

**RENAISSANCE ELEMENTARY
CHARTER SCHOOL**
(A COMPONENT UNIT OF THE SCHOOL
BOARD OF MIAMI-DADE COUNTY, FLORIDA)

**BASIC FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

June 30, 2005

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KEEFE, McCULLOUGH & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

RENAISSANCE ELEMENTARY CHARTER SCHOOL
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
June 30, 2005

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Renaissance Elementary Charter School
Miami, Florida

We have audited the accompanying basic financial statements of the governmental activities, the General Fund, and the remaining fund information of Renaissance Elementary Charter School (the School), a component unit of the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2005, as listed in the table of contents. These basic financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the General Fund, and the remaining fund information of the School as of June 30, 2005, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 5, 2005, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Renaissance Elementary Charter School

The management's discussion and analysis on pages 3 through 7, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Keefe, McCullough & Co., LLP
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
August 5, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

RENAISSANCE ELEMENTARY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005

As management of Renaissance Elementary Charter School (the School), a component unit of the School Board of Miami-Dade County, Florida, we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2005.

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

FINANCIAL HIGHLIGHTS

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

- Changes in net assets at the School as of June 30, 2005 were \$ (45,669). The primary reason for the decrease in net assets from 2004 to 2005 was due to an increase in the School's rent expense relative to prior years.
- As of June 30, 2005, the School had no change in fund balance as compared to June 30, 2004.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

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

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

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

RENAISSANCE ELEMENTARY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005

The government-wide financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instructional support services.

The government-wide financial statements can be found on pages 8 and 9 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

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

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

The School maintains only one governmental fund type, which is the General Fund. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balance for the General Fund.

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

The governmental fund financial statements can be found on pages 10 and 12 of this report.

Agency fund

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

The basic agency fund financial statement can be found on page 15 of this report.

RENAISSANCE ELEMENTARY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005

Notes to basic financial statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 16 through 22 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning revenues and expenditures presented in a "management format" for the School's General Fund. Supplementary information can be found on page 23 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The School has been in operation for six years; therefore, comparative government-wide data is presented. The School's net assets were \$ 414,648 at June 30, 2005. Of this amount, \$ 332,828 represents unrestricted net assets and \$ 81,820 represents amounts invested in capital assets, net of related debt. The School's net assets were \$ 460,317 at June 30, 2004. Of this amount, \$ 332,828 represented unrestricted net assets and \$ 127,489 represented amounts invested in capital assets, net of related debt. See "Financial Highlights" on page 3 of this report for an explanation of the reason for the change in net assets.

Our analysis in the table below focuses on the net assets of the School's governmental activities:

Renaissance Elementary Charter School
Net Assets

	<u>June 30,</u> <u>2005</u>	<u>June 30,</u> <u>2004</u>
ASSETS:		
Current and other assets	\$ 491,870	\$ 604,019
Capital assets, net of depreciation	<u>81,820</u>	<u>127,489</u>
Total assets	<u>573,690</u>	<u>731,508</u>
LIABILITIES:		
Current liabilities	<u>159,042</u>	<u>271,191</u>
Total liabilities	<u>159,042</u>	<u>271,191</u>
NET ASSETS:		
Invested in capital assets, net of related debt	81,820	127,489
Unrestricted	<u>332,828</u>	<u>332,828</u>
Total net assets	\$ <u>414,648</u>	\$ <u>460,317</u>

RENAISSANCE ELEMENTARY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005

Governmental activities

The results of this year's operations for the School as a whole are reported in the statement of activities on page 9. The table below provides a condensed presentation of the School's revenues and expenses for the years ended June 30, 2005 and 2004:

Renaissance Elementary Charter School
Changes in Net Assets

	<u>June 30,</u> <u>2005</u>	<u>June 30,</u> <u>2004</u>
REVENUES:		
General revenues	\$ 2,498,148	\$ 2,521,552
Program revenues	<u>669,693</u>	<u>527,642</u>
Total revenues	<u>3,167,841</u>	<u>3,049,194</u>
FUNCTIONS/PROGRAM EXPENSES:		
Instruction	1,294,255	1,449,245
Instructional support services	1,302,755	1,285,311
Operation of noninstructional services	410,919	60,841
Community and other services	<u>205,581</u>	<u>182,731</u>
Total governmental activities	<u>3,213,510</u>	<u>2,978,128</u>
Increase (decrease) in net assets	\$ <u>(45,669)</u>	\$ <u>71,066</u>

Program revenues increased from 2004 to 2005 as a result of:

- Increase in revenue from Florida Teacher Mentor Grant (from \$ 72,499 to \$ 147,500).
- Increase in enrichment program revenue (from \$ 5,605 to \$ 76,659).

