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Expenses in the statement of activities that do not require the use of current financial resources are not reported in the governmental funds:		
Amortization of bond discount		(6,099)
Pension Expense (calculated for net pension liability)		(596,071)
Pension contributions made subsequent to the pension liability measurement date of 6/30/19		215,356

<b>Change in Net Position - Governmental Activities</b>	\$	67,205
---------------------------------------------------------	----	--------

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

**RIVER CITY SCIENCE ACADEMY**  
**(A CHARTER SCHOOL UNDER RIVER CITY EDUCATION SERVICES, INC.)**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF DUVAL COUNTY, FLORIDA**

**STATEMENT OF FIDUCIARY NET POSITION**  
*June 30, 2020*

<b>ASSETS</b>	<u>Agency Fund</u>
Cash & Cash Equivalents	\$ 80,639
<b>TOTAL ASSETS</b>	<u><u>\$ 80,639</u></u>
<b>LIABILITIES</b>	
Due to Student Organizations	\$ 80,639
<b>TOTAL LIABILITIES</b>	<u><u>\$ 80,639</u></u>

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

**RIVER CITY SCIENCE ACADEMY**  
**(A CHARTER SCHOOL UNDER RIVER CITY EDUCATION SERVICES, INC.)**  
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**DISTRICT SCHOOL BOARD OF DUVAL COUNTY, FLORIDA**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND**  
*For the Fiscal Year Ended June 30, 2020*

	Internal Accounts			
<b>ASSETS</b>	July 1, 2019	Additions	Deductions	June 30, 2020
Cash & Cash Equivalents	\$ 61,325	\$ 119,421	\$ 100,107	\$ 80,639
<b>TOTAL ASSETS</b>	<b>\$ 61,325</b>	<b>\$ 119,421</b>	<b>\$ 100,107</b>	<b>\$ 80,639</b>
<b>LIABILITIES</b>				
Due to Student Organizations	\$ 61,325	\$ 119,421	\$ 100,107	\$ 80,639
<b>TOTAL LIABILITIES</b>	<b>\$ 61,325</b>	<b>\$ 119,421</b>	<b>\$ 100,107</b>	<b>\$ 80,639</b>

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

**RIVER CITY SCIENCE ACADEMY**  
**(A CHARTER SCHOOL UNDER RIVER CITY EDUCATION SERVICES, INC.)**  
A Charter School and Component Unit of the District School Board of Duval County, Florida

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

➤ **Reporting Entity**

River City Science Academy (“School”), a charter school under River City Education Services, Inc. is a component unit of the District School Board of Duval County, Florida. The School is sponsored by its charter-holder, River City Educational Services, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of not less than three members.

The 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 River City Education Services, Inc. as of June 30, 2020, and its changes in 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.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the Duval County School Board, Florida, (“District”). The current charter is effective until June 30, 2022, and is subject to annual review and may be renewed by mutual agreement between the School and the District. In February 2020, the charter agreement was amended and is now effective until June 30, 2035. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. In this case, the District is required to notify the school in writing at least 90 days prior to the charter’s expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

➤ **Basis of Presentation**

Government-wide Financial Statements: Government-wide financial statements, including the statement of Net Position and the statement of activities, present information about the School as a whole. These statements include the non-fiduciary financial activity of the School.

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

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are 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 considers all of its funds as major governmental funds:

- General Fund: to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue Fund: to account for certain Federal grant program resources and the School's food service operations.
- Debt Service Fund: to account for the accumulation of resources for, and the payment of, long-term debt principal and interest and related costs.
- Capital Projects Fund: to account for all resources for the acquisition of capital and related items purchased by the School with capital outlay funds.

Additionally, the School reports the following fiduciary fund:

- Agency Fund: to account for resources of the school internal funds, which are used to administer moneys collected in connection with school, class, and club activities.

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

➤ **Basis of Accounting**

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

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

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

The agency fund have no measurement focus, but utilize the accrual basis of accounting for reporting assets and liabilities.

