

**MIAMI COMMUNITY  
CHARTER SCHOOL, INC.**

A Charter School and Component Unit of the  
District School Board of Miami-Dade County

INDEPENDENT AUDITOR'S REPORT and  
FEDERAL SINGLE AUDIT

*for the fiscal year ended JUNE 30, 2015*

**King & Walker, CPAs, PL**

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*Certified Public Accountants*

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# MIAMI COMMUNITY CHARTER SCHOOL, INC.

A Charter School and Component Unit of the District School Board of Miami-Dade County, Florida

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## **Independent Auditor's Report**

To the Board of Directors of Miami Community Charter School, Inc.  
a Charter School and Component Unit of the District  
School Board of Miami-Dade County, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Miami Community Charter School, Inc. ("School"), a charter school and component unit of the District School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Miami Community Charter School, Inc. as of June 30, 2015, and the respective changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2015 on our consideration of Miami Community Charter School, 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 Miami Community Charter School, Inc.'s internal control over financial reporting and compliance.

Respectfully submitted,

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

August 24, 2015  
Tampa, Florida

# **MIAMI COMMUNITY CHARTER SCHOOL, INC.**

*A Charter School and Component Unit of the District School Board of Miami-Dade County, Florida*

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

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The Management's Discussion and Analysis (MD&A) section of the annual financial report of the Miami Community Charter School, Inc. ("School") provides an overview of the School's activities for the fiscal year ended June 30, 2015.

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

### **FINANCIAL HIGHLIGHTS**

- For the fiscal year ended June 30, 2015, the School's expenses exceeded revenues as shown on the School's statement of activities by \$184,543.
- As shown on the statement of net position, the School reported an unrestricted Net Position balance of \$299,940.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements consist of three components:

- ✓ Government-Wide Financial Statements
- ✓ Fund Financial Statements
- ✓ Notes to Financial Statements

#### **Government-Wide Financial Statements**

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

## **Fund Financial Statements**

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

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

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

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates the following funds; a General Fund, a Debt Service Fund, and a Special Revenue Fund. For reporting purposes each fund is shown as a major fund.

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

## **Notes to Financial Statements**

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



## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position may serve over time as a useful indicator of a government's financial position. The following is a summary of the School's net position as of June 30, 2014 and June 30, 2015:

	<b>Net Position, End of Year</b>		
	<u>Governmental Activities</u>		
	<u>6-30-14</u>	<u>6-30-15</u>	<u>Increase (Decrease)</u>
<b>ASSETS</b>			
Current Assets	\$ 592,996	\$ 1,411,782	\$ 818,786
Capital Assets, Net	<u>2,679,702</u>	<u>6,992,604</u>	<u>4,312,902</u>
Total Assets	<u>3,272,698</u>	<u>8,404,386</u>	<u>5,131,688</u>
<b>LIABILITIES</b>			
Current Liabilities	205,523	232,418	26,895
Long-Term Liabilities	<u>175,338</u>	<u>7,611,735</u>	<u>7,436,397</u>
Total Liabilities	<u>380,861</u>	<u>7,844,153</u>	<u>7,463,292</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,516,845	(619,131)	(3,135,976)
Restricted for Debt Service	-	879,424	879,424
Unrestricted	<u>374,992</u>	<u>299,940</u>	<u>(75,052)</u>
Total Net Position	<u>\$ 2,891,837</u>	<u>\$ 560,233</u>	<u>\$ (2,331,604)</u>

Current assets consist primarily of cash, restricted investments, and loan receivables from related parties. Liabilities are comprised mainly of salaries & wages payable, long-term capital lease payables, and bonds payable. The balance in Unrestricted Net Position of \$299,940 may be used to meet the School's ongoing obligations.

