

**RENAISSANCE ARTS AND
EDUCATION, INC.
D/B/A MANATEE SCHOOL
FOR THE ARTS**

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

INDEPENDENT AUDITOR'S REPORT
for the fiscal year ended JUNE 30, 2017

King & Walker, CPAs, PL

Certified Public Accountants

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**RENAISSANCE ARTS AND EDUCATION, INC.
D/B/A MANATEE SCHOOL FOR THE ARTS**

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Members:
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Independent Auditor's Report

To the Board of Directors Renaissance Arts and Education, Inc.
d/b/a Manatee School for the Arts,
a Charter School and Component Unit of the District School Board of Manatee 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 Renaissance Arts and Education, Inc. d/b/a Manatee School for the Arts ("School"), a charter school and component unit of the District School Board of Manatee County, Florida, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2017, and the respective changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2017 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Respectfully submitted,

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

September 30, 2017
Tampa, Florida

RENAISSANCE ARTS AND EDUCATION, INC.
D/B/A MANATEE SCHOOL FOR THE ARTS

A charter school and component unit of the District School Board of Manatee County

MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

The Management's Discussion and Analysis (MD&A) section of the annual financial report of the Renaissance Arts and Education, Inc. d/b/a Manatee School for the Arts ("School") provides an overview of the School's activities for the fiscal year ended June 30, 2017.

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 found, as listed in the table of contents.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2017, the School's revenues exceeded expenses as shown on the School's statement of activities by \$445,371.
- As shown on the statement of net position, the School reported a total net position of \$4,425,944.

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.

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 one fund, a General Fund to account for its general operations and internal account activities. For reporting purposes the General Fund is the only major fund of the School.

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

Notes to Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following is a summary of the School's net position as of June 30, 2016 and June 30, 2017:

	Net Position, End of Year		
	Governmental Activities		Increase (Decrease)
	6-30-16	6-30-17	
ASSETS			
Current and Other Assets	\$ 2,478,539	\$ 2,569,998	\$ 91,459
Noncurrent Assets, Net	16,834,751	16,704,782	(129,969)
Total Assets	19,313,290	19,274,780	(38,510)
LIABILITIES			
Current Liabilities	1,195,992	1,183,912	(12,080)
Long Term Liabilities	14,136,725	13,664,924	(471,801)
Total Liabilities	15,332,717	14,848,836	(483,881)
NET POSITION			
Net Investment in Capital Assets	2,698,026	3,039,858	341,832
Restricted	1,083,341	1,247,685	164,344
Unrestricted	199,206	138,401	(60,805)
Total Net Position	\$ 3,980,573	\$ 4,425,944	\$ 445,371

Current and other assets consist primarily of cash and cash equivalents and noncurrent assets consist of land, buildings and improvements, and furniture, fixtures and equipment constructed and purchased over the years of school operations. Liabilities consist of accounts payable, salary and benefits payable and long-term debt. Long-term liabilities decreased as a result of scheduled principal payments as required by the loan documents.

The key elements of the changes in the School's net position for the fiscal years ended June 30, 2016 and June 30, 2017, are as follows:

Operating Results for the Year			
Governmental Activities			
	6-30-16	6-30-17	Increase (Decrease)
Revenues:			
Federal Through State and Local	\$ 567,470	\$ 524,552	\$ (42,918)
State Sources	12,813,342	13,282,925	469,583
Local and Other	251,278	1,048,630	797,352
Total Revenues	13,632,090	14,856,107	1,224,017
Expenses:			
Instruction	6,418,959	7,601,646	1,182,687
Instructional Support Services	669,625	599,759	(69,866)
Board	15,000	12,500	(2,500)
School Administration	1,645,886	1,413,279	(232,607)
Facilities Acq. & Construction	232,077	31,985	(200,092)
Fiscal Services	162,033	181,888	19,855
Food Services	494,360	503,464	9,104
Student Transportation Services	380,952	1,237,425	856,473
Operation of Plant	1,184,922	1,020,266	(164,656)
Maintenance of Plant	64,143	61,393	(2,750)
Community Services	321,783	365,926	44,143
Interest and Fiscal Charges	752,203	697,407	(54,796)
Unallocated Depreciation	732,070	683,798	(48,272)
Total Expenses	13,074,013	14,410,736	1,336,723
Increase/(Decrease) in Net Position	\$ 558,077	\$ 445,371	\$ (112,706)

The largest revenue source for the School is the State of Florida (90%). 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 concentrations of expenses were for Instruction related functions (57%), functions related to the operation of the School facility (8%) and administration function (10%) of total expenses. Student transportation service costs substantially increased as a result of the School having to provide transportation services without the assistance as previously provided by the Manatee County District School Board.