➤ **Cash and Cash Equivalents**

Cash deposits consist of demand deposits at local financial institutions. Cash equivalents are highly liquid short-term investments with remaining maturities at the purchase date of three months or less. Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company up to \$250,000.

➤ **Investments**

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

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

The School’s investments are set aside to make debt service payments and maintain sinking or reserve funds and are classified as restricted. These investments are reported as Restricted for Debt Service on the Statements of Net Position and as Restricted in the Debt Service Fund on the Balance Sheet – Governmental Funds.

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$750. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

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

<u>Description</u>	<u>Estimated Lives</u>
Improvements Other than Buildings	10 years
Buildings	39 years
Furniture, Fixtures, and Equipment	3-7 years

Current-year information relative to changes in capital assets is described in a subsequent note.

➤ **Net Pension Liability**

As a participating employer in the Florida Retirement System, the School recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2020, the School’s proportionate share of the net pension liabilities totaled \$2,900,760.

The School’s retirement plans and related amounts are described in a subsequent note.

➤ **Long-Term Liabilities**

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position.

In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due.

Changes in long-term liabilities for the current year are reported in a subsequent note.

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

➤ **Deferred Outflows/Inflows of Resources**

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

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

➤ **Net Position and Fund Balance Classification**

*Government-wide Financial Statements*

Net Position are classified and reported in three components:

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

*Fund Financial Statements*

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

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

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

➤ **Order of Fund Balance Spending Policy**

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

➤ **Revenue Sources**

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

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students (FTE) and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during designated full-time equivalent student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School’s compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplies by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020**

1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2020, the School reported 893.98 unweighted FTE and 898.41 weighted FTE.

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

- Attendance and membership documentation (Rule 6A-1.044, FAC).
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

The School receives federal or state awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal or state awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based upon a capital outlay plan submitted to the District and are to be used for lease, rent or construction of school facilities. The School also receives funding through donations and fundraising efforts, school lunch sales and local property tax collections.

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

A schedule of revenue sources for the current year is presented in a subsequent note.

➤ **Income Taxes**

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

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

➤ **Use of Estimates**

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

➤ **Subsequent Events**

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. Management is currently evaluating the impact of the COVID-19 pandemic on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the School’s financial position, results of its operations and/or cash flows, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**2. CASH DEPOSITS**

*Custodial Credit Risk – Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the School’s deposits may not be returned to the School. The School does not have a custodial credit risk policy. All cash deposits are held in banks that qualify as public depositories under Florida law. All such deposits are insured by federal depository insurance up to \$250,000. As of June 30, 2020, the School’s bank accounts exceeded the FDIC insurance limit by \$2,056,847.

**3. INVESTMENTS**

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

All of the School’s recurring fair value measurements as of June 30, 2020 are valued using quoted market prices (Level 1 inputs).

The School’s investments at June 30, 2020, reported as cash & cash equivalents are as follows:

	<b>Amount</b>
US Bank - Money Market	\$ 1,642,042
Total Investments	\$ 1,642,042

**RIVER CITY SCIENCE ACADEMY**  
**(A CHARTER SCHOOL UNDER RIVER CITY EDUCATION SERVICES, INC.)**  
A Charter School and Component Unit of the District School Board of Duval County, Florida

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**4. DUE FROM OTHER AGENCY**

The amounts Due from Other Agency included in the accompanying statement of net position and balance sheet – governmental funds consists of amounts due from the Duval County School Board for Title I funds in the Special Revenue Fund and from Florida Department of Education funds for Charter School Capital Outlay recorded in the Capital Projects Fund. These receivables are considered to be fully collectible and as such, no allowance for uncollectibles is accrued.