The key elements of the changes in the School's net position for the fiscal years ended June 30, 2014 and June 30, 2015 is as follows:

	<b>Operating Results for the Year</b>		
	Governmental Activities		
	6-30-14	6-30-15	Increase (Decrease)
<b>Revenues:</b>			
Federal through State and Local	\$ 762,221	\$ 735,906	\$ (26,315)
State Sources	3,757,150	3,744,874	(12,276)
Local and Other	24,465	534,192	509,727
<b>Total Revenues</b>	<b>4,543,836</b>	<b>5,014,972</b>	<b>471,136</b>
<b>Expenses:</b>			
Instruction	1,873,702	2,137,193	263,491
Pupl Personnel Services	41,295	18,193	(23,102)
Instructional Media	26,078	-	(26,078)
Instr. & Curriculum Development	31,611	28,430	(3,181)
Instructional Staff Training	100	-	(100)
Instructional-Related Technology	1,736	14,185	12,449
Board of Education	249,227	255,794	6,567
School Administration	336,903	352,211	15,308
Facilities Acq. & Construction	432,721	247,550	(185,171)
Fiscal Services	110,914	109,036	(1,878)
Food Services	495,131	504,822	9,691
Pupil Transportation	274,844	299,705	24,861
Operation of Plant	277,319	251,899	(25,420)
Maintenance of Plant	38,749	56,614	17,865
Community Service	4,163	13,732	9,569
Interest on Debt	14,582	567,255	552,673
Unallocated Depreciation	183,845	342,896	159,051
<b>Total Expenses</b>	<b>4,392,920</b>	<b>5,199,515</b>	<b>806,595</b>
<b>Increase/(Decrease) in Net Position</b>	<b>\$ 150,916</b>	<b>\$ (184,543)</b>	<b>\$ (335,459)</b>

The largest revenue source for the School is the State of Florida (75%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula and Charter School Capital Outlay funds. Both sources utilize student enrollment data to determine the funds available for the School. The School also received Federal funding (15 percent) for its participation in the National School Lunch program and Title I program.

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

### **Governmental Funds**

As the School completed the year, its governmental funds reported a combined fund balance of \$1,179,364.

### **BUDGETARY HIGHLIGHTS**

The General Fund and Special Revenue Fund budget for the fiscal year ended June 30, 2015, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Over the course of the year, the school revised its General Fund and Special Revenue Fund budget. For the fiscal year ended June 30, 2015, the actual expenditures were equal to the final budget. Refer to the Budgetary Comparison Schedule for additional information.

### **CAPITAL ASSETS**

The School's investment in capital assets for its governmental activities as of June 30, 2015, amounts to \$6,992,604 (net of accumulated depreciation). This investment in capital assets includes buildings, furniture, fixtures, and equipment, leasehold improvements, assets under capital lease, land, and construction in progress. Additional information regarding the School's capital assets can be found in the notes to the financial statements.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Miami Community Charter School, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School Financial Services, Inc., P.O. Box 250 Bonifay, FL 32425.

**MIAMI COMMUNITY CHARTER SCHOOL, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**STATEMENT OF NET POSITION**

*June 30, 2015*

		Governmental Activities
<b>ASSETS</b>		
Cash	\$	238,876
Restricted Investments		879,424
Due from Other Agency		87,849
Due from Miami Community Charter Middle School		77,564
Due from Miami Community Charter High School		88,724
Prepaid Expenses and Deposits		39,345
Capital Assets:		
Land		1,665,717
Building, Net		4,452,306
Furniture, Fixtures, and Equipment, Net		16,394
Leasehold Improvements, Net		742,787
Assets Under Capital Lease, Net		105,400
Construction in Progress		10,000
Total Capital Assets, Net		6,992,604
<b>TOTAL ASSETS</b>		<b>8,404,386</b>
<b>LIABILITIES</b>		
Salaries and Wages Payable		200,445
Accounts Payable		31,973
Long Term Liabilities:		
Due Within One Year:		
Bonds Payable		95,000
Capital Lease Payable		25,104
Due After One Year:		
Bonds Payable		7,440,000
Capital Lease Payable		51,631
Total Liabilities		7,844,153
<b>NET POSITION</b>		
Net Investment in Capital Assets		(619,131)
Restricted for Debt Service		879,424
Unrestricted		299,940
<b>TOTAL NET POSITION</b>	<b>\$</b>	<b>560,233</b>

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

**MIAMI COMMUNITY CHARTER SCHOOL, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**STATEMENT OF ACTIVITIES**  
*For the Fiscal Year Ended June 30, 2015*

