

WAYMAN ACADEMY OF THE ARTS, INC.

A Charter School and a Component Unit of
the Duval County School District

BASIC FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
for the Year Ended June 30, 2018

Wayman Academy of the Arts, Inc.
 Basic Financial Statements and
 Independent Auditors' Report
 June 30, 2018

TABLE OF CONTENTS

| | <u>Pages</u> |
|---|--------------|
| BASIC FINANCIAL STATEMENTS | |
| Independent Auditors' Report | 3-4 |
| Management's Discussion and Analysis (Unaudited) | 5-10 |
| Basic Financial Statements: | |
| <i>Government-Wide Financial Statements:</i> | |
| Statement of Net Position (Deficit) | 12 |
| Statement of Activities | 13 |
| <i>Fund Financial Statements:</i> | |
| Balance Sheet - Governmental Funds | 14 |
| Reconciliation of Balance Sheet to the Statement of Net Net Position (Deficit) - Governmental Funds | 15 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 16 |
| Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balance - Governmental Funds | 17 |
| <i>Notes to Basic Financial Statements</i> | 18-27 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Statement of Revenue and Expenditures – Budget and Actual – General Fund (<i>Unaudited</i>) | 29 |
| Statement of Revenue and Expenditures – Budget and Actual – Special Revenue Fund (<i>Unaudited</i>) | 30 |
| Statement of Revenue and Expenditures – Budget and Actual – Capital Projects Fund (<i>Unaudited</i>) | 31 |
| OTHER INDEPENDENT AUDITOR'S REPORTS | |
| Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i> | 33-34 |
| Management Letter as required by Rules of the Florida Auditor General, Chapter 10.850, Florida Statutes, Charter School Audits | 35-37 |
| Communication With Those Charged With Governance | 38-39 |

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Wayman Academy of the Arts, Inc.,
a Charter School and a Component Unit of the
Duval County School District
1176 LaBelle Street
Jacksonville, FL 32205

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Wayman Academy of the Arts, Inc. (the "Academy"), a component unit of Duval County School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Wayman Academy of the Arts, Inc., as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then 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 and budgetary comparison information on pages 5–10 and 28-31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2018, on our consideration of Wayman Academy of the Arts, Inc.'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 Wayman Academy of the Arts, Inc.'s internal control over financial reporting and compliance.



Darryl R. Jackson, CPA, P.A.
Jacksonville, Florida
September 28, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Academy's financial statements presents management's analysis of the Academy's financial performance during the fiscal year that ended on June 30, 2018. The purpose of this discussion and analysis is to assist the reader in focusing on significant financial issues, provide an overview and analysis of the Academy, identify changes in the Academy's financial position, identify material deviations from the approved budget, and highlight significant issues in individual funds. Please read it in conjunction with the financial statements, which follow this section.

Financial Highlights

- The Academy adopted the provisions of GASB Statement Nos. 34, 37 and 38 in fiscal year 2002. Adoption of these Statements changed the reporting format of the Academy's financial statements.
- The Academy's total net position increased by \$3,488 in 2018, and decreased by \$6,204 in 2017. The 2018 increase was attributable to a reduction in plant operating costs and other expenses, while the 2017 decrease was primarily to an increase in certain operating expenses such as instruction, instructional staff training, and transportation expenses. Enrollment was basically unchanged, at 292 students. Student enrollment was 291 in 2017, and 288 in 2016.
- Operating revenue for 2018 remained virtually the same as 2017, which reflects the similar enrollment numbers. Operating revenue for 2017 increased .46% over 2016, as a result of slightly higher enrollment in comparison to 2016.
- Operating expenses slightly decreased by .12% in 2018, primarily due to lower plant operating costs. Operating expenses increased by 2.49% in 2017, primarily due to higher instruction, training, and transportation costs.

Overview of Financial Statements

The financial statements consist of two parts: Management's Discussion and Analysis and the Basic Financial Statements. The Basic Financial Statements also include notes that explain in more detail some of the information in the Basic Financial Statements.

The Basic Financial Statements consist of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Academy as a whole and present a longer-term view of the Academy's finances. Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Academy's operations in more detail than the entity-wide statements by providing information at the individual fund level.

Government-Wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the Academy that are principally supported by district, state, and federal funding (governmental activities). Basic instruction, exceptional instruction, and food services are examples of the Academy's governmental activities.

The government-wide financial statements include only the Academy itself, which is a component unit of the School Board of Duval County, Florida. The School Board of Duval County, Florida includes the operations of the Academy in their operational results.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund Financial Statements

A fund is a collection of related accounts grouped together to maintain control over resources that have been segregated for specific activities or objectives. The Academy, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the Academy are presented in governmental funds only.

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 on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government'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 in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the near-term financing decisions. Both the governmental fund balance sheet and the Academy's statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Academy maintains various individual government funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. The Academy reports the general fund as its only major fund.

The basic governmental fund financial statements can be found on pages 14 through 17 of this report.

The Academy adopts an annual appropriated budget for its entire operations. Budgetary comparison schedules with required notes have been provided to demonstrate compliance with this budget and can be found on pages 28 through 31 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 18 of this report.

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the Academy's financial position. In the case of the Academy, assets exceeded liabilities (net position) by \$550,680 and \$547,192 for the years ended June 30, 2018 and June 30, 2017, respectively.

The largest portion of net position is the unrestricted portion. Another portion of the Academy's net position reflects its investment in capital assets (e.g., land, furniture, fixtures and equipment and software). The Academy uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

Comparison of the condensed statement of net position and the statement of activities are provided below.