**5. CHANGES IN CAPITAL ASSETS**

Changes in capital assets are presented in the table below:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 3,036,516	\$ -	\$ -	\$ 3,036,516
Construction in Progress	27,500	-	(27,500)	-
Total Capital Assets Not Being Depreciated	3,064,016	-	(27,500)	3,036,516
Capital Assets Being Depreciated:				
Improvements Other Than Building	243,179	150,084	-	393,263
Buildings	9,204,909	-	-	9,204,909
Furniture, Fixtures and Equipment	567,183	50,693	-	617,876
Total Capital Assets Being Depreciated	10,015,271	200,777	-	10,216,048
Less Accumulated Depreciation for:				
Improvements Other Than Building	(69,390)	(24,318)	-	(93,708)
Buildings	(1,037,103)	(235,436)	-	(1,272,539)
Furniture, Fixtures and Equipment	(457,030)	(42,991)	-	(500,021)
Total Accumulated Depreciation	(1,563,523)	(302,745)	-	(1,866,268)
Total Capital Assets Being Depreciated, Net	8,451,748	(101,968)	-	8,349,780
Governmental Activities Capital Assets, Net	\$ 11,515,764	\$ (101,968)	\$ (27,500)	\$ 11,386,296

All depreciation expense was shown as unallocated on the Statement of Activities.

**6. COMMITMENTS AND CONTINGENT LIABILITIES**

The School participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivables at June 30, 2020, may be impaired.

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

**RIVER CITY SCIENCE ACADEMY**  
**(A CHARTER SCHOOL UNDER RIVER CITY EDUCATION SERVICES, INC.)**  
A Charter School and Component Unit of the District School Board of Duval County, Florida

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**7. LOAN PAYABLE**

River City Education Services, Inc., the School’s charter holder, was granted a loan from Hancock Whitney Bank in April 2020, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The School was allocated \$839,046 of the total loan amount.

The Loan, which was in the form of a Note dated April 21, 2020, matures on April 21, 2022, and bears interest at a rate of 1% per annum, payable monthly commencing on November 21, 2020. The Note may be prepaid by the School at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The School intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

**8. BONDS PAYABLE**

Bonds payable at June 30, 2020, are as follows:

Bond Type	Amount Outstanding	Interest Rates	Annual Maturity To
Revenue Bonds:			
Series 2015A	\$ 13,475,000	4.625 - 5.625%	2045
Series 2015B	155,000	6.75%	2021
Total Bonds Payable	\$ 13,630,000		

**Revenue Bonds Series 2015A and 2015B** – On March 5, 2015, the River City Education Services, Inc. issued tax-exempt revenue bonds (Series 2015A) for \$13,475,000 and taxable revenue bonds (Series 2015B) for \$885,000 secured by a mortgage on the property and buildings. The bonds were issued to finance the acquisition, improvements, and equipping of facilities to be used as a nonprofit charter school educational facility.

Series 2015A bonds are term bonds paying interest semi-annually at a rate of 4.625% to 5.625% with maturities starting February 1, 2021, and ending February 1, 2045. Series 2015B bonds are term bonds paying interest semi-annually at a rate of 6.75% with maturities starting February 1, 2018, and ending February 1, 2021.

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

In the event of default for non-payment of principal or interest on the bonds, the outstanding amounts will become due and payable.

**RIVER CITY SCIENCE ACADEMY**  
**(A CHARTER SCHOOL UNDER RIVER CITY EDUCATION SERVICES, INC.)**  
A Charter School and Component Unit of the District School Board of Duval County, Florida

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

Annual requirements to amortize all bonded debt outstanding as of June 30, 2020, are as follows:

Fiscal Year Ending June 30:	Total	Principal	Interest
2021	\$ 1,018,544	\$ 275,000	\$ 743,544
2022	1,017,531	290,000	727,531
2023	1,019,119	305,000	714,119
2024	1,020,013	320,000	700,013
2025	1,020,213	335,000	685,213
2026-2030	5,095,256	1,945,000	3,150,256
2031-2035	5,097,875	2,530,000	2,567,875
2036-2040	5,090,781	3,295,000	1,795,781
2041-2045	5,092,969	4,335,000	757,969
	-		
<i>less: Unamortized Bond Discount</i>	(149,922)	(149,922)	
<b>Total</b>	<u><u>\$25,322,379</u></u>	<u><u>\$ 13,480,078</u></u>	<u><u>\$ 11,842,301</u></u>