		Program Revenues				Net (Expenses) Revenue and Changes Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total	
Governmental Activities:							
Instruction	\$ 2,137,193	\$ -	\$ 113,256	\$ -	\$ (2,023,937)	\$ (2,023,937)	
Pupil Personnel Services	18,193				(18,193)	(18,193)	
Instruction & Curriculum Development	28,430				(28,430)	(28,430)	
Instructional-Related Technology	14,185				(14,185)	(14,185)	
Board of Education	255,794				(255,794)	(255,794)	
School Administration	352,211				(352,211)	(352,211)	
Facilities Acquisition & Construction	247,550				(247,550)	(247,550)	
Fiscal Services	109,036				(109,036)	(109,036)	
Food Services	504,822	2,556	622,650		120,384	120,384	
Pupil Transportation	299,705				(299,705)	(299,705)	
Operation of Plant	251,899				(251,899)	(251,899)	
Maintenance of Plant	56,614				(56,614)	(56,614)	
Community Service	13,732	28,533			14,801	14,801	
Interest on Debt	567,255			245,681	(321,574)	(321,574)	
Unallocated Depreciation	342,896				(342,896)	(342,896)	
<b>Total Governmental Activities</b>	<b>\$ 5,199,515</b>	<b>\$ 31,089</b>	<b>\$ 735,906</b>	<b>\$ 245,681</b>	<b>(4,186,839)</b>	<b>(4,186,839)</b>	
General Revenues:							
State Sources					3,499,193	3,499,193	
Local & Other					503,103	503,103	
Total General Revenues					4,002,296	4,002,296	
Change in Net Position					(184,543)	(184,543)	
Net Position - July 1, 2014					2,891,837	2,891,837	
Adjustment to Beginning Net Position					(2,147,061)	(2,147,061)	
Restated Net Position - July 1, 2014					744,776	744,776	
Net Position - June 30, 2015					<b>\$ 560,233</b>	<b>\$ 560,233</b>	

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

**MIAMI COMMUNITY CHARTER SCHOOL, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

*June 30, 2015*

	General Fund	Debt Service Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 238,876	\$ -	\$ -	\$ 238,876
Restricted Investments		879,424		879,424
Due from Other Agency	12,222		75,627	87,849
Due from Miami Community Charter Middle School	77,564			77,564
Due from Miami Community Charter High School	88,724			88,724
Due from Other Funds	75,627			75,627
Prepaid Expenses and Deposits	39,345			39,345
<b>TOTAL ASSETS</b>	<b>\$ 532,358</b>	<b>\$ 879,424</b>	<b>\$ 75,627</b>	<b>\$ 1,487,409</b>
<b>LIABILITIES</b>				
Salary and Wages Payable	\$ 200,445	\$ -	\$ -	\$ 200,445
Accounts Payable	31,973			31,973
Due to Other Funds			75,627	75,627
<b>Total Liabilities</b>	<b>232,418</b>	<b>-</b>	<b>75,627</b>	<b>308,045</b>
<b>FUND BALANCES</b>				
Nonspendable	39,345		-	39,345
Restricted		879,424		879,424
Unassigned	260,595			260,595
<b>Total Fund Balances</b>	<b>299,940</b>	<b>879,424</b>	<b>-</b>	<b>1,179,364</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 532,358</b>	<b>\$ 879,424</b>	<b>\$ 75,627</b>	<b>\$ 1,487,409</b>

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

**MIAMI COMMUNITY CHARTER SCHOOL, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

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

*June 30, 2015*

<b>Total Fund Balances - Governmental Funds</b>	\$ 1,179,364
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.	6,992,604
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(7,611,735)</u>
<b>Total Net Position - Governmental Activities</b>	<u><u>\$ 560,233</u></u>