Governmental fund expenditures

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

Functions/Programs	2005		2004	
	<u>Expenditures</u>	<u>Percent</u>	<u>Expenditures</u>	<u>Percent</u>
Governmental expenditures				
Instructional expenditures	\$ 1,256,615	39.7%	\$ 1,400,184	43.8%
Administrative services	273,218	8.6%	573,515	17.9%
Plant operations and maintenance	877,108	27.7%	626,086	19.6%
Other instructional support services	399,057	12.6%	51,119	1.6%
All other functions/programs	<u>361,843</u>	<u>11.4%</u>	<u>547,725</u>	<u>17.1%</u>
Total governmental expenditures	\$ <u>3,167,841</u>	<u>100.0%</u>	\$ <u>3,198,629</u>	<u>100.0%</u>

RENAISSANCE ELEMENTARY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2005

General Fund budgetary highlights

An operating budget was adopted and maintained by the governing board for the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements, except for the reporting of a 5% administration fee retained by the School Board. There were no amendments to the budget during the fiscal year ended June 30, 2005.

Actual revenues exceeded budgeted amounts. The variance was primarily due to increases in food service revenue, before and aftercare revenue and enrichment program revenue. Expenditures exceeded budgeted amounts by approximately 2%. Increases in expenditures were due to increased food service expense and expenses related to the before and aftercare and enrichment programs.

Capital assets and debt administration

Capital assets

At June 30, 2005, the School had capital assets of \$ 81,820, net of accumulated depreciation, invested in computers, furniture and equipment and leasehold improvements as compared to \$ 127,489 at June 30, 2004.

Economic factors and next year's budget

The State of Florida has approved an increase in education funding of approximately 5%. The School has amended its original charter to allow for a separately chartered middle school. As a result, the School has reduced its enrollment capacity by 50 students to allow for the addition of a sixth grade. Expenses will be correspondingly reduced as a result of this change. These factors were all considered in the preparation of the School's budget for the fiscal year 2005-2006.

Requests for information

If you have any questions about this report or need additional information, please write Lorrie Davidson, Controller, Charter Schools USA, 6425 North Federal Highway, 5th Floor, Fort Lauderdale, Florida 33308.

BASIC FINANCIAL STATEMENTS

RENAISSANCE ELEMENTARY CHARTER SCHOOL
STATEMENT OF NET ASSETS
June 30, 2005

A S S E T S

	Governmental <u>Activities</u>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 435,373
Due from management company	10,502
Due from other governments	15,926
Due from agency fund	14,249
Due from other schools	1,935
Prepaid expenses and other assets	5,455
Deposits	<u>8,430</u>
Total current assets	491,870
NONCURRENT ASSETS:	
Capital assets, net of accumulated depreciation	<u>81,820</u>
Total assets	<u>573,690</u>

L I A B I L I T I E S A N D N E T A S S E T S

CURRENT LIABILITIES:	
Accounts payable and accrued liabilities	157,910
Due to agency fund	<u>1,132</u>
Total current liabilities	<u>159,042</u>
NET ASSETS:	
Invested in capital assets, net of related debt	81,820
Unrestricted	<u>332,828</u>
Total net assets	\$ <u><u>414,648</u></u>

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

RENAISSANCE ELEMENTARY CHARTER SCHOOL
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2005