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

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

	Beginning Balance	Additions	Deductions	Ending Balance	Due in One Year
<b>GOVERNMENTAL ACTIVITIES:</b>					
Bonds Payable	\$13,890,000	\$ -	\$(260,000)	\$ 13,630,000	\$275,000
Unamortized Discount	(156,021)	-	6,099	(149,922)	-
Total Bonds Payable	<u>14,179,583</u>	<u>-</u>	<u>(253,901)</u>	<u>13,480,078</u>	<u>275,000</u>
Net Pension Liability	<u>2,604,959</u>	<u>295,801</u>	<u>-</u>	<u>2,900,760</u>	<u>-</u>
Total Governmental Activities	<u><u>\$16,784,542</u></u>	<u><u>\$ 295,801</u></u>	<u><u>\$(253,901)</u></u>	<u><u>\$ 16,380,838</u></u>	<u><u>\$275,000</u></u>

**10. INTERFUND RECEIVABLES AND PAYABLES**

At June 30, 2020, the General Fund was due \$1,849 and \$37,421 from the Special Revenue Fund and the Capital Projects Fund, respectively, for expenditures awaiting reimbursement from other agencies. These amounts of interfund receivables and payables are netted together and not reported in the statement of net position.

**11. INTERFUND TRANSFERS**

The School's Capital Projects Fund and General Fund transferred \$451,252 and \$617,022, respectively, to the Debt Service Fund to finance the School's principal and interest payments owed on long-term debt and to meet the Bond Reserve Fund

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requirement. The Special Revenue Fund transferred \$25,793 to the General Fund for the food service costs of operation and maintenance including utility costs incurred by the General Fund for the food service program. The amounts of interfund transfers are netted together and not reported on the statement of activities.

**12. SCHEDULE OF STATE REVENUE SOURCES**

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

Source	Amount
Florida Education Finance Program	\$ 3,764,376
Class Size Reduction	809,574
ESE Guaranteed Allocation	650,681
Capital Outlay	451,252
Supplementary Academic Instruction	224,606
AP/IB/AICE	141,874
Transportation	130,073
Best and Brightest Scholarship Program	87,459
School Recognition	86,203
Vocational	76,576
Instructional Materials	68,405
Safe School	60,341
Other Miscellaneous State Revenue	41,821
Reading Allocation	37,185
Florida Teachers Classroom Assistance Program	15,275
Digital Classroom Allocation	2,318
School Improvement	957
Mental Health Allocation	8
Total State Revenue	\$ 6,648,984

As provided in the charter school contract, the District has charged the School an administrative fee totaling \$33,857.

Accounting policies relating to certain State revenue sources are described in Note 1.

**15. FLORIDA RETIREMENT SYSTEM (FRS) – Defined Benefit Pension Plans**

**General Information about the Florida Retirement System (FRS)**

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the HIS Program, a cost-sharing multiple-employer defined benefit pension plan to assist

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retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the School are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The School's FRS and HIS pension expense totaled \$596,071 for the fiscal year ended June 30, 2020.

**FRS Pension Plan**

*Plan Description.* The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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*Benefits Provided.* Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on retirement plan and/or the class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

<b>Class, Initial Enrollment, and Retirement Age/Years of Service</b>	<b>% Value</b>
<b>Regular Class members initially enrolled before July 1, 2011</b>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<b>Regular Class members initially enrolled on or after July 1, 2011</b>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

*Contributions.* The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2019-20 fiscal year were as follows:

<b>Class</b>	<b>Percent of Gross Salary</b>	
	<b>Employee</b>	<b>Employer (1)</b>
FRS, Regular	3.00	8.47
FRS, Reemployed Retiree	(2)	(2)

Notes: (1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than

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for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

- (2) Contribution rates are dependent upon retirement class in which reemployed.