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

**MIAMI COMMUNITY CHARTER SCHOOL, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**

*For the Fiscal Year Ended June 30, 2015*

	General Fund	Debt Service Fund	Special Revenue Fund	Total Governmental Funds
<b>Revenues</b>				
Intergovernmental:				
Federal Through State & Local	\$ -	\$ -	\$ 735,906	\$ 735,906
State Sources	3,499,193	245,681		3,744,874
Local and Other	531,636		2,556	534,192
<b>Total Revenues</b>	<b>4,030,829</b>	<b>245,681</b>	<b>738,462</b>	<b>5,014,972</b>
<b>Expenditures</b>				
Current - Education:				
Instruction	2,023,937		113,256	2,137,193
Pupil Personnel Services	18,193			18,193
Instruction & Curriculum Development	28,430			28,430
Instructional-Related Technology	14,185			14,185
Board of Education	255,794			255,794
School Administration	352,211			352,211
Facilities Acquisition & Construction	247,550			247,550
Fiscal Services	109,036			109,036
Food Services			504,822	504,822
Pupil Transportation	299,705			299,705
Operation of Plant	251,899			251,899
Maintenance of Plant	56,614			56,614
Community Service	13,732			13,732
Fixed Capital Outlay:				
Facilities Acquisition & Construction	43,614			43,614
Other Capital Outlay	867			867
Debt Service:				
Principal		183,603		183,603
Interest		567,255		567,255
<b>Total Expenditures</b>	<b>3,715,767</b>	<b>750,858</b>	<b>618,078</b>	<b>5,084,703</b>
Excess (Deficiency) of Revenues				
Over Expenditures	315,062	(505,177)	120,384	(69,731)
Other Financing Sources (Uses):				
Transfers In/(Out)	(402,595)	522,979	(120,384)	-
Total Other Financing Sources (Uses):	(402,595)	522,979	(120,384)	-
<b>Net Change in Fund Balances</b>	<b>(87,533)</b>	<b>17,802</b>	<b>-</b>	<b>(69,731)</b>
Fund Balances, July 1, 2014	387,473	-	-	387,473
Adjustment to Beginning Fund Balance	-	861,622	-	861,622
Restated Fund Balance, July 1, 2014	387,473	861,622	-	1,249,095
<b>Fund Balances, June 30, 2015</b>	<b>\$ 299,940</b>	<b>\$ 879,424</b>	<b>\$ -</b>	<b>\$ 1,179,364</b>

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



**MIAMI COMMUNITY CHARTER SCHOOL, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**

*For the Fiscal Year Ended June 30, 2015*

<b>Net Change in Fund Balances - Governmental Funds</b>	\$	(69,731)
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount of depreciation expense (\$342,896) in excess of capital outlays (\$44,481) in the current year.

(298,415)

Principal payments on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.

183,603

<b>Change in Net Position - Governmental Activities</b>	\$	<u>(184,543)</u>
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The accompanying notes to the financial statements are an integral part of this statement.

# MIAMI COMMUNITY CHARTER SCHOOL, INC.

A Charter School and Component Unit of the District School Board of Miami-Dade County, Florida

## NOTES TO FINANCIAL STATEMENTS

June 30, 2015

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ➤ **Reporting Entity**

Miami Community Charter School, Inc. ("School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of six members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Miami-Dade County, Florida, ("District"). The current charter is effective until June 30, 2015 and is subject to annual review and may be renewed by mutual agreement between the School and the District. The School's charter has been renewed for an additional two year term through June 30, 2017. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. In this case, the District is required to notify the school in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

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

#### ➤ **Basis of Presentation**

Government-Wide Financial Statements - Government-Wide Financial Statements, including the statement of net position and the statement of activities, present information about the School as a whole.

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

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting

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the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements - Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School's major governmental funds are as follows:

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

➤ **Basis of Accounting**

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

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

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the

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related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

### ➤ Cash and Investments

Cash deposits consist of demand deposits and a money market account with a financial institution. Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company up to \$250,000.

The School's deposits must be placed with banks and savings and loans which are qualified as public depositories, prior to receipt of public monies, under Chapter 280, Florida statutes and the School's policy. The School maintains its cash accounts with one qualified public depository. The accounts routinely exceed the federally insured limit of \$250,000. Monies deposited in amounts greater than the insurance coverage are secured by the bank's pledging securities with the state treasurer in the collateral pool. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit or custodial risk.

### ➤ Restricted Investments

Certain proceeds of the School's revenue bonds, as well as resources set aside for their repayment, are classified as restricted assets on the statement of net position and the balance sheet-governmental funds because their use is limited by applicable bond covenants and they are maintained in separate bank accounts.