A summary of the Academy's Statement of Net Position is presented in Table A-1.

| <i>Table A-1 Condensed Statement of Net Assets</i> | <u>2018</u> | <u>2017</u> |
|---|-------------------|-------------------|
| Assets | | |
| Current assets | \$ 337,567 | \$ 305,636 |
| Property and equipment, net of accumulated depreciation | <u>251,230</u> | <u>283,875</u> |
| Total assets | <u>\$ 588,797</u> | <u>\$ 589,511</u> |
| Liabilities and net assets | | |
| Current liabilities | <u>\$ 38,117</u> | <u>\$ 42,319</u> |
| Total liabilities | 38,117 | 42,319 |
| Net assets: | | |
| Unrestricted | 299,450 | 263,317 |
| Restricted | - | - |
| Net investment in capital assets | <u>251,230</u> | <u>283,875</u> |
| Total net position (deficit) | <u>550,680</u> | <u>547,192</u> |
| Total liabilities and net position (deficit) | <u>\$ 588,797</u> | <u>\$ 589,511</u> |

Current assets increased over the prior year primarily due to increases in cash and receivables. Other assets decreased over the prior year primarily due to depreciation expense.

Net position consists of amounts invested in capital assets (original costs of capital assets, net of related accumulated depreciation) and unrestricted net position, which relate to the residual amounts left after all operations of the Academy have been paid for. This amount will be used to fund future operations not covered through normal operations.

While the Statement of Net Position shows the change in financial position of net assets, the Statement of Activities provides answers as to the nature and source of these changes. Table A-2 provides an overview of the Statement of Activities:

| <i>Table A-2 Condensed Statement of Activities</i> | <u>2018</u> | <u>2017</u> |
|--|-------------------|-------------------|
| Revenues | | |
| Florida Education Finance Program | \$ 2,119,693 | \$ 2,064,404 |
| Federal through state Title 1 & II funding | 186,763 | 273,405 |
| Public Education Capital Outlay | 144,636 | 102,529 |
| School lunch program | 248,697 | 253,329 |
| Local sources | <u>741</u> | <u>479</u> |
| Total revenue | <u>2,700,530</u> | <u>2,694,146</u> |
| Expenses | | |
| Instruction | \$ 1,119,991 | \$ 991,454 |
| Pupil personnel services | 3,317 | 44,429 |
| Instructional staff training services | 15,566 | 110,036 |
| School administration | 595,013 | 548,180 |
| Facilities acquisition and construction | 360,000 | 360,000 |
| Fiscal Services | 66,000 | 66,000 |
| Food services | 181,635 | 201,388 |
| Pupil transportation services | 112,634 | 117,362 |
| Operation of plant | 175,757 | 205,436 |
| Maintenance of plant | - | - |
| Interest on long term debt | - | - |
| Depreciation | <u>67,129</u> | <u>56,065</u> |
| Total expense | <u>2,697,042</u> | <u>2,700,350</u> |
| Change in net position (deficit) | 3,488 | (6,204) |
| Net position (deficit), July 1, 2017 | <u>547,192</u> | <u>553,396</u> |
| Net position (deficit), June 30, 2018 | <u>\$ 550,680</u> | <u>\$ 547,192</u> |

As can be seen in Table A-2 above, net position decreased from the prior year. This is primarily a result of an increase in operating expenses.

Individual Fund Analysis

The special revenue and capital projects fund balances were \$0 at the beginning of the fiscal year, and \$0 at the end of the fiscal year. The general fund received \$67,062, from the special revenue fund to cover its operating deficit for the fiscal year ended June 30, 2018. The general fund's beginning and ending balance was \$263,317 and \$299,450 respectively.

Capital Assets

The Academy's investment in capital assets, as of June 30, 2018, amounts to \$251,230 (net of accumulated depreciation). This investment in capital assets includes mainly furniture and equipment. Capital asset additions in 2018 totaled \$34,484. The Academy maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

General Fund Budget Analysis and Highlights

As can be seen on Table B-1, there were no significant budget variances that are expected to have a significant effect on future operations or on the Academy's liquidity.

| | Governmental Funds | | |
|--|--------------------|------------------|------------------|
| | Original Budget | Final Budget | Actual |
| <i>Table B-1 Governmental Funds Budget</i> | | | |
| Revenues: | | | |
| Florida Education Finance Program | \$2,258,543 | \$ 2,059,666 | \$2,119,693 |
| Federal Title I funding | 253,957 | 175,000 | 175,148 |
| Federal Title II funding | 10,838 | 10,838 | 11,615 |
| Public Education Capital Outlay | 102,442 | 144,636 | 144,636 |
| School lunch program | 248,000 | 248,000 | 248,697 |
| Other local sources | - | - | 741 |
| Total revenues | <u>2,873,780</u> | <u>2,638,140</u> | <u>2,700,530</u> |
| Expenditures: | | | |
| Current - education | | | |
| Instruction | \$1,193,086 | \$ 1,110,271 | \$1,119,991 |
| Pupil personnel services | 54,528 | 3,000 | 3,317 |
| Instructional staff training | - | 7,838 | 15,566 |
| School administration | 620,853 | 583,128 | 595,013 |
| Facilities acquisition and construction | 380,000 | 350,000 | 360,000 |
| Fiscal service | 30,600 | 66,000 | 66,000 |
| Food service | 226,283 | 224,781 | 181,635 |
| Pupil transportation | 142,100 | 110,283 | 112,634 |
| Operation of plant | 226,330 | 162,839 | 175,757 |
| Capital outlay | - | 20,000 | 34,484 |
| Debt service: | | | |
| Principal | - | - | - |
| Interest on long term debt | - | - | - |
| Total expenditures | <u>2,873,780</u> | <u>2,638,140</u> | <u>2,664,397</u> |
| Net change in fund balances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 36,133</u> |

Economic Factors and Events Affecting Operations

The Academy's current charter agreement with the Duval County School District was renewed on July 1, 2012 for ten years. The continued viability of the Academy is predicated on maintaining this charter with the Duval County School District. Management fully expects to maintain this contract for the next four years.