The School's contributions to the Plan totaled \$161,113 for the fiscal year ended June 30, 2020.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2020, the School reported a liability of \$1,800,678 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The School's proportionate share of the net pension liability was based on the School's 2018-19 fiscal year contributions relative to the total 2018-19 fiscal year contributions of all participating members. At June 30, 2019, the School's proportionate share was 0.005228662 percent, which was a decrease of 0.000024356 from its proportionate share measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the School recognized pension expense of \$483,775. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 106,803	\$ 1,117
Change of assumptions	462,492	-
Net difference between projected and actual earnings on FRS Plan investments	-	99,623
Changes in proportion and differences between School FRS contributions and proportionate share of contributions	88,009	24,787
School FRS contributions subsequent to the measurement date	161,113	-
<b>Total</b>	<b>\$ 818,417</b>	<b>\$ 125,527</b>

The deferred outflows of resources related to pensions totaling \$161,113, resulting from School contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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<b>Fiscal Year Ending June 30</b>	<b>Amount</b>
2021	\$ 169,926
2022	51,261
2023	123,852
2024	93,430
2025	24,095
Thereafter	5,990

*Actuarial Assumptions.* The total pension liability in the July 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<b><u>Asset Class</u></b>	<b><u>Target Allocation (1)</u></b>	<b><u>Annual Arithmetic Return</u></b>	<b><u>Compound Annual (Geometric) Return</u></b>	<b><u>Standard Deviation</u></b>
Cash	1%	3.3%	3.3%	1.2%
Fixed Income	18%	4.1%	4.1%	3.5%
Global Equity	54%	8.0%	6.8%	16.5%
Real Estate (Property)	10%	6.7%	6.1%	11.7%
Private Equity	11%	11.2%	8.4%	25.8%
Strategic Investments	6%	5.9%	5.7%	6.7%
<b>Total</b>	<b>100%</b>			
Assumed inflation - Mean			2.6%	1.7%

Note: (1) As outlined in the Plan's investment policy.

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Discount Rate. The discount rate used to measure the total pension liability was 6.90 percent. The Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2019 valuation was updated from 7.0 percent to 6.9 percent.

Sensitivity of the School’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the School’s proportionate share of the net pension liability calculated using the discount rate of 6.9 percent, as well as what the School’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.9 percent) or 1 percentage point higher (7.9 percent) than the current rate:

	<b>1%</b>	<b>Current</b>	<b>1%</b>
	<b>Decrease</b>	<b>Discount Rate</b>	<b>Increase</b>
	<b>(5.9%)</b>	<b>(6.9%)</b>	<b>(7.9%)</b>
School's proportionate share of the net pension liability	\$3,112,773	\$ 1,800,678	\$704,857

Pension Plan Fiduciary Net Position. Detailed information about the Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

**HIS Pension Plan**

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided. For the fiscal year ended June 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2020, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The School contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not

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guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The School's contributions to the HIS Plan totaled \$54,243 for the fiscal year ended June 30, 2020.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2020, the School reported a net pension liability of \$1,100,082 for its proportionate share of the net pension liability. The current portion of the net pension liability is the School's proportionate share of benefit payments expected to be paid within one year, net of the School's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The School's proportionate share of the net pension liability was based on the School's 2018-19 fiscal year contributions relative to the total 2018-19 fiscal year contributions of all participating members. At June 30, 2019, the School's proportionate share was 0.009831814 percent, which was an increase of 0.000169004 from its proportionate share measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the School recognized pension expense of \$112,296. In addition, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 13,362	\$ 1,347
Change of assumptions	127,379	89,912
Net difference between projected and actual earnings on HIS Plan investments	710	-
Changes in proportion and differences between School HIS contributions and proportionate share of contributions	80,488	-
School HIS contributions subsequent to the measurement date	54,243	-
<b>Total</b>	<u>\$ 276,182</u>	<u>\$ 91,259</u>