Expenses increased in direct relation to an increase in full time equivalent student attendance for the 2016-2017 school year.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its general fund reported a total fund balance of \$1,386,086.

BUDGETARY HIGHLIGHTS

The general fund budget for the fiscal year ended June 30, 2017, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. For the year ended June 30, 2017, actual total expenditures were less than the total final budgeted expenditures. Refer to the Budgetary Comparison Schedule – General Fund for additional information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year, the School had invested \$16,704,782 in capital assets, including land, buildings and improvements, and furniture, fixtures and equipment, net of accumulated depreciation.

This year's capital asset additions included the purchase of land adjacent to the current School facilities. The new land will be subsequently used to facilitate the long term goal of expanding the School facilities to accommodate continued student enrollment increases.

Additional information about the School's capital assets is presented in the Notes to the financial statements.

Long-Term Debt

At June 30, 2017, the School had \$13,664,924 in long-term debt outstanding a net decrease of \$471,801 from the previous fiscal year as a direct result of a required principal payments made as enumerated in the various loan documents. Additional information about the School's long-term debt is presented in the Notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The School has established itself as a high performing secondary school in Manatee County. Financially, the school is sound. That expectation is predicated on continued funding at the current levels. Significant changes in funding would require review of programming, capital expenditures, and other operating expenditures as considered necessary. Management believes that they have developed a core strength that will maintain the School through most of the normal ebb and flow of public funding. The following economic indicators were taken into account when adopting the 2017-18 fiscal year general fund budget:

- Projected enrollment changes.
- Conservative estimate of FEFP.
- Projected salary and benefit increases.
- Increases in the cost of insurance, facility operation and maintenance costs, and other various operating expenditures.
- Required annual debt principal and interest payments.
- Consideration of the required bond covenant operating reserve.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the School's, finances and to demonstrate the School's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School's administrative offices at 700 Haben Blvd., Palmetto, Florida 34221.

RENAISSANCE ARTS AND EDUCATION, INC.
D/B/A MANATEE SCHOOL FOR THE ARTS
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MANATEE COUNTY, FLORIDA

STATEMENT OF NET POSITION

June 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash & Cash Equivalents	\$ 1,211,448
Restricted Cash	1,247,685
Accounts Receivable	35,684
Due From Other Agencies	50,678
Deposits and Prepaid Expenses	24,503
Capital Assets:	
Land	3,230,869
Buildings and Improvements, Net	12,906,635
Furniture, Fixtures and Equipment, Net	567,278
Total Capital Assets	<u>16,704,782</u>
TOTAL ASSETS	<u><u>19,274,780</u></u>
LIABILITIES	
Accounts Payable	311,196
Salaries and Benefits Payable	872,716
Long-Term Liabilities:	
Due within one year:	
Notes Payable	40,834
Bonds Payable	508,938
Due after one year:	
Notes Payable	638,477
Bonds Payable	12,476,675
TOTAL LIABILITIES	<u><u>14,848,836</u></u>
NET POSITION	
Net Investment in Capital Assets	3,039,858
Restricted for:	
Operating Reserve	1,247,685
Unrestricted	138,401
TOTAL NET POSITION	<u><u>\$ 4,425,944</u></u>

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

RENAISSANCE ARTS AND EDUCATION, INC.
D/B/A MANATEE SCHOOL FOR THE ARTS
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MANATEE COUNTY, FLORIDA

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2017

		Program Revenues				Net (Expenses) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities
Governmental Activities:						
Instruction	\$ 7,601,646	\$ -	\$ 44,651	\$ -		\$ (7,556,995)
Instructional Support Services	599,759					(599,759)
Board	12,500					(12,500)
School Administration	1,413,279					(1,413,279)
Facilities Acquisition & Construction	31,985					(31,985)
Fiscal Services	181,888					(181,888)
Food Services	503,464	216,910	479,901			193,347
Student Transportation Services	1,237,425					(1,237,425)
Operation of Plant	1,020,266					(1,020,266)
Maintenance of Plant	61,393					(61,393)
Community Services	365,926					(365,926)
Interest and Fiscal Charges	697,407			555,475		(141,932)
Unallocated Depreciation	683,798					(683,798)
Total Governmental Activities	\$ 14,410,736	\$ 216,910	\$ 524,552	\$ 555,475		(13,113,799)
General Revenues:						
State Sources						12,566,242
Miscellaneous						992,928
Total General Revenues						13,559,170
Change in Net Position						445,371
Net Position - July 1, 2016						3,980,573
Net Position - June 30, 2017						\$ 4,425,944