Requests for Information

This financial report is intended to provide a general overview of the Academy's finances for all those with an interest in the Academy's finances. Requests for additional information may be addressed to the Board of Directors, in care of Mr. Derrick Lomas at Wayman Academy of the Arts, Inc., 1176 Labelle Street, Jacksonville, Florida 32205 or at dlomas@wayman.org.

Basic Financial Statements

Wayman Academy of the Arts, Inc.

Statement of Net Position

As of June 30, 2018

| Assets | <u>2018</u> |
|---|-------------------|
| Cash | \$ 273,136 |
| Pledges receivable, net | 50,000 |
| Due from Title II Funds | 8,940 |
| Due from Capital Outlay Fund | <u>5,491</u> |
| Total current assets | 337,567 |
| Capital assets, net of accumulated depreciation | <u>251,230</u> |
| Total assets | <u>\$ 588,797</u> |
| Liabilities and net position | |
| Liabilities: | |
| Accounts payable | \$ 11,281 |
| Payroll liabilities | 18,610 |
| Due to affiliates and other liabilities | <u>8,226</u> |
| Total current liabilities | 38,117 |
| Net position: | |
| Unrestricted | 299,450 |
| Restricted | - |
| Net invested in capital assets | <u>251,230</u> |
| Total net position | <u>550,680</u> |
| Total liabilities and net position | <u>\$ 588,797</u> |

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

Wayman Academy of the Arts, Inc.

Statement of Activities

For the year ended June 30, 2018

| Functions: | Program Revenues | | | | Net(Expenses) |
|---|------------------|---------------|---------------|------------|---------------|
| | Expenses | Operating | | Capital | Revenue |
| | | Charges for | Grants and | Grants and | and Charges |
| | Services | Contributions | Contributions | Net Assets | |
| Governmental activities: | | | | | |
| Instruction | \$ 1,119,991 | \$ - | \$ 171,831 | \$ - | \$ (948,160) |
| Pupil personnel services | 3,317 | - | 3,317 | - | - |
| Instructional staff training services | 15,566 | - | 11,615 | - | (3,951) |
| School administration | 595,013 | - | - | - | (595,013) |
| Facilities acquisition and construction | 360,000 | - | - | 144,636 | (215,364) |
| Fiscal service | 66,000 | - | - | - | (66,000) |
| Food service | 181,635 | 2,782 | 245,915 | - | 67,062 |
| Pupil transportation | 112,634 | - | - | - | (112,634) |
| Operation of plant | 175,757 | - | - | - | (175,757) |
| Maintenance of plant | - | - | - | - | - |
| Interest on long term debt | - | - | - | - | - |
| Depreciation | 67,129 | - | - | - | (67,129) |
| Total governmental activities | \$ 2,697,042 | \$ 2,782 | \$ 432,678 | \$ 144,636 | (2,116,946) |

General Revenues:

| | |
|--|------------|
| State passed through local school district | 2,119,693 |
| Gifts, grants and contributions | - |
| Other revenue | 729 |
| Interest income | 12 |
| Total general revenues | 2,120,433 |
| Change in net position (deficit) | 3,488 |
| Net position, beginning | 547,192 |
| Net position, ending | \$ 550,680 |

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

Wayman Academy of the Arts, Inc.
 Balance Sheet – Governmental Funds
 As of June 30, 2018

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total Governmental Funds |
|---|-------------------|----------------------------|-----------------------------|--------------------------------|
| Assets: | | | | |
| Cash | \$ 273,136 | \$ - | \$ - | \$ 273,136 |
| Pledges receivable, net | 50,000 | - | - | 50,000 |
| Due from Title II Funds | 8,940 | - | - | 8,940 |
| Due from Capital Outlay Fund | <u>5,491</u> | - | - | <u>5,491</u> |
| Total assets | <u>\$ 337,567</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 337,567</u> |
| Liabilities and fund balance: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 11,281 | \$ - | \$ - | \$ 11,281 |
| Payroll liabilities | 18,610 | - | - | 18,610 |
| Due to affiliates and other liabilities | <u>8,226</u> | - | - | <u>8,226</u> |
| Total liabilities | <u>38,117</u> | <u>-</u> | <u>-</u> | <u>38,117</u> |
| Commitments (Note 11) | - | - | - | - |
| Fund balance: | | | | |
| Nonspendable | - | - | - | - |
| Restricted | - | - | - | - |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | <u>299,450</u> | - | - | <u>299,450</u> |
| Total fund balance | <u>299,450</u> | <u>-</u> | <u>-</u> | <u>299,450</u> |
| Total liabilities and fund balance | <u>\$ 337,567</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 337,567</u> |

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

Wayman Academy of the Arts, Inc.