### ➤ Capital Assets

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

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

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	5 years
Assets Under Capital Lease	5 years
Leasehold Improvements	10 years
Building	30 years

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

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➤ **Long-term Debt**

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

➤ **Deferred Outflows/Inflows of Resources**

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

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

➤ **Net Position and Fund Balance Classification**

*Government-wide Financial Statements*

Net Position are classified and reported in three components:

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

*Fund Financial Statements*

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

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All

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nonspendable fund balances at year end relate to assets that are in nonspendable form.

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

### ➤ Order of Fund Balance Spending Policy

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

### ➤ Revenue Sources

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

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

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The basic amount of funding through the FEFP under Section 1011.62, Florida Statutes is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2015, the School reported 522.66 unweighted FTE and 575.69 weighted FTE.

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

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

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

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

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

### ➤ **Income Taxes**

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

### ➤ **Use of Estimates**

In preparing the financial statements in conformity with generally accepted accounting principles in the United States management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net position and affect revenues and

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expenditures for the period presented. Actual results could differ from those estimates.

➤ **Subsequent Events**

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

### 2. PRIOR PERIOD ADJUSTMENT

A prior period adjustment has been made to record the building and related bonds payable to the School's accounting records. The building and bonds payable were previously reported in the accounting records for Miami Community Charter School, Inc., the not-for-profit corporation that holds the School's charter. The recording of the building and bonds payable resulted in the adjustment the School's net position balance and the fund balance of the governmental funds as shown below:

	Governmental Activities Net Position June 30, 2014	Governmental Fund Fund Balance June 30, 2014
As Previously Stated	\$ 2,891,837	\$ 387,473
Correction for recording of building and bonds payable	<u>(2,147,061)</u>	<u>861,622</u>
As Restated	<u>\$ 744,776</u>	<u>\$ 1,249,095</u>

### 3. CASH DEPOSITS

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



# MIAMI COMMUNITY CHARTER SCHOOL, INC.

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## NOTES TO FINANCIAL STATEMENTS

June 30, 2015

### 4. RESTRICTED INVESTMENTS

Investments, restricted to their use and type by bond covenants, were as follows:

<u>Type</u>	<u>Fair Value</u>
Fidelity Institutional Money Market Prime Money Market Portfolio:	
2010A Interest Account	\$ 122,561
2010B Interest Account	10,701
2010A Principal Account	6
2010B Principal Account	47,502
Fees Account	8,525
Debt Service Reserve Account	623,750
Renewal & Replacement Fund Account	66,379
Total Restricted Investments	<u>\$ 879,424</u>

This mutual fund invests in U.S. dollar-denominated money market securities of domestic and foreign issuers in the highest category as rated by at least two nationally recognized rating services, U.S. Government securities and repurchase agreements. This fund is not rated by credit rating agencies.

### 5. DUE FROM OTHER AGENCY

The amounts Due from Other Agency included in the accompanying statement of net position and balance sheet – governmental funds consists of an amount due from the Florida Department of Education funds for Charter School Capital Outlay and the Florida Education Finance Program recorded in the General Fund and for amounts due from the National School Lunch Program recorded in the Special Revenue Fund. These receivables are considered to be fully collectible and as such, no allowance for uncollectible accounts is accrued.

### 6. LOAN RECEIVABLE – RELATED PARTY

The School reported receivables of \$77,564 and \$88,724 due from the Miami Community Charter Middle School and Miami Community Charter High School, respectively, related parties through common control, in its Statement of Net Position and Balance Sheet – Governmental Funds. This amount represents a temporary zero interest demand loan given to partially fund current operations of the Miami Community Charter Middle School and Miami Community Charter High School. The School expects to receive repayment of these loans within one year from the financial statement date. Terms of the repayment plans have not yet been established.

# MIAMI COMMUNITY CHARTER SCHOOL, INC.

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**June 30, 2015**

### 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2015, the School's Special Revenue Fund owed the General Fund \$75,627 for expenditures awaiting reimbursement from other agencies. The Special Revenue Fund transferred \$120,384 to the General Fund to provide financial support for the School's general operations. The General Fund transferred \$522,979 to the Debt Service Fund to help finance the School's principal and interest payments owed on long-term debt. These amounts of interfund receivables, payables, and transfers are netted together and not reported in the statement of net position and statement of activities.