The deferred outflows of resources totaling \$54,243, resulting from School contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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<b>Fiscal Year Ending June 30</b>	<b>Amount</b>
2021	\$ 21,390
2022	17,119
2023	9,371
2024	(6,805)
2025	1,236
Thereafter	7,881

*Actuarial Assumptions.* The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary increases	3.25 percent, average, including inflation
Municipal bond rate	3.50 percent

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

While an experience study had not been completed for the HIS Plan, the actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the FRS Plan.

*Discount Rate.* The discount rate used to measure the total pension liability was 3.50 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

*Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.50 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50 percent) or 1 percentage point higher (4.50 percent) than the current rate:

	<b>1% Decrease █ (2.50%)</b>	<b>Current Discount Rate █ (3.50%)</b>	<b>1% Increase █ (4.50%)</b>
School's proportionate share of the net pension liability	\$ 1,255,800	\$ 1,100,082	\$ 970,386

*Pension Plan Fiduciary Net Position.* Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

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**16. FRS – Defined Contribution Pension Plans**

The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. School employees already participating in the State School System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member’s account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2019-20 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5 year period, the employee will regain control over their account. If the employee does not return within the 5 year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2020, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the School.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided in which the member may

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either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The School's Investment Plan pension expense totaled \$132,249 for the fiscal year ended June 30, 2020.

**13. FUNDING AND CREDIT CONCENTRATIONS**

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

**14. RISK MANAGEMENT PROGRAMS**

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

**15. LEGAL MATTERS**

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

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND & MAJOR SPECIAL REVENUE FUND - (UNAUDITED)**  
*For the Fiscal Year Ended June 30, 2020*

	General Fund				Major Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues:</b>								
Intergovernmental:								
Federal Through State and Local	\$ -	\$ -	\$ -	\$ -	\$ 347,437	\$ 339,886	\$ 339,886	\$ -
State Sources	5,978,366	6,197,732	6,197,732	-	-	-	-	-
Local and Other	452,000	173,230	173,230	-	70,000	73,914	73,914	-
Total Revenues	<u>6,430,366</u>	<u>6,370,962</u>	<u>6,370,962</u>	<u>-</u>	<u>417,437</u>	<u>413,800</u>	<u>413,800</u>	<u>-</u>
<b>Expenditures:</b>								
Current - Education:								
Instruction	3,599,153	3,446,327	3,446,327	-	-	2,522	2,522	-
Student Support Services	111,649	57,048	57,048	-	198,000	160,089	160,089	-
Instructional Media	41,535	44,651	44,651	-	-	-	-	-
Instructional Staff Training	20,000	50,386	50,386	-	-	45,812	45,812	-
Instructional Related Technology	-	34,515	34,515	-	-	-	-	-
Board of Education	29,000	11,318	11,318	-	-	-	-	-
General Administration	-	33,857	33,857	-	-	11,386	11,386	-
School Administration	726,137	706,314	706,314	-	27,917	-	-	-
Facilities Acquisition & Construction	-	22,270	22,270	-	-	-	-	-
Fiscal Services	138,286	87,294	87,294	-	-	-	-	-
Food Services	-	-	-	-	175,731	151,100	151,100	-
Central Services	35,000	17,254	17,254	-	-	-	-	-
Student Transportation	292,050	241,335	241,335	-	-	-	-	-
Operation of Plant	378,315	373,200	373,200	-	-	-	-	-
Maintenance of Plant	91,121	113,980	113,980	-	-	-	-	-
Administrative Technology Services	80,594	48,957	48,957	-	-	-	-	-
Community Service	197,508	60,411	60,411	-	-	-	-	-
Fixed Capital Outlay:								
Facilities Acquisition & Construction	-	122,584	122,584	-	-	-	-	-
Other Capital Outlay	-	33,595	33,595	-	-	17,098	17,098	-
Total Expenditures	<u>5,740,348</u>	<u>5,505,296</u>	<u>5,505,296</u>	<u>-</u>	<u>401,648</u>	<u>388,007</u>	<u>388,007</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>690,018</u>	<u>865,666</u>	<u>865,666</u>	<u>-</u>	<u>15,789</u>	<u>25,793</u>	<u>25,793</u>	<u>-</u>
Other Financing Sources (Uses):								
Transfers In/(Out)	<u>(584,233)</u>	<u>(591,229)</u>	<u>(591,229)</u>	<u>-</u>	<u>(15,789)</u>	<u>(25,793)</u>	<u>(25,793)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(584,233)</u>	<u>(591,229)</u>	<u>(591,229)</u>	<u>-</u>	<u>(15,789)</u>	<u>(25,793)</u>	<u>(25,793)</u>	<u>-</u>
Net Change in Fund Balances	105,785	274,437	274,437	-	-	-	-	-
Fund Balances, July 1, 2019	1,129,527	1,129,527	1,129,527	-	-	-	-	-
Fund Balances, June 30, 2020	<u>\$ 1,235,312</u>	<u>\$ 1,403,964</u>	<u>\$ 1,403,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report