Reconciliation of Balance Sheet to the Statement of Net Position - Governmental Funds
For the year ended June 30, 2018

| | | |
|--|------------------|-------------------|
| Total Fund Balance - Governmental Funds - Page 14 | | \$ 299,450 |
| Amounts reported for governmental activities in the statement of net assets are different because: | | |
| Capital assets used in governmental activities are not reported in the governmental funds. | | |
| Cost of capital assets | \$ 1,158,165 | |
| Accumulated depreciation | <u>(906,935)</u> | |
| Capital assets, net of accumulated depreciation | | <u>251,230</u> |
| Net position (deficit) of governmental activities - Page 12 | | <u>\$ 550,680</u> |

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

Wayman Academy of the Arts, Inc.

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the year ended June 30, 2018

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total Governmental Funds |
|--|-----------------|----------------------------|-----------------------------|--------------------------------|
| Revenues: | | | | |
| Florida Education Finance Program | \$2,119,693 | \$ - | \$ - | \$ 2,119,693 |
| Federal Title I funding | - | 175,148 | - | 175,148 |
| Federal Title II funding | - | 11,615 | - | 11,615 |
| Public Education Capital Outlay | - | - | 144,636 | 144,636 |
| School lunch program | - | 248,697 | - | 248,697 |
| Local sources | 741 | - | - | 741 |
| Total revenues | 2,120,434 | 435,460 | 144,636 | 2,700,530 |
| Expenditures: | | | | |
| Current - education: | | | | |
| Instruction | 951,971 | 168,020 | - | 1,119,991 |
| Student personnel services | - | 3,317 | - | 3,317 |
| Instructional staff training | 140 | 15,426 | - | 15,566 |
| School administration | 595,013 | - | - | 595,013 |
| Facilities acquisition and construction | 215,364 | - | 144,636 | 360,000 |
| Fiscal service | 66,000 | - | - | 66,000 |
| Food service | - | 181,635 | - | 181,635 |
| Pupil transportation | 112,634 | - | - | 112,634 |
| Operation of plant | 175,757 | - | - | 175,757 |
| Maintenance of plant | - | - | - | - |
| Capital outlay: | 34,484 | - | - | 34,484 |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest on long term debt | - | - | - | - |
| Total expenditures | 2,151,363 | 368,398 | 144,636 | 2,664,397 |
| Excess of revenues over (under) expenditures | (30,929) | 67,062 | - | 36,133 |
| Transfers In (Out) | 67,062 | (67,062) | - | - |
| Fund balances, July 1, 2017 | 263,317 | - | - | 263,317 |
| Fund balances, June 30, 2018 | \$ 299,450 | \$ - | \$ - | \$ 299,450 |

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

Wayman Academy of the Arts, Inc.
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balance - Governmental Funds
 For the year ended June 30, 2018

Net Change in Fund Balance - Governmental Funds - Page 16 \$ 36,133

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

Governmental funds report capital outlays as expenditures.
 However, in the statement of activities, the cost of those
 assets is allocated over their estimated useful lives.

| | | |
|--|-----------------|-----------------|
| Expenditures for capital assets | 34,484 | |
| Less current year depreciation expense | <u>(67,129)</u> | |
| Current year capital assets, net of depreciation | | <u>(32,645)</u> |

Change in net position (deficit) of governmental activities - Page 13 \$ 3,488

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

Wayman Academy of the Arts, Inc.

Notes to Basic Financial Statements

Year ended June 30, 2018

1. REPORTING ENTITY

Wayman Academy of the Arts, Inc. (the “Academy”), is a nonprofit corporation incorporated in the State of Florida. The Internal Revenue Service notified the Academy in August 21, 2000 that it was a non-profit charitable organization under IRC § 501(c)(3). The Academy was incorporated on November 12, 1999 as an educational organization.

The Academy operates under a charter of the sponsoring school district, the Duval County School District (the “District”). The current charter is effective until June 30, 2022 and may be renewed by mutual agreement between the Academy and the District. At the end of the term in 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 Academy 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 Academy is considered a component unit of the District.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants' Audit and Accounting Guide – *Audits per State and Local Governments* and provisions of Florida Statutes, the Academy is presented as a governmental organization for financial statement reporting purposes.

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information for the Academy as a whole. Both statements report only governmental activities as the Academy does not engage in any business type activities. For the most part, the effect of inter-fund activity has been eliminated.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, (2) operating grants and contributions which finance annual operating activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets.

Wayman Academy of the Arts, Inc.
Notes to Basic Financial Statements
Year ended June 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental 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. Major individual governmental funds, namely, the general, special revenue and capital project funds are reported as separate columns in the fund financial statements:

General Fund - is the Academy's primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.

Special Revenue Fund - used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects.

Capital Projects Fund - used to account for financial resources used for the acquisition or construction of major capital facilities and for the proceeds and related expenditures of the charter school capital outlay funding.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of Wayman Academy of the Arts, Inc., (the "Academy") are prepared in accordance with generally accepted accounting principles (GAAP). The Academy's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) Codification of Accounting and Financial Reporting Guidelines.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Codification § 1600.111 and § N50 "Accounting and Financial Reporting for Non-Exchange Transactions". On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Academy considers revenues to be available if they are collected within 90 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received.

Wayman Academy of the Arts, Inc.
Notes to Basic Financial Statements
Year ended June 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

A one-year availability period is used for revenue recognition for all other governmental fund revenues. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgetary Basis 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, purchased services, and capital outlay).