### 8. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below.

	Beginning Balance	Additions	Deletions	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,665,717	\$ -	\$ -	\$ 1,665,717
Construction in Progress	-	10,000		10,000
Total Capital Assets Not Being Depreciated	<u>1,665,717</u>	<u>10,000</u>	<u>-</u>	<u>1,675,717</u>
Capital Assets Being Depreciated:				
Buildings	4,770,328			4,770,328
Furniture, Fixtures and Equipment	370,159	867		371,026
Leasehold Improvements	888,432	33,614		922,046
Assets Under Capital Lease	136,000			136,000
Total Capital Assets Being Depreciated	<u>6,164,919</u>	<u>34,481</u>	<u>-</u>	<u>6,199,400</u>
Less Accumulated Depreciation for:				
Buildings	(159,011)	(159,011)		(318,022)
Furniture, Fixtures and Equipment	(275,453)	(79,179)		(354,632)
Leasehold Improvements	(88,153)	(91,106)		(179,259)
Assets Under Capital Lease	(17,000)	(13,600)		(30,600)
Total Accumulated Depreciation	<u>(539,617)</u>	<u>(342,896)</u>	<u>-</u>	<u>(882,513)</u>
Total Capital Assets Being Depreciated, Net	<u>5,625,302</u>	<u>(308,415)</u>	<u>-</u>	<u>5,316,887</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,291,019</u>	<u>\$ (298,415)</u>	<u>\$ -</u>	<u>\$ 6,992,604</u>

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

### 9. OBLIGATIONS UNDER CAPITAL LEASE

The School is currently leasing portables with an asset value of \$136,000.

Future minimum capital lease payments and the present value of the minimum lease payments as of June 30 are as follows:

Fiscal Year Ending June 30:	Total	Principal	Interest
2016	\$ 28,824	\$ 25,104	\$ 3,720
2017	28,824	26,571	2,253
2018	25,610	25,060	550
Total Minimum Lease Payments	<u>\$ 83,258</u>	<u>\$ 76,735</u>	<u>\$ 6,523</u>

The imputed interest rate is 5.693 percent.

**MIAMI COMMUNITY CHARTER SCHOOL, INC.**

A Charter School and Component Unit of the District School Board of Miami-Dade County, Florida

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2015**

**10. BONDS PAYABLE**

Bonds payable at June 30, 2015, are as follows:

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>	<u>Annual Maturity To</u>
Revenue Bonds:			
Series 2010A	\$ 7,000,000	7.0 percent	2041
Series 2010B	535,000	8.0 percent	2019
Total Bonds Payable	<u>\$ 7,535,000</u>		

**Revenue Bonds Series 2010A and 2010B** – On October 1, 2010, the Miami Community Charter School, Inc. issued tax-exempt revenue bonds (Series 2010A) for \$7,000,000 and taxable revenue bonds (Series 2010B) for \$700,000 secured by a mortgage on the property and buildings. The bonds were issued to finance the acquisition, improvements, and equipping of facilities to be used as a nonprofit charter school educational facility.

Series 2010A bonds are term bonds paying interest semi-annually at a rate of 7% with maturities starting October 15, 2019, and ending October 15, 2040. Series 2010B bonds are term bonds paying interest semi-annually at a rate of 8% with maturities starting October 15, 2014, and ending October 15, 2019.

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

Annual requirements to amortize all bonded debt outstanding as of June 30, 2015, are as follows:

<u>Fiscal Year Ending June</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 624,000	\$ 95,000	\$ 529,000
2017	621,200	100,000	521,200
2018	622,800	110,000	512,800
2019	618,800	115,000	503,800
2020	624,075	130,000	494,075
2021-2025	3,104,550	790,000	2,314,550
2026-2030	3,111,700	1,130,000	1,981,700
2031-2035	3,104,375	1,595,000	1,509,375
2036-2040	3,105,875	2,265,000	840,875
2041	1,247,175	1,205,000	42,175
Total	<u>\$ 16,784,550</u>	<u>\$ 7,535,000</u>	<u>\$ 9,249,550</u>