		<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges</u>	<u>Operating</u>	<u>Capital</u>	<u>Activities</u>
	<u>Expenditures</u>	<u>for</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Net Revenue</u>
		<u>Services</u>	<u>Contributions</u>	<u>Contributions</u>	<u>(Expense) and</u>
					<u>Change in</u>
					<u>Net Assets</u>
FUNCTIONS/PROGRAMS:					
Instruction:					
Regular instruction	\$ 1,160,975	\$ --	\$ 147,500	\$ --	\$ (1,013,475)
Exceptional instruction	133,280	--	--	--	(133,280)
Instructional support services:					
Pupil services	99,358	--	--	--	(99,358)
Instructional services	496	--	--	--	(496)
Administrative services	275,754	--	--	--	(275,754)
Plant operations and maintenance	896,591	--	--	188,955	(707,636)
Transportation	30,556	--	--	--	(30,556)
Operation of noninstructional services:					
Food services	141,146	42,798	--	--	(98,348)
Board services	18,597	--	--	--	(18,597)
Fiscal services	249,355	--	--	--	(249,355)
Central services	1,821	--	--	--	(1,821)
Community services	<u>205,581</u>	<u>290,440</u>	<u>--</u>	<u>--</u>	<u>84,859</u>
Total governmental activities	\$ <u>3,213,510</u>	\$ <u>333,238</u>	\$ <u>147,500</u>	\$ <u>188,955</u>	<u>(2,543,817)</u>
General revenues:					
Grants and entitlements					2,491,821
Interest and other					<u>6,327</u>
Total general revenues					<u>2,498,148</u>
Change in net assets					(45,669)
Net assets, July 1, 2004					<u>460,317</u>
Net assets, June 30, 2005					\$ <u>414,648</u>

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

RENAISSANCE ELEMENTARY CHARTER SCHOOL
BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2005

A S S E T S

	General Fund
ASSETS:	
Cash and cash equivalents	\$ 435,373
Due from management company	10,502
Due from other governments	15,926
Due from agency fund	14,249
Due from other schools	1,935
Prepaid expenditures and other assets	5,455
Deposits	<u>8,430</u>
Total assets	\$ <u>491,870</u>

L I A B I L I T I E S A N D F U N D B A L A N C E

LIABILITIES:	
Accounts payable and other accrued liabilities	\$ 157,910
Due to agency fund	<u>1,132</u>
Total liabilities	<u>159,042</u>

FUND BALANCE:	
Reserved for:	
Prepaid expenditures and other assets	5,455
Unrestricted	<u>327,373</u>
Total fund balance	<u>332,828</u>
Total liabilities and fund balance	\$ <u>491,870</u>

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

RENAISSANCE ELEMENTARY CHARTER SCHOOL
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND
TO THE STATEMENT OF NET ASSETS (DEFICIT)
June 30, 2005

Total fund balance - governmental fund	\$ 332,828
--	------------

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

Capital assets used in governmental activities are not
financial resources and therefore are not reported
in the fund.

The cost of capital assets is	\$ 428,494	
Accumulated depreciation is	<u>(346,674)</u>	<u>81,820</u>

Net assets of governmental activities	\$ <u><u>414,648</u></u>
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The accompanying notes to basic financial statements are an integral part of these statements.

RENAISSANCE ELEMENTARY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE -
GOVERNMENTAL FUND
For the Year Ended June 30, 2005

	<u>General Fund</u>
REVENUES:	
State sources	\$ 2,681,503
Local sources	195,898
Aftercare	<u>290,440</u>
Total revenues	<u>3,167,841</u>
EXPENDITURES:	
Current:	
Instruction:	
Regular instruction	1,123,335
Exceptional instruction	133,280
Instructional support services:	
Pupil services	98,418
Instructional services	310
Administrative services	273,218
Plant operations and maintenance	877,108
Transportation	30,556
Board services	18,597
Fiscal services	249,355
Central services	1,821
Community services	205,581
Operation of noninstructional services:	
Food services	141,146
Capital outlay:	
Site, building and equipment	<u>15,116</u>
Total expenditures	<u>3,167,841</u>
Net change in fund balance	--
FUND BALANCE, July 1, 2004	<u>332,828</u>
FUND BALANCE, June 30, 2005	\$ <u><u>332,828</u></u>

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

RENAISSANCE ELEMENTARY CHARTER SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGE IN FUND BALANCE OF
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2005

NET INCREASE IN FUND BALANCE - TOTAL
GOVERNMENTAL FUND, PAGE 12

\$ --

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

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

The cost of property and equipment purchased	\$	15,116		
Provision for depreciation		<u>(60,785)</u>		<u>(45,669)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL
ACTIVITIES, PAGE 9