Cash and Cash Equivalents

The Academy's cash is considered to be cash on hand and demand deposits, with original maturities of three months or less. At times, such deposits may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. At June 30, 2018, there were no amounts that exceeded FDIC coverage. The Academy has no policy regarding deposit custodial credit risk.

Federal Income Taxes

The Academy is a nonprofit organization and is exempt from income tax under § 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

Compensated Absences

The Academy grants a specific number of sick days. Full time employees are eligible to one day per month to up to ten days of active work during the ten-month period (a "benefit year"). In the event that available time is not used by the end of the benefit year, employees may "rollover" all unused days for use in future benefit years. Upon termination, there is an opportunity to "cash out" unused sick days.

GASB Codification § C60, Accounting for Compensated Absences, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for sick days available to be used in future benefit years.

The Academy also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Wayman Academy of the Arts, Inc.
Notes to Basic Financial Statements
Year ended June 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets and Depreciation

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The Academy's capitalization levels are \$750 on tangible personal property. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the costs and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

| Class of Asset | Estimated Life in Years |
|-------------------------------------|-------------------------|
| Building equipment and improvements | 5-20 |
| Furniture and equipment | 5-10 |
| Vehicles | 10 |

Long-term Liabilities

Long-term debt and other long-term obligations, if any, are reported in the government-wide financial statements. Long-term liabilities are not reported in the governmental funds because governmental funds use the current financial resources measurement focus.

Government –Wide Fund Net Position

Government-wide fund net position are divided into three components:

Net investment in capital assets - consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources.

Restricted net position - consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2018 was \$0.

Unrestricted - all other net position is reported in this category.

Recently Adopted Accounting Pronouncements

The Academy has adopted guidance issued by the GASB that requires entities to present a Statement of Net Position in place of the previously issued Statement of Net Assets. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The Academy also adopted guidance issued by the GASB regarding the reclassification of items previously reported as assets and liabilities, which are now reported as deferred outflows and inflows of resources.

Wayman Academy of the Arts, Inc.
Notes to Basic Financial Statements
Year ended June 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Balances

In accordance with Governmental Accounting Standards Board's (GASB) Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*, fund balances are reported in the governmental fund balance sheet to be classified using hierarchy based primarily on the extent to which the Academy is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Governmental fund balances are classified as follows:

Nonspendable – Includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The Academy classifies prepaid expenses, long-term notes receivable and deposits as nonspendable since they are not expected to be converted to cash within the next year.

Restricted – Includes amounts that are restricted to specific purposes or constrained either by (a) external impositions by creditors, grantors, contributors, or (b) laws or regulations of other governments or (c) impositions by law through constitutional provisions or enabling legislation.

Committed – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Academy's highest level of decision-making authority, the Board of Directors. The committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking a subsequent formal action.

Assigned – Includes amounts that the Board of Directors intends to use for specific purposes, but they are neither restricted or committed. The Academy classifies existing fund balances to be used in the subsequent year's budget for elimination of a deficit as assigned.

Unassigned – Is the residual classification for the general fund. This represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Order of Fund Balance Spending Policy

The Academy's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance at the end of the fiscal year by adjusting journal entries. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balances when nonspendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

Minimum Fund Balance

As of June 30, 2018, there are no minimum fund balance requirements for any of the Academy's funds.

Wayman Academy of the Arts, Inc.
Notes to Basic Financial Statements
Year ended June 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the Academy's charter. In accordance with the funding provisions of the charter and §1002.33, Florida Statutes, the Academy reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of §1011.62, Florida Statutes, the District reports the number of full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the Academy is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the Academy during the designated FTE survey periods.

The Academy receives federal awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by the various granting agencies. For federal 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 made. Amounts received in advance for which eligible expenditures have not been made are recorded as deferred revenue.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. In addition, certain amounts are rounded to the nearest dollar for financial statement purposes.

Subsequent Events

The date to which events occurring after June 30, 2018, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is September 28, 2018, which is the date on which the financial statements were available to be issued.

Budgeting

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

3. PLEDGES RECEIVABLE, NET

On June 14, 2013, Wayman Ministries pledged \$72,000 to support the educational goals and vision of the Academy. On July 15, 2013, an additional \$32,000 was pledged. This amount will be funded in increments over a twenty-four month period. In accordance with GASB 33, pledges are discounted when they are not expected to be collected within one year. The Academy has evaluated all pledges receivable and determined that an allowance for doubtful pledges is not required as of June 30, 2018. The remaining balance receivable from the pledge was \$50,000 as of June 30, 2018.

Wayman Academy of the Arts, Inc.
Notes to Basic Financial Statements
Year ended June 30, 2018