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*Schedule of Proportionate Share of Net Pension Liability  
Florida Retirement System*

	<u>as of 6/30/19</u>	<u>as of 6/30/18</u>	<u>as of 6/30/17</u>	<u>as of 6/30/16</u>	<u>as of 6/30/15</u>	<u>as of 6/30/14</u>
Proportion of the net pension liability/(asset)	0.005228662%	0.005253018%	0.004966318%	0.004705030%	0.005095899%	0.004290020%
Proportionate share of the net pension liability/(asset)	\$ 1,800,678	\$ 1,582,236	\$ 1,469,568	\$ 1,188,024	\$ 658,204	\$ 261,754
Covered-employee payroll	\$ 1,946,218	\$ 1,804,094	\$ 1,635,888	\$ 1,630,894	\$ 1,563,882	\$ 1,281,879
Proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	93%	88%	90%	73%	42%	20%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

See Independent Auditor's Report.

**RIVER CITY SCIENCE ACADEMY**  
**(A CHARTER SCHOOL UNDER RIVER CITY EDUCATION SERVICES, INC.)**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF DUVAL COUNTY, FLORIDA**

*Schedule of Contributions*  
*Florida Retirement System*

	<u>as of 6/30/20</u>	<u>as of 6/30/19</u>	<u>as of 6/30/18</u>	<u>as of 6/30/17</u>	<u>as of 6/30/16</u>	<u>as of 6/30/15</u>	<u>as of 6/30/14</u>
Contractually required contribution	\$ 161,113	\$ 162,126	\$ 149,707	\$ 129,285	\$ 114,740	\$ 124,242	\$ 93,970
Contributions in relation to the contractually required contribution	<u>\$ (161,113)</u>	<u>\$ (162,126)</u>	<u>\$ (149,707)</u>	<u>\$ (129,285)</u>	<u>\$ (114,740)</u>	<u>\$ (124,242)</u>	<u>\$ (93,970)</u>
Contribution deficiency/(excess)	-	-	-	-	-	-	-
Covered-employee payroll	\$ 1,705,897	\$ 1,946,218	\$ 1,804,094	\$ 1,635,888	\$ 1,630,894	\$ 1,563,882	\$ 1,281,879
Contributions as a percentage of covered-employee payroll	9.44%	8.33%	8.30%	7.90%	7.04%	7.94%	7.33%

See Independent Auditor's Report.