# MIAMI COMMUNITY CHARTER SCHOOL, INC.

A Charter School and Component Unit of the District School Board of Miami-Dade County, Florida

## NOTES TO FINANCIAL STATEMENTS

June 30, 2015

### 11. CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Deductions	Ending Balance	Due in One Year
GOVERNMENTAL ACTIVITIES:					
Bond Payable	\$ 7,620,000	\$ -	\$ (85,000)	\$ 7,535,000	\$ 95,000
Capital Lease Payable	162,857		(86,122)	76,735	25,104
Notes Payable	12,481		(12,481)	-	-
Total Governmental Activities	<u>\$ 7,795,338</u>	<u>\$ -</u>	<u>\$ (183,603)</u>	<u>\$ 7,611,735</u>	<u>\$ 120,104</u>

### 12. COMMITMENTS AND CONTINGENT LIABILITIES

The School participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivables at June 30, 2015, may be impaired.

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

### 13. FACILITY LEASE – RELATED PARTY

On October 1, 2010, Miami Community Charter School, Inc. issued \$7,700,000 of bonded debt to construct an educational facility on land owned by Miami Community Charter School. On October 1, 2010, a lease was executed by Miami Community Charter School, Miami Community Charter Middle School and Miami Community Charter High School to pledge FEFP revenue in proportionate amounts to pay the debt service on the bonded debt over a term commencing July 1, 2011 and ending June 30, 2041. The lease payments to be made by these Schools are based on student enrollment. The School collected rent revenue of \$279,000 and \$198,000 from Miami Community Charter Middle School, Inc. and Miami Community Charter High School, Inc., respectively, for the fiscal year ended June 30, 2015.

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## NOTES TO FINANCIAL STATEMENTS

June 30, 2015

### 14. SCHEDULE OF STATE REVENUE SOURCES

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

Source	Amount
Florida Education Finance Program	\$ 2,244,309
Class Size Reduction	686,664
Discretionary Millage	230,273
Supplementary Academic Instruction	174,970
Capital Outlay	152,225
Capital Outlay Admin	93,456
Transportation	77,280
Instructional Materials	38,704
ESE Guaranteed Allocation	20,544
Safe School	14,750
Florida Teachers' Lead Program	8,430
Discretionary Lottery	1,951
Miscellaneous State Revenue	1,318
Total State Revenue	<u><u>\$ 3,744,874</u></u>

As provided in the charter school contract and Florida Department of Education Rules, the District has charged the School an administrative fee on FEFP revenue for the first 250 FTE, which totaled \$85,704.

### 15. FUNDING AND CREDIT CONCENTRATIONS

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

### 16. LEASE COMMITMENTS

The School leases its educational facility under a noncancelable operating lease expiring in August 2017. This lease contains an option to renew for an additional two year period. The agreement calls for initial monthly rent payments of \$20,300 with rent increasing each year.

The total future minimum payments for the years ended June 30, are as follows:

Fiscal Year Ending June	Amount
2016	\$ 248,472
2017	253,441
Total Minimum Payments Required	<u><u>\$ 501,913</u></u>

Rental expenditures under this lease for the fiscal year were \$243,600.

# **MIAMI COMMUNITY CHARTER SCHOOL, INC.**

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## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2015**

### **17. PROFESSIONAL SERVICE CONTRACTS**

The School entered into an annual contract for professional services with School Financial Services, Inc. to perform various financial, accounting, payroll, and purchasing services. The contract is cancellable by either party with 30 days written notice. The professional fees for the year ended June 30, 2015, were \$109,036.

The School entered into a contract for the period July 1, 2011, to June 30, 2015, with School Development Group, Inc.. The contract calls for School Development Group, Inc. to provide the School with general management of the School's operations, negotiate operational contracts with vendors, and manage business dealings of the School with outside entities. The contract is cancellable with 60 days written notice. An annual fee is to be 3.5% of the School's monthly FEFP revenue less the District's administrative fee, to be paid in monthly installments. Fees under this agreement incurred to School Development Group during the fiscal year amounted to \$122,402.