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

RENAISSANCE ARTS AND EDUCATION, INC.
D/B/A MANATEE SCHOOL FOR THE ARTS
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MANATEE COUNTY, FLORIDA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2017

	<u>General Fund</u>
ASSETS	
Cash & Cash Equivalents	\$ 1,211,448
Restricted Cash	1,247,685
Accounts Receivable	35,684
Due From Other Agencies	50,678
Deposits and Prepaid Expenses	24,503
Total Assets	<u>\$ 2,569,998</u>
LIABILITIES	
Accounts Payable	\$ 311,196
Salary & Benefits Payable	872,716
Total Liabilities	<u>1,183,912</u>
FUND BALANCE	
Nonspendable	24,503
Restricted For Operating Reserve	1,247,685
Unassigned	113,898
Total Fund Balance	<u>1,386,086</u>
Total Liabilities and Fund Balance	<u>\$ 2,569,998</u>

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

**RENAISSANCE ARTS AND EDUCATION, INC.
D/B/A MANATEE SCHOOL FOR THE ARTS
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MANATEE COUNTY, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

June 30, 2017

Total Fund Balances - Governmental Funds	\$	1,386,086
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.		16,704,782
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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:

Notes Payable	(679,311)	
Bonds Payable	<u>(12,985,613)</u>	<u>(13,664,924)</u>

Total Net Position - Governmental Activities	\$	<u><u>4,425,944</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

RENAISSANCE ARTS AND EDUCATION, INC.
D/B/A MANATEE SCHOOL FOR THE ARTS
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MANATEE COUNTY, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2017

	<u>General Fund</u>
Revenues	
Intergovernmental:	
Federal Through State and Local	\$ 524,552
State Sources	13,282,925
Local and Other	1,048,630
Total Revenues	14,856,107
Expenditures	
Current - Education:	
Instruction	7,601,646
Instructional Support Services	599,759
Board	12,500
School Administration	1,413,279
Facilities Acquisition & Construction	31,985
Fiscal Services	181,888
Food Services	503,464
Student Transportation Services	1,237,425
Operation of Plant	1,020,266
Maintenance of Plant	61,393
Community Services	365,926
Fixed Capital Outlay:	
Facilities Acquisition & Construction	304,054
Other Capital Outlay	249,775
Debt Service:	
Principal	471,801
Interest and Fiscal Charges	697,407
Total Expenditures	14,752,568
Net Change in Fund Balance	103,539
Fund Balance, July 1, 2016	1,282,547
Fund Balance, June 30, 2017	\$ 1,386,086

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

**RENAISSANCE ARTS AND EDUCATION, INC.
D/B/A MANATEE SCHOOL FOR THE ARTS
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MANATEE 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, 2017***

Net Change in Fund Balance - Governmental Funds \$ 103,539

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 (\$683,798) in excess of capital outlay expense (\$553,829) in the current period.

(129,969)

Long-term debt proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which the note payable proceeds (\$0) exceeded long-term debt principal repayments (\$471,801) in the current period.

471,801

Change in Net Position - Governmental Activities

\$ 445,371

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

RENAISSANCE ARTS AND EDUCATION, INC.
D/B/A MANATEE SCHOOL FOR THE ARTS
A Charter School and Component Unit of the District School Board of Manatee County, Florida

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

Renaissance Arts and Education, Inc. d/b/a Manatee School for the Arts (“School”) is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of not less than three members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Manatee County, Florida, (“District”). The current charter is effective until June 30, 2023, and is subject to annual review and may be renewed by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. In this case, the District is required to notify the school in writing at least 90 days prior to the charter’s expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District; and meets the definition of a governmental entity under the *Audit and Accounting Guide – State and Local Governments* issued by the American Institute of Certified Public Accountants; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

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

➤ **Basis of Presentation**

The School’s financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. Accordingly, both government-wide and fund financial statements are presented.

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.

RENAISSANCE ARTS AND EDUCATION, INC.

D/B/A MANATEE SCHOOL FOR THE ARTS

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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's major governmental fund is as follows:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.

➤ **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 60 days of the end of the current fiscal

RENAISSANCE ARTS AND EDUCATION, INC.