4. SCHEDULE OF STATE AND LOCAL REVENUE AND DUE FROMS BY SOURCE

The following is a schedule of state and local revenue sources and amounts:

| | June 30, 2018 | | | |
|----------------------------------|---------------|--------------|--------------|-----------|
| | Beginning | Received | Earned | Ending |
| Duval County School Board: | | | | |
| Title I funding | \$ 13,172 | 188,320 | \$ 175,148 | \$ - |
| Title II funding | - | 2,675 | 11,615 | 8,940 |
| FEFP/Categorical | - | 2,059,658 | 2,059,658 | - |
| Capital outlay revenue | 10,703 | 149,848 | 144,636 | 5,491 |
| Other miscellaneous revenue | - | - | - | - |
| Total DCSB | 23,875 | 2,400,501 | 2,391,057 | 14,431 |
| State of Florida: | | | | |
| School lunch reimbursement | - | 241,258 | 241,258 | - |
| Best and brightest teacher supp. | - | 30,600 | 30,600 | - |
| FSRP | - | 29,129 | 29,129 | - |
| Class Size Reallocation | - | 306 | 306 | - |
| Breakfast reimbursement | - | 4,657 | 4,657 | - |
| Student meals | - | 2,782 | 2,782 | - |
| Total State of Florida | - | 308,732 | 308,732 | - |
| Local Sources: | | | | |
| Other miscellaneous | - | 729 | 729 | - |
| Total local sources | - | 729 | 729 | - |
| Interest income | - | 12 | 12 | - |
| Total revenue - Government Funds | \$ 23,875 | \$ 2,709,974 | \$ 2,700,530 | \$ 14,431 |

5. INTER-FUND TRANSFERS

From time to time, the Academy will transfer funds from the special revenue fund to the general fund and the capital projects fund to cover those fund's operating deficits. As of June 30, 2018, the amount of these transfers equaled \$67,062 to the general fund from the special revenue fund.

6. DEPOSITS POLICY AND CREDIT RISK

The Academy maintains separate bank accounts for the charter school programs as required by the Duval County School District contract. It is also the Academy's policy to maintain its cash and cash equivalents in major banks and high grade investments. As of June 30, 2018, the carrying amount of the Academy's deposits and the respective bank balance was \$273,136. Under the Dodd-Frank Act, non-interest bearing deposits at FDIC insured institutions are insured up to \$250,000. All accounts held by the Academy are non-interest bearing and therefore fully insured by the FDIC as of June 30, 2018.

Wayman Academy of the Arts, Inc.
Notes to Basic Financial Statements
Year ended June 30, 2018

7. CHANGES IN CAPITAL ASSETS

At June 30, 2018, the cost and related accumulated depreciated of general fixed assets consisted of the following:

| | June 30, 2018 | | | |
|-----------------------------------|-------------------|--------------------|-------------|-------------------|
| | Beginning | Additions | Deletions | Ending |
| Cost: | | | | |
| Buildings and fixed equipment | \$ 508,693 | \$ 18,861 | \$ - | \$ 527,554 |
| Furniture, fixtures and equipment | 489,817 | 15,623 | - | 505,440 |
| Motor vehicles | <u>125,171</u> | <u>-</u> | <u>-</u> | <u>125,171</u> |
| Total cost | <u>1,123,681</u> | <u>34,484</u> | <u>-</u> | <u>1,158,165</u> |
| Accumulated Depreciation: | | | | |
| Buildings and fixed equipment | 377,974 | 28,464 | - | 406,438 |
| Furniture, fixtures and equipment | 337,326 | 38,000 | - | 375,326 |
| Motor vehicles | <u>124,506</u> | <u>665</u> | <u>-</u> | <u>125,171</u> |
| Total accumulated depreciation | <u>839,806</u> | <u>67,129</u> | <u>-</u> | <u>906,935</u> |
| Total fixed assets, net | <u>\$ 283,875</u> | <u>\$ (32,645)</u> | <u>\$ -</u> | <u>\$ 251,230</u> |

All depreciation expense was shown as unallocated on the Statement of Activities. Depreciation expense as of June 30, 2018 was \$67,129.

8. EMPLOYEE BENEFITS

The Academy offers all of its full-time employees, who have attained 21 years of age, a retirement plan under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 10% of their annual gross compensation, subject to certain limitations. The Academy does not provide any matching contribution at this time.

9. RISK MANAGEMENT PROGRAMS

The Academy is exposed to various risks of loss related to torts, thefts of or damage to and destruction of assets, errors and omissions and natural disasters. Workers' compensation, general liability, errors and omissions, and property insurance are being provided through the Academy's insurance with minimal deductibles for each line of coverage. Settled claims resulting from these risks have not exceeded covered amounts.

Wayman Academy of the Arts, Inc.
Notes to Basic Financial Statements
Year ended June 30, 2018

10. RELATED PARTY TRANSACTIONS - INDIRECT COST ALLOCATION

The Academy has entered into an agreement with Wayman Community Development Corporation (“WCDC”) to share certain operating costs such as accounting, human resources, public relations, utilities and copier lease expense. These services are incurred by WCDC and reimbursed by the Academy. The allocation varies depending on the type of expense, but is primarily based on employee count and actual usage. The total incurred by the Academy to WCDC for the year ended June 30, 2018 was \$66,000.

11. COMMITMENTS AND CONTINGENT LIABILITIES

Florida Education Finance Program Revenue - The Academy receives substantially all of its funding from the District under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the Academy participates in a number of federal, state and local grants which are subject to financial and compliance audits.

It is the opinion of the Academy that the amount of revenue, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the Academy.

Legal Matters – In the normal course of conducting its operations, the Academy may occasionally become a party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of any such legal matters will not have a significant adverse effect on the accompanying financial statements for any such contingencies.

Lease Commitment - The Academy currently leases its facilities and transportation equipment from the West Jacksonville Economic Development Corporation. The agreement calls for monthly lease payments of \$30,000 for the facilities and \$3,000 for transportation equipment. This lease has been renewed through June 30, 2020.