\$ (45,669)

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

RENAISSANCE ELEMENTARY CHARTER SCHOOL
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2005

	<u>Original Final/Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
State sources	\$ 2,720,459	\$ 2,812,577	\$ 92,118
Local sources	150,000	195,898	45,898
Aftercare	<u>194,400</u>	<u>290,440</u>	<u>96,040</u>
Total revenues	<u>3,064,859</u>	<u>3,298,915</u>	<u>234,056</u>
EXPENDITURES:			
Instruction:			
Regular instruction	1,288,045	1,123,335	164,710
Exceptional instruction	108,817	133,280	(24,463)
Instructional support services:			
Pupil services	--	98,418	(98,418)
Instructional services	500	310	190
Administrative services	273,917	273,218	699
Plant operations and maintenance	913,677	877,108	36,569
Transportation	41,400	30,556	10,844
Board services	16,000	18,597	(2,597)
Fiscal services	184,756	249,355	(64,599)
Central services	134,794	132,895	1,899
Community services	63,514	205,581	(142,067)
Operation of noninstructional services:			
Food services	87,531	141,146	(53,615)
Site, building and equipment	<u>13,000</u>	<u>15,116</u>	<u>(2,116)</u>
Total expenditures	<u>3,125,951</u>	<u>3,298,915</u>	<u>(172,964)</u>
Net change in fund balance	\$ <u>(61,092)</u>	\$ <u>--</u>	\$ <u>(61,092)</u>

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

RENAISSANCE ELEMENTARY CHARTER SCHOOL
STATEMENT OF NET ASSETS - AGENCY FUND
June 30, 2005

A S S E T S

	<u>Student Activity</u>
ASSETS:	
Cash	\$ 37,539
Due from management company	<u>1,132</u>
Total assets	\$ <u>38,671</u>

L I A B I L I T I E S

LIABILITIES:	
Due to other funds	\$ 14,249
Due to students	<u>24,422</u>
Total liabilities	\$ <u>38,671</u>

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

RENAISSANCE ELEMENTARY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2005

NOTE 1 - ORGANIZATION AND OPERATIONS

Renaissance Elementary Charter School (the School) is a division of Renaissance Elementary Charter School, Inc., and is established as a public charter elementary school for students from kindergarten to fifth grade in Miami-Dade County. As of June 30, 2005, approximately 489 students were enrolled in the School. The entity was organized in August 1998 as a Florida nonprofit corporation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity:

The School operates under a charter granted by the sponsoring School District, the Miami-Dade County Public School District. The current charter is effective until June 30, 2010, and may be renewed in increments of five years by mutual written agreement between the School and the Sponsor. 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 which case the District is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the Miami-Dade County Public School District.

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

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

Basis of presentation:

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting guide - Not-for-Profit Organizations and provisions of Section 228.056(10), Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

Government-wide Statements:

The School's basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All of the School's activities are classified as governmental activities.

In the government-wide statement of net assets, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full accrual, economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations.

RENAISSANCE ELEMENTARY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The net costs, by function, are also supported by general revenues (unrestricted contributions, investment earnings, miscellaneous revenue, etc.). The statement of activities reduces gross expenses (including provision for depreciation) by related program revenues, operating and capital grants and contributions. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

This government-wide focus is more on the ability to sustain the School as an entity and the change in the School's net assets resulting from the current year's activities.

Fund Financial Statements:

The accounts of the School are organized on the basis of funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures.

The General Fund is employed in accounting for the financial activities of the School. It is a governmental fund type and is used to account for all financial transactions.

Measurement focus and basis of accounting:

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the governmental-wide statement uses the economic resources measurement focus.

Governmental activity in the government-wide financial statements is presented on the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

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

Cash and cash equivalents:

The School considers all demand accounts and money market funds which are not subjected to withdrawal restrictions to be cash and cash equivalents.

The School maintains its cash accounts with two financial institutions. The School's accounts at these institutions, at times, may exceed the Federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk.

Revenue recognition:

Student funding is provided by the State of Florida through the School Board. Such funding is recorded as entitlement revenue in the government-wide financial statements and state source revenue in the fund financial statements and is net of a 5% administration fee retained by the School

RENAISSANCE ELEMENTARY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Board. This funding is received on a prorata basis over a twelve month period and is adjusted for changes in full-time equivalent (FTE) student population.