**RIVER CITY SCIENCE ACADEMY**  
**(A CHARTER SCHOOL UNDER RIVER CITY EDUCATION SERVICES, INC.)**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF DUVAL COUNTY, FLORIDA**

*Schedule of Proportionate Share of Net Pension Liability  
Health Insurance Subsidy Program*

	<u>as of 6/30/19</u>	<u>as of 6/30/18</u>	<u>as of 6/30/17</u>	<u>as of 6/30/16</u>	<u>as of 6/30/15</u>	<u>as of 6/30/14</u>
Proportion of the net pension liability/(asset)	0.009831814%	0.009662810%	0.009524811%	0.009217936%	0.008928305%	0.008377840%
Proportionate share of the net pension liability/(asset) \$	1,100,082	\$ 1,022,723	\$ 1,018,437	\$ 1,074,312	\$ 910,547	\$ 783,348
Covered-employee payroll \$	3,288,867	\$ 3,155,981	\$ 3,031,046	\$ 2,857,445	\$ 2,711,566	\$ 2,489,234
Proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	33%	32%	34%	38%	34%	31%
Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

See Independent Auditor's Report.

**RIVER CITY SCIENCE ACADEMY**  
**(A CHARTER SCHOOL UNDER RIVER CITY EDUCATION SERVICES, INC.)**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF DUVAL COUNTY, FLORIDA**

*Schedule of Contributions*  
*Health Insurance Subsidy Program*

	<u>as of 6/30/20</u>	<u>as of 6/30/19</u>	<u>as of 6/30/18</u>	<u>as of 6/30/17</u>	<u>as of 6/30/16</u>	<u>as of 6/30/15</u>	<u>as of 6/30/14</u>
Contractually required contribution	\$ 54,243	\$ 54,595	\$ 52,402	\$ 50,408	\$ 47,248	\$ 34,130	\$ 28,700
Contributions in relation to the contractually required contribution	<u>\$ (54,243)</u>	<u>\$ (54,595)</u>	<u>\$ (52,402)</u>	<u>\$ (50,408)</u>	<u>\$ (47,248)</u>	<u>\$ (34,130)</u>	<u>\$ (28,700)</u>
Contribution deficiency/(excess)	-	-	-	-	-	-	-
Covered-employee payroll	\$ 3,267,035	\$ 3,288,867	\$ 3,155,981	\$ 3,031,046	\$ 2,857,445	\$ 2,711,566	\$ 2,489,234
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.66%	1.66%	1.65%	1.26%	1.15%

See Independent Auditor's Report.

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2020**

**1. BUDGETARY BASIS OF ACCOUNTING**

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

**2. SCHEDULE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS –FLORIDA RETIREMENT SYSTEM PENSION PLAN**

*Changes of Assumptions.* The long-term expected rate of return was decreased from 7.0 percent to 6.9 percent, and the active member mortality assumption was updated.

**3. SCHEDULE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS –HEALTH INSURANCE SUBSIDY PENSION PLAN**

*Changes of Assumptions.* The municipal bond rate used to determine total pension liability was decreased from 3.87 percent to 3.50 percent.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors of River City Science Academy  
(A Charter School under River City Education Services, Inc.),  
a Charter School and Component Unit of the  
District School Board of Duval County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of River City Science Academy (“School”), a charter school under River City Education Services, Inc. and component unit of the District School Board of Duval County, 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 28, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

Respectfully submitted,

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

September 28, 2020  
Tampa, Florida

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

To the Board of Directors of River City Science Academy  
(A Charter School under River City Education Services, Inc.),  
a Charter School and Component Unit of the  
District School Board of Duval County, Florida

**Report on the Financial Statements**

We have audited the financial statements of the River City Science Academy, a charter school under River City Education Services, Inc. (“School”), and a component unit of the District School Board of Duval County, Florida, as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated September 28, 2020.

**Auditor’s Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated September 28, 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 prior audit findings or recommendations.

**Official Title**

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are River City Science Academy, 161201.

## **Financial Condition and Management**

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

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

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

### **Transparency**

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

### **Additional Matters**

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

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

### **Purpose of this Letter**

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

Respectfully submitted,

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

September 28, 2020  
Tampa, Florida