Total rent expense charged to facility operations for the year ended June 30, 2018, totaled \$360,000. Total transportation expense charged to pupil transportation for the year ended June 30, 2018, totaled \$36,000. Future minimum payments under the lease agreements are as follows:

| | |
|----------------------|-------------------|
| Year ending June 30, | |
| 2019 | \$ 396,000 |
| 2020 | <u>396,000</u> |
| Total | <u>\$ 792,000</u> |

Wayman Academy of the Arts, Inc.
Notes to Basic Financial Statements
Year ended June 30, 2018

12. FUND BALANCE CLASSIFICATION POLICIES AND PROCEDURES

Committed fund balances require a major vote by the Board of Directors of the Academy. A majority vote is also required to modify or rescind an existing fund balance commitment. Assignment of fund balances can only occur at the direction of the Chairman of the Board of Directors or by a committee or individual designated by the Chairman.

The Academy considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and whether committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

As of June 30, 2018, there were no encumbrances, significant or otherwise, stabilization arrangements or minimum fund balance policies that require disclosure by major fund and non-major funds in the aggregate in conjunction with required disclosures about other significant commitments.

13. FUNDING AND CREDIT CONCENTRATIONS

The Academy 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 Academy is greatly dependent upon the continued support of these government agencies.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

Wayman Academy of the Arts, Inc.
Statement of Revenues, Expenditures and Changes
in Fund Balances – Budget and Actual – General Fund
Year ended June 30, 2018

| | Original Budget | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|--|--------------------|-------------------|-------------------|--|
| Revenues: | | | | |
| Florida Education Finance Program | \$2,258,543 | \$2,059,666 | \$2,119,693 | \$ 60,027 |
| Other local sources | - | - | 741 | 741 |
| Total revenues | <u>2,258,543</u> | <u>2,059,666</u> | <u>2,120,434</u> | <u>60,768</u> |
| Expenditures: | | | | |
| Current - education | | | | |
| Instruction | 928,291 | 935,271 | 951,971 | (16,700) |
| Pupil personnel services | 54,528 | - | - | - |
| Instructional staff training services | - | - | 140 | (140) |
| School administration | 620,853 | 583,128 | 595,013 | (11,885) |
| Facilities acquisition and construction | - | 205,364 | 215,364 | (10,000) |
| Fiscal service | 30,600 | 66,000 | 66,000 | - |
| Food service | - | - | - | - |
| Pupil transportation | 142,100 | 110,283 | 112,634 | (2,351) |
| Operation of plant | 226,330 | 162,839 | 175,757 | (12,918) |
| Miscellaneous | - | - | - | - |
| Capital Outlay | - | 20,000 | 34,484 | (14,484) |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest on long term debt | - | - | - | - |
| Total expenditures | <u>2,002,702</u> | <u>2,082,885</u> | <u>2,151,363</u> | <u>(68,479)</u> |
| Excess of revenues Over (Under) Expenditures | \$ 255,841 | \$ (23,219) | \$ (30,929) | \$ (7,710) |
| Transfers In (Out) | (255,841) | 23,219 | 67,063 | 43,843 |
| Fund balances, July 1, 2017 | <u>263,317</u> | <u>263,317</u> | <u>263,317</u> | <u>-</u> |
| Fund balances, June 30, 2018 | <u>\$ 263,317</u> | <u>\$ 263,317</u> | <u>\$ 299,450</u> | <u>\$ 36,133</u> |

Wayman Academy of the Arts, Inc.
Statement of Revenues, Expenditures and Changes
in Fund Balances – Budget and Actual – Special Revenue Fund
Year ended June 30, 2018

| | <u>Original</u> <u>Budget</u> | <u>Final</u> <u>Budget</u> | <u>Actual</u> | Variance with Final Budget- Positive (Negative) |
|--|----------------------------------|-------------------------------|----------------|--|
| Revenues: | | | | |
| Federal Title I funding | \$253,957 | \$175,000 | \$ 175,148 | \$ 148 |
| Federal Title II funding | 10,838 | 10,838 | 11,615 | 777 |
| School lunch program | <u>248,000</u> | <u>248,000</u> | <u>248,697</u> | <u>697</u> |
| Total revenues | <u>512,795</u> | <u>433,838</u> | <u>435,460</u> | <u>1,622</u> |
| Expenditures: | | | | |
| Current - education | | | | |
| Instruction | 264,795 | 175,000 | 168,020 | 6,980 |
| Pupil personnel services | - | 3,000 | 3,317 | (317) |
| Instructional staff training | - | 7,838 | 15,426 | (7,588) |
| School administration | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - |
| Fiscal service | - | - | - | - |
| Food service | 226,283 | 224,781 | 181,635 | 43,146 |
| Pupil transportation | - | - | - | - |
| Operation of plant | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Capital Outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest on long term debt | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>491,078</u> | <u>410,619</u> | <u>368,397</u> | <u>42,222</u> |
| Excess of revenues Over (Under) Expenditures | \$ 21,717 | \$ 23,219 | \$ 67,063 | \$ 43,844 |
| Transfers In (Out) | (21,717) | (23,219) | (67,062) | (43,843) |
| Fund balances, July 1, 2017 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances, June 30, 2018 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Wayman Academy of the Arts, Inc.
Statement of Revenues, Expenditures and Changes
in Fund Balances – Budget and Actual – Capital Projects Fund
Year Ended June 30, 2018