Income taxes:

The School is a nonprofit corporation whose revenue is derived primarily from other governmental entities. The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these basic financial statements.

Use of estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Capital assets:

Property and equipment purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with an initial cost of \$ 750 and useful life of over one year. Donated property and equipment assets are valued at the estimated fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related fixed assets. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Computer equipment	3-5 years
Leasehold improvements, other than building	3-5 years
Furniture and equipment	5-8 years

Net assets:

Net assets are classified in two categories. The general meaning of each is as follows:

Invested in capital assets, net of related debt - represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Unrestricted - indicates that portion of net assets that is available to fund future operations.

RENAISSANCE ELEMENTARY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund balance:

Fund balance is classified in two categories. The general meaning of each is as follows:

Reserved - indicates the portion of fund balance not available for appropriation in subsequent periods or is legally segregated for a specific future use. These amounts do not represent available spendable resources.

Unreserved - indicates the portion of fund balance available to fund future operations.

Budget:

An operating budget is adopted and maintained by the governing board for the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the financial statements, except for the reporting of a 5% administration fee retained by the School Board.

A reconciliation of the General Fund presented on a budgetary basis to the amount presented in accordance with generally accepted accounting principles (GAAP) is as follows:

	<u>Revenues and Other Financing Sources</u>	<u>Expenditures</u>
Budgetary basis	\$ 3,298,915	\$ 3,298,915
Less: 5% administration fee retained by the School Board included as revenue and expenditures on a budgetary basis	<u>(131,074)</u>	<u>(131,074)</u>
GAAP basis	\$ <u>3,167,841</u>	\$ <u>3,167,841</u>

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2005, the carrying amount of the deposits and cash on hand totaled \$ 472,912 with a bank balance of \$ 479,840.

State statutes require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as "qualified public depositories" as defined by Chapter 280 of the Florida Statutes. This Statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the Treasurer is defined by the Statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public entity at June 30, 2005.

RENAISSANCE ELEMENTARY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2005

NOTE 4 - DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2005 consists of amounts due from the School Board for Capital Outlay.

NOTE 5 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2005 are as follows:

	Balance at July 1, 2004	Additions	Deletions	Balance at June 30, 2005
Capital assets, depreciable:				
Furniture and equipment	\$ 116,979	\$ 10,076	\$ --	\$ 127,055
Computer equipment	199,846	2,250	--	202,096
Leasehold improvements	<u>96,553</u>	<u>2,790</u>	<u>--</u>	<u>99,343</u>
	<u>413,378</u>	<u>15,116</u>	<u>--</u>	<u>428,494</u>
Accumulated depreciation:				
Furniture and equipment	58,011	15,887	--	73,898
Computers	159,525	25,689	--	185,214
Leasehold improvements	<u>68,353</u>	<u>19,209</u>	<u>--</u>	<u>87,562</u>
	<u>285,889</u>	<u>60,785</u>	<u>--</u>	<u>346,674</u>
Net capital assets	\$ <u>127,489</u>	\$ <u>(45,669)</u>	\$ <u>--</u>	\$ <u>81,820</u>

Provision for depreciation was charged to governmental activities as follows:

Instruction - regular	\$ 37,640
Instructional support services - pupil services	940
Instructional support services - instruction	186
Instructional support services - administration	2,536
Instructional support services - plant operations and maintenance	<u>19,483</u>
	\$ <u>60,785</u>

NOTE 6 - LEASES

The School entered into an operating lease agreement for the use of its premises. The lease expires in June 2019 and requires monthly payments of \$ 47,283. In addition, the School is required to pay a portion of the operating expenses associated with the leased premises.

The School also leases office equipment under operating lease agreements which expires in July 2005 and requires monthly payments of \$ 892.