D/B/A MANATEE SCHOOL FOR THE ARTS

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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.

➤ **Cash and Cash Equivalents**

Cash and cash equivalents consist primarily of demand deposits held by banks qualified as public depositories under Florida law. Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

➤ **Capital Assets and Depreciation**

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. Donated capital assets are recorded at fair value at the date of donation. 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.

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

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	5 - 10 years
Buildings and Improvements	10 - 40 years

➤ **Compensated Absences**

Compensated absences (i.e. paid absences for employee vacation and sick leave (personal leave)) are recorded as an expenditure in governmental funds when leave is used. All administrative employees earned paid time off must be used by June 30 of each year or the leave time is forfeited. Teachers receive 6 days paid time off. If there are remaining days as of June 30, they are paid out at \$90 a day which is the substitute daily pay rate. The School leave policy does not allow for carrying leave into a future fiscal year. With the current leave policy there is no need for a provision for unpaid compensated absences in the government-wide or governmental fund financial statements.

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➤ **Deferred Outflows/Inflows of Resources**

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

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

➤ **Long-term Debt**

Long-term obligations that will be financed by resources to be received in the future by the general fund are reported in the government-wide financial statements, not in the general fund. Current-year information relative to changes in long-term debt is described in subsequent notes.

➤ **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:

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- 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.
- 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. As such, the School’s revenue stream is largely dependent upon the general state of the economy and the amounts allotted to the Florida Department of Education (FDOE) by the state legislature. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the 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

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the FEFP and the actual weighted full-time equivalent (FTE) 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 District receives an administrative fee from the School, which is reflected in the accompanying statement of activities and statement of revenues, expenditures and change in fund balances – governmental funds.

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2017, the School reported 1,972.67 unweighted FTE and 1,979.88 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 also receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. The amounts received under this program are based on the School's actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures and, as such are reflected as restricted/reserved fund balance in the accompanying statement of net position

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and balance sheet – governmental funds to the extent that they remain unexpended.

The School also receives funding through donations and fundraising efforts, school lunch sales and local property tax collections.

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

➤ **Income Taxes**

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

➤ **Use of Estimates**

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

➤ **Subsequent Events**

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

2. CASH DEPOSITS

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned to the School. The School does not have a custodial credit risk policy. All cash deposits are held in banks that qualify as public depositories under Florida law. All such deposits are insured by federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

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3. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 2,926,815	\$ 304,054	-	\$ 3,230,869
Total Capital Assets Not Being Depreciated	<u>2,926,815</u>	<u>304,054</u>	<u>-</u>	<u>3,230,869</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	18,095,080	39,568	-	18,134,648
Furniture, Fixtures, and Equipment	3,440,754	210,207	-	3,650,961
Total Capital Assets Being Depreciated	<u>21,535,834</u>	<u>249,775</u>	<u>-</u>	<u>21,785,609</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(4,744,489)	(483,524)	-	(5,228,013)
Furniture, Fixtures, and Equipment	(2,883,409)	(200,274)	-	(3,083,683)
Total Accumulated Depreciation	<u>(7,627,898)</u>	<u>(683,798)</u>	<u>-</u>	<u>(8,311,696)</u>
Total Capital Assets Being Depreciated, Net	<u>13,907,936</u>	<u>(434,023)</u>	<u>-</u>	<u>13,473,913</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,834,751</u>	<u>\$ (129,969)</u>	<u>\$ -</u>	<u>\$ 16,704,782</u>

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

4. BONDS AND NOTE PAYABLE

Bonds and note payable at June 30, 2017, are as follows:

<u>Type of Debt</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>	<u>Type Rate</u>	<u>Annual Maturity To</u>
Bank Qualified Bonds:				
Regions Bank-Series 2011A	\$ 3,130,254	5.565%	FIX	2034
Regions Bank-Series 2011C	3,039,508	3.554%	VAR	2034
Regions Bank-Series 2011B	6,815,851	5.495%	FIX	2031
Note Payable:				
Regions Bank Land Purchase Note	<u>679,311</u>	3.974%	VAR	2021
Total Bonds & Note Payable	<u>\$ 13,664,924</u>			

The various bonds and note were issued to finance capital outlay projects of the School. The following is a description of bonds and note payable:

Bank Qualified Bond Series 2011-A & C: The School entered into a financing arrangement with the City of Palmetto, Florida and Regions Bank for Bonds that have a maximum issuance amount of \$7,000,000. In December 2010, the City of Palmetto issued \$3,500,000 of the authorized Industrial Development Revenue Bonds, Series 2011-A (tax exempt municipal bonds) and sold these bonds to Regions Bank. Under a promissory note and mortgage agreement, the City of Palmetto loaned the proceeds of the sale to the School to finance the purchase of land and construction of new school facilities to provide expanded school services. The obligations are secured by the new

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school facilities. The City of Palmetto then assigned its rights under the promissory note and mortgage to Regions Bank. Interest is applied with a forward-swap fixed interest rate at 5.565% which remains in effect until the maturity date. The June 30, 2017 principal balance of this portion of the debt is \$3,130,254. The School had previously entered into the financing arrangements described above in Bond Series 2011A and 2011B. The additional \$3,442,734 in proceeds for Bond Series 2011-C were provided through the similar arrangements. The additional proceeds were received during the 2012-13 fiscal year to purchase additional land & for the completions of the school building. Interest for this portion of the debt is applied with a variable interest rate, currently at 3.554% which remains in effect until the next interest review date. The June 30, 2017 principal balance of this portion of the debt is \$3,039,254. The maturity date of these notes is December 31, 2034, and includes a final principal payment of approximately \$1,185,310.

Bank Qualified Bond Series 2011-B: The School had previously entered into a financing arrangement with the City of Palmetto, Florida and Wachovia Bank. In December 2007, the City of Palmetto issued \$7,600,000 in Industrial Development Refunding Revenue Bonds, Series 2007-A and Series 2007-B (tax exempt municipal bonds) and sold these bonds to Wachovia Bank. Under a promissory note and mortgage agreement, the City of Palmetto loaned the proceeds of the sale to the School to finance additional capital improvements to the school. In December 2010, the City of Palmetto issued \$8,250,000 of authorized Industrial Development Revenue Refunding Bonds, Series 2011-B (tax exempt municipal bonds) and sold these bonds to Regions Bank. Under a promissory note and mortgage agreement, the City of Palmetto loaned the proceeds of the sale to the School to finance the repayment of the Series 2007-A and Series 2007-B bond series. The obligations are secured by the school facilities. The City of Palmetto then assigned its rights under the promissory note and mortgage to Regions Bank. Interest is applied with a forward-swap fixed interest rate, currently at 3.554% which remains in effect until the maturity date. The maturity date of the note is December 30, 2030, and includes a final principal payment of approximately \$1,659,490 on that date.

Note Payable – Land Purchase Loan: In July 2015 the School entered into a \$750,000 promissory note to provide funds for the purchase of land adjacent to the current School facilities. The promissory note contains various provisions and requires monthly principal and interest installments. The maturity date of this note is December 2030.

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Annual requirements to amortize all bonds and note outstanding as of June 30, 2017, are as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 978,360	\$ 549,772	\$ 428,588
2019	978,360	567,688	410,672
2020	978,360	586,189	392,171
2021	978,360	605,294	373,066
2022	978,360	623,815	354,545
2023-2027	4,891,797	3,334,377	1,557,420
2028-2032	6,197,823	5,224,392	973,431
2033-2037	2,286,427	2,173,397	113,030
Total	<u>\$ 18,267,847</u>	<u>\$ 13,664,924</u>	<u>\$ 4,602,923</u>

5. CHANGES IN LONG-TERM LIABILITIES

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
GOVERNMENTAL ACTIVITIES:					
Note Payable	\$ 720,411	\$ -	\$ (41,100)	\$ 679,311	\$ 40,834
Bonds Payable	13,416,314		(430,701)	12,985,613	508,938
Total Governmental Activities	<u>\$ 14,136,725</u>	<u>\$ -</u>	<u>\$ (471,801)</u>	<u>\$ 13,664,924</u>	<u>\$ 549,772</u>

6. OPERATING RESERVE

The School has established an Operating Reserve as required and established by the Bond issue documents and Bond issue amendment for the Bond Series 2011-A, 2011-B, and 2011-C described in Note 4 to the financial statements. For the fiscal year ended June 30, 2017, the School was required to establish an Operating Reserve of 10 percent of General Fund Expenses. The Operating Reserve amount totals \$1,247,685 and is reported as Restricted for Operating Reserve on the Statement of Net Position and as Restricted for Operating Reserve on the Balance Sheet – Governmental Funds financial statements.