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance with Final Budget- Positive (Negative) |
|--|----------------------------|-------------------------|--------------------|--|
| Revenues: | | | | |
| Public Education Capital Outlay | \$ 102,442 | \$ 144,636 | \$ 144,636 | \$ - |
| Total revenues | <u>102,442</u> | <u>144,636</u> | <u>144,636</u> | <u>-</u> |
| Expenditures: | | | | |
| Current - education | | | | |
| Instruction | - | - | - | - |
| Pupil personnel services | - | - | - | - |
| Instructional staff training | - | - | - | - |
| School administration | - | - | - | - |
| Facilities acquisition and construction | 380,000 | 144,636 | 144,636 | - |
| Fiscal service | - | - | - | - |
| Food service | - | - | - | - |
| Pupil transportation | - | - | - | - |
| Operation of plant | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Capital Outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest on long term debt | - | - | - | - |
| Total expenditures | <u>380,000</u> | <u>144,636</u> | <u>144,636</u> | <u>-</u> |
| Excess of revenues Over (Under) Expenditures | \$ (277,558) | \$ - | \$ - | \$ - |
| Transfers In (Out) | 277,558 | - | - | - |
| Fund balances, July 1, 2017 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances, June 30, 2018 | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

OTHER INDEPENDENT AUDIT'S REPORTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Wayman Academy of the Arts, Inc.,
a Charter School and a Component Unit of the
Duval County School District
1176 LaBelle Street
Jacksonville, FL 32205

Report on the Financial Statements

We have audited 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wayman Academy of the Arts, Inc. (the "Academy"), a component unit of the School Board of Duval County, Florida, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Wayman Academy of the Arts, Inc.'s basic financial statements, and have issued our report thereon dated September 28, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

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

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

We noted certain other matters that we have reported to management of the Academy, in the management letter dated September 28, 2018. (See page 37, Item 18-01).

Wayman Academy's Response to Findings

The Academy's response to the findings identified in our audit is described in the accompanying letter of management response. The Academy's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

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 of 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 Academy's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Darryl R. Jackson, CPA, P.A.
Jacksonville, Florida
September 28, 2018

Management Letter

To the Board of Directors
 Wayman Academy of the Arts, Inc.,
 a Charter School and a Component Unit of the
 Duval County School District
 1176 LaBelle Street
 Jacksonville, FL 32205

Report on the Financial Statements

We have audited the financial statements of the Wayman Academy of the Arts, Inc., Jacksonville, Florida, as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated September 28, 2018.

Auditor's Responsibility

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

Other Reporting Required by *Government Auditing Standards*

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, which are dated September 28, 2018, 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. Corrective action has been taken to address findings and recommendations made in the preceding annual financial audit report, except as noted below under the heading Prior Year Findings and Recommendations. See page 37.

| Tabulation of Uncorrected Audit Findings | | |
|---|---------------------------------|---------------------------------|
| Current Year Finding # | 2016-17 FY Finding # | 2015-16 FY Finding # |
| 18-01 | None | None |

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 Wayman Academy of the Arts, Inc.

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 Wayman Academy of the Arts, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the Wayman Academy of the Arts, Inc. 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 Wayman Academy of the Arts, Inc. It is management's responsibility to monitor the Wayman Academy of the Arts, Inc.'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 Wayman Academy of the Arts, Inc. 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 Wayman Academy of the Arts, Inc. has 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 findings. See page 38.

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, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



Darryl R. Jackson, CPA, P.A.
September 28, 2018

Prior Year Findings and Recommendations:

17-01 Old Outstanding Items On the Bank Reconciliation Should Be Researched and Cleared

We noted that many old outstanding checks and other old uncleared reconciling items, some over one year old, are being carried on the monthly bank reconciliation of the operating account. This causes additional time to be spent by personnel to reconcile the bank account each month.

We recommend that checks and other uncleared reconciling items that are over one year old be investigated and removed from the bank reconciliation and that the original transaction be reversed in the current year so as not to impact prior year net assets. Research should be done periodically to eliminate large numbers of old items being carried from month to month.

Management Response:

Management will begin researching these uncleared reconciling items immediately and have them cleared by the end of the calendar year.

Current Status:

Management completed the cleanup of the old outstanding items on its operating bank account. The items were cleared prior to the end of the calendar year.

Current Year Findings and Recommendations:

18-01 Accounts Payable Should Be Updated Periodically

We noted the accounts payable balance has not changed in quite some time. Since the organization is on an accrual basis, all invoices or amounts due should be accrued when received and reversed when paid. During our search for unrecorded liabilities, we noted a few invoices that should have been accrued, but were not. These invoices fell below the audit materiality level and therefore were not recorded.

We recommend invoices are accrued when received and released when paid.

Management Response:

Management will begin accruing invoices and releasing them when paid prior to the end of the next fiscal quarter.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

September 28, 2018

To the Board of Directors
Wayman Academy of the Arts, Inc.,
a Charter School and a Component Unit of the
Duval County School District
1176 LaBelle Street
Jacksonville, FL 32205

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wayman Academy of the Arts, Inc., (the “Academy”) for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 5, 2013. Professional standards also require that we provide you with the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Academy are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2018 fiscal year. We noted no transactions entered into by the Academy during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Academy’s financial statements were:

Management’s estimate of the useful lives of capital assets is based on the historical asset life of School capital assets and industry standards, in order to determine the value and period of time over which individual capital assets are to be depreciated. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of concentration of revenue sources in Note 14 to the financial statements: the Academy receives revenues for current operations primarily from the State of Florida through the School Board of Duval County, Florida.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 28, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This 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, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



Darryl R. Jackson
Darryl R. Jackson, CPA, P.A.