RENAISSANCE ELEMENTARY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2005

NOTE 6 - LEASES (continued)

Future minimum principal payments required under long-term noncancelable operating leases at June 30, 2005 are approximately as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Operating</u> <u>Leases</u>
2006	\$ 568,300
2007	567,400
2008	567,400
2009	567,400
2010	567,400
Thereafter	5,106,500

Rent expense totaled \$ 567,396 for the year ended June 30, 2005.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

The School has a formal agreement with Charter Schools USA, Inc. (CSUSA) to manage, staff, and operate the School. The agreement states that CSUSA shall receive all revenues minus certain expenses paid by the Board directly as its gross revenue, from which it pays all other operating costs of the School identified in the budget approved by the Board. CSUSA is entitled to retain as compensation for its services the difference, if any, between the amount of the School's revenues and the amount of revenues expended by CSUSA in the course of operation and management of the School. The agreement expires in August 2019.

For the fiscal year ended June 30, 2005, the amount of compensation received by CSUSA was \$ 311,360, which represented compensation for operating the School as well as the aftercare program.

The basic financial statements reflect a receivable from the management company which totaled \$ 10,502 as of June 30, 2005.

NOTE 8 - CAPITAL APPROPRIATIONS FUNDING

The Florida Department of Education has approved a Charter School Capital Outlay (CSCO) award for the School. In each year that funds are appropriated by the state for charter school capital outlay purposes those funds are allocated among eligible charter schools. The funds for the School's allocation are transferred to the School once a CSCO Plan has been provided to and approved by the sponsoring district. The School's CSCO Award totaled \$ 188,955 for the 2004-2005 school year which has been recognized as revenue in the accompanying basic financial statements. If the CSCO funds are used to acquire tangible property assets, the School Board has a reversionary interest in those assets. In the event of nonrenewal, termination, or breach of the charter school agreement, ownership of the assets would automatically revert to the School Board. The School has elected to use these funds to pay its portion of the lease expense on the facility.

RENAISSANCE ELEMENTARY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2005

NOTE 9 - RISK FINANCING

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

As disclosed in Note 7, CSUSA employs all of the employees of the School. As a result, the School is not exposed to medical or workers' compensation claims for these individuals. In addition, CSUSA carries all required insurance including, but not limited to, general liability and errors and omissions insurance.

SUPPLEMENTARY INFORMATION

RENAISSANCE ELEMENTARY CHARTER SCHOOL
STATEMENT OF REVENUES AND EXPENDITURES -
GENERAL FUND - MANAGEMENT FORMAT
For the Year Ended June 30, 2005

	Account	300 Purchased Services	400 Energy Services	500 Materials and Supplies	600 Capital Outlay	700 Other Expenses	Totals
Revenues:							
State sources	3300						\$ 2,812,577
Local sources	3400						195,898
Aftercare							<u>290,440</u>
Total revenues							<u>3,298,915</u>
Expenditures:							
Instruction	5000	\$ 1,212,846	\$ --	\$ 43,769	\$ --	--	1,256,615
Pupil services	6100	98,418	--	--	--	--	98,418
Instruction and curriculum development	6400	310	--	--	--	--	310
Board	7100	18,597	--	--	--	--	18,597
School administration	7300	259,034	--	14,184	--	--	273,218
Fiscal services	7500	249,355	--	--	--	--	249,355
Food service	7600	60,304	--	80,842	--	--	141,146
Central services	7700	132,895	--	--	--	--	132,895
Pupil transportation services	7800	30,556	--	--	--	--	30,556
Operation of plant	7900	786,060	48,121	4,335	--	1,684	840,200
Maintenance of plant	8100	36,908	--	--	--	--	36,908
Community service	9100	202,815	--	2,766	--	--	205,581
Capital outlay:							
Site, building and equipment	9300	--	--	--	15,116	--	15,116
Debt service:							
Redemption of principal	9200	--	--	--	--	--	--
Total expenditures		\$ 3,088,098	\$ 48,121	\$ 145,896	\$ 15,116	\$ 1,684	<u>3,298,915</u>
Net change in fund balance							\$ --

**OTHER INDEPENDENT
AUDITORS' REPORTS**



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**INDEPENDENT AUDITORS' 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 Elementary Charter School
Miami, Florida

We have audited the basic financial statements of governmental activities, the General Fund, and the remaining fund information of Renaissance Elementary Charter School (the School), a component unit of the School Board of Miami-Dade County, Florida, as of June 30, 2005, and have issued our report thereon dated August 5, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

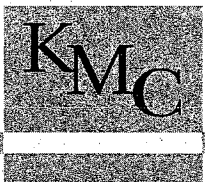
As part of obtaining reasonable assurance about whether the School's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic 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.