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7. SCHEDULE OF STATE REVENUE SOURCES

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

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 9,087,038
Class Size Reduction	1,783,723
Student Transportation	579,488
Charter School Capital Outlay	555,475
ESE Guaranteed Allocation	391,941
Supplementary Academic Instruction	391,226
Instructional Materials	152,651
Discretionary Local Effort	90,208
Reading Allocation	83,301
Digital Classrooms Allocation	51,379
Safe Schools Allocation	45,495
Miscellaneous	36,000
Florida Teachers Classroom Assistance Program	35,000
Total State Revenue	<u><u>\$ 13,282,925</u></u>

The District receives a 2% administrative fee from the School due to High Performing Charter Status Designation earned by the State of Florida Department of Education, for the first 250 FTE which totaled \$31,851.

8. RETIREMENT PLAN

The School has an employee savings plan under Section 401(k) of the Internal Revenue code. This plan allows eligible employees to defer a portion of their income on a pretax basis through plan contributions. Employer contributions to the plan are determined annually by the board of Directors. Contributions are directed to individual employee's accounts, and the individual employees allocate contributions and account balances among various available investment choices, therefore, the School has no liability for the administration or payments of benefits of the plan, and accordingly, the present value of the related benefits is not reflected in these financial statements. The School contribution to the plan for the year ended June 30, 2017, was \$433,802.

9. OTHER COMMITMENTS AND CONTINGENT LIABILITIES

The School participates in state and federal 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, 2017, may be impaired.

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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.

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

10. FUNDING AND CREDIT RISK CONCENTRATIONS

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

11. RISK MANAGEMENT PROGRAM

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.

12. LEGAL MATTERS

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

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

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - (UNAUDITED)
For the Fiscal Year Ended June 30, 2017

	General Fund		
	Original/ Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental:			
Federal Through State and Local	\$ 524,552	\$ 524,552	\$ -
State Sources	13,282,925	13,282,925	-
Local and Other	1,101,932	1,048,630	(53,302)
Total Revenues	14,909,409	14,856,107	(53,302)
Expenditures:			
Current - Education:			
Instruction	7,670,607	7,601,646	68,961
Instructional Support Services	595,449	599,759	(4,310)
Board	12,500	12,500	-
School Administration	1,422,614	1,413,279	9,335
Facilities Acquisition & Construction	-	31,985	(31,985)
Fiscal Services	193,670	181,888	11,782
Food Services	504,231	503,464	767
Student Transportation Services	1,240,000	1,237,425	2,575
Operation of Plant	994,365	1,020,266	(25,901)
Maintenance of Plant	65,531	61,393	4,138
Community Services	389,362	365,926	23,436
Fixed Capital Outlay:			
Facilities Acquisition & Construction	264,073	304,054	(39,981)
Other Capital Outlay	297,189	249,775	47,414
Debt Service:			
Principal	507,783	471,801	35,982
Interest and Fiscal Charges	690,467	697,407	(6,940)
Total Expenditures	14,847,841	14,752,568	95,273
Net Change in Fund Balance	61,568	103,539	41,971
Fund Balance, July 1, 2016	1,282,547	1,282,547	-
Fund Balance, June 30, 2017	\$ 1,344,115	\$ 1,386,086	\$ 41,971

See Independent Auditor's Report.

RENAISSANCE ARTS AND EDUCATION, INC.
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A Charter School and Component Unit of the District School Board of Manatee County, Florida

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2017

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.

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 Renaissance Arts and Education, Inc.
d/b/a Manatee School for the Arts,
a Charter School and Component Unit of the District
School Board of Manatee 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 Renaissance Arts and Education, Inc. d/b/a Manatee School for the Arts (“School”), a charter school and component unit of the District School Board of Manatee County, Florida, as of and for the year ended June 30, 2017, 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 30, 2017.

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 30, 2017
Tampa, Florida

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

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

To the Board of Directors Renaissance Arts and Education, Inc.
d/b/a Manatee School for the Arts,
a Charter School and Component Unit of the District
School Board of Manatee County, Florida

Report on the Financial Statements

We have audited the financial statements of the Renaissance Arts and Education, Inc. d/b/a Manatee School for the Arts, a Charter School and Component Unit of the District School Board of Manatee County, Florida as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated September 30, 2017.

Auditor's Responsibility

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

Other Reports and Schedules

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated September 30, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Renaissance Arts and Education, Inc. d/b/a Manatee School for the Arts.

Financial Condition

Sections 10.854(1)(e)2., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether the School maintains on its 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.

Other Matters

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

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

Purpose of this Letter

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

Respectfully submitted,

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

September 30, 2017
Tampa, Florida