Renaissance Elementary Charter School

This report is intended solely for the information and use of School's management, Board of Directors, the Auditor General of the State of Florida and various other governmental agencies and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report which is a matter of public record.

Keefe, McCullough & Co., LLP
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
August 5, 2005



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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Renaissance Elementary Charter School
Miami, Florida

This letter is written in connection with our audit of the basic financial statements of Renaissance Elementary Charter School (the School), a component unit of the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2005. The purpose of this letter is to communicate to you any comments and recommendations, and to comply with the requirements of Chapter 10.850 Rules of the Auditor General, Rule 10.854(1)(d).

The following statements relate to requirements of the Auditor General:

1. There were no inaccuracies, irregularities, shortages, defalcations, fraud and/or violations of laws, rules or regulations reported for the preceding audit. Prior year contractual provisions violated and their status appear on pages 28 and 29.
2. There were recommendations made relating to the preceding audit and the status of these items are reported on the internal control comments and recommendations on pages 28 through 29.
3. There were no recommendations to improve the School's financial management, accounting procedures, and internal controls.
4. There were no violations of laws, rules, regulations, and contractual provisions discovered during our audit.
5. There were no illegal or improper expenditures discovered within the scope of the financial audit which may or may not materially affect the basic financial statements.
6. There were no other matters requiring correction which may or may not materially affect the basic financial statements reported on, including, but not limited to: improper or inadequate accounting procedures, failures to properly record financial transactions, or other inaccuracies, shortages, defalcations and instances of fraud or other reportable conditions.

Renaissance Elementary Charter School

This report is intended solely for the use and information of the School's management, the Board of Directors, the Auditor General of the State of Florida and other governmental agencies, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Keefe, McCullough & Co., LLP
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
August 5, 2005

RENAISSANCE ELEMENTARY CHARTER SCHOOL
INTERNAL CONTROL COMMENTS AND RECOMMENDATIONS
June 30, 2005

CURRENT YEAR COMMENTS AND RECOMMENDATIONS

None

PRIOR YEAR COMMENTS AND RECOMMENDATIONS

	<u>STILL APPLICABLE</u>	<u>IMPLEMENTED OR NO LONGER RELEVANT</u>
A. Reportable Conditions in Internal Control		
IC 04-1 - Recording of Trade Accounts Payable		
The School's management should implement procedures to allow it to both identify and record all obligations in the appropriate accounting period. The School should also establish monitoring procedures to ensure all costs of the School are captured and reported in a timely manner.		X
IC 04-2 - Compliance Monitoring		
The School should establish a monitoring process to ensure the School is in compliance with the County Charter Agreement and its management agreement.		X
IC 04-3 - Grant Documentation		
The School should track all grant awards, have controls in place to ensure compliance with requirements, and record and maintain all necessary supporting information. The School should also establish a monitoring system to ensure CSUSA is meeting its obligations under the management agreement.		X
IC 04-4 - Posting Entries and Reconciling Balances		
The School should post entries and reconcile account balances in a timely manner. Also, the School should establish monitoring procedures to ensure all of the School's accounting and finances are completed on a timely basis.		X
B. Compliance Findings		
CF 04-1 - Quarterly Financial Statements		
The School should establish a monitoring system to ensure CSUSA is meeting its obligations under the management agreement including submitting reports in a timely manner.		X

RENAISSANCE ELEMENTARY CHARTER SCHOOL
INTERNAL CONTROL COMMENTS AND RECOMMENDATIONS
(continued)
June 30, 2005

PRIOR YEAR COMMENTS AND RECOMMENDATIONS (continued)

	<u>STILL APPLICABLE</u>	<u>IMPLEMENTED OR NO LONGER RELEVANT</u>
CF 04-2 - Audited Financial Statements		
The School's management should submit the annual audited financial statements as set forth in the Charter Agreement and establish a monitoring system to ensure the management company is meeting its obligations under the management agreement.		X
CF 04-3 - Deposits Held by Qualified Public Depositories		
The School should identify itself as a public entity to minimize its credit risk.		X