### **18. RISK MANAGEMENT PROGRAMS**

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

### **19. LEGAL MATTERS**

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

**MIAMI COMMUNITY CHARTER SCHOOL, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND & MAJOR SPECIAL REVENUE FUND - (UNAUDITED)**  
*For the Fiscal Year Ended June 30, 2015*

	General Fund				Major Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues:</b>								
Intergovernmental:								
Federal through State and Local	\$ -	\$ -	\$ -	\$ -	\$ 770,647	\$ 735,906	\$ 735,906	\$ -
State Sources	3,893,167	3,499,193	3,499,193	-	-	-	-	-
Local and Other	19,869	531,636	531,636	-	4,850	2,556	2,556	-
Total Revenues	<u>3,913,036</u>	<u>4,030,829</u>	<u>4,030,829</u>	<u>-</u>	<u>775,497</u>	<u>738,462</u>	<u>738,462</u>	<u>-</u>
<b>Expenditures:</b>								
Current - Education:								
Instruction	1,853,702	2,023,937	2,023,937	-	131,963	113,256	113,256	-
Pupil Personnel Services	45,363	18,193	18,193	-	-	-	-	-
Instructional Media	25,534	-	-	-	-	-	-	-
Instruction & Curriculum Development	30,598	28,430	28,430	-	-	-	-	-
Instructional Staff Training	103	-	-	-	-	-	-	-
Instructional-Related Technology	1,791	14,185	14,185	-	-	-	-	-
Board of Education	260,332	255,794	255,794	-	-	-	-	-
School Administration	368,862	352,211	352,211	-	-	-	-	-
Facilities Acquisition & Construction	243,600	247,550	247,550	-	-	-	-	-
Fiscal Services	114,383	109,036	109,036	-	-	-	-	-
Food Services	-	-	-	-	508,618	504,822	504,822	-
Pupil Transportation	283,440	299,705	299,705	-	-	-	-	-
Operation of Plant	292,639	251,899	251,899	-	-	-	-	-
Maintenance of Plant	39,960	56,614	56,614	-	-	-	-	-
Community Service	-	13,732	13,732	-	-	-	-	-
Fixed Capital Outlay:								
Facilities Acquisition & Construction	46,021	43,614	43,614	-	-	-	-	-
Other Capital Outlay	1,296	867	867	-	-	-	-	-
Debt Service:								
Principal	98,603	-	-	-	-	-	-	-
Interest	163,146	-	-	-	-	-	-	-
Total Expenditures	<u>3,869,373</u>	<u>3,715,767</u>	<u>3,715,767</u>	<u>-</u>	<u>640,581</u>	<u>618,078</u>	<u>618,078</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/Under Expenditures	<u>43,663</u>	<u>315,062</u>	<u>315,062</u>	<u>-</u>	<u>134,916</u>	<u>120,384</u>	<u>120,384</u>	<u>-</u>
Other Financing Sources (Uses):								
Transfers In/(Out)	134,916	(402,595)	(402,595)	-	(134,916)	(120,384)	(120,384)	-
Total Other Financing Sources (Uses):	<u>134,916</u>	<u>(402,595)</u>	<u>(402,595)</u>	<u>-</u>	<u>(134,916)</u>	<u>(120,384)</u>	<u>(120,384)</u>	<u>-</u>
Net Changes in Fund Balances	<u>178,579</u>	<u>(87,533)</u>	<u>(87,533)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, July 1, 2014	387,473	387,473	387,473	-	-	-	-	-
Adjustment to Beginning Fund Balance	-	-	-	-	-	-	-	-
Restated Fund Balances, July 1, 2014	<u>387,473</u>	<u>387,473</u>	<u>387,473</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30, 2015	<u>\$ 566,052</u>	<u>\$ 299,940</u>	<u>\$ 299,940</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report.

# **MIAMI COMMUNITY CHARTER SCHOOL, INC.**

A Charter School and Component Unit of the District School Board of Miami-Dade County, Florida

## **NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2015**

### **1. BUDGETARY BASIS OF ACCOUNTING**

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



**MIAMI COMMUNITY CHARTER SCHOOL, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*For the Fiscal Year Ended June 30, 2015*

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)
<b>United States Department of Agriculture:</b>			
Indirect:			
Child Nutrition Cluster:			
Miami-Dade County District School Board:			
School Breakfast Program	10.553	NA	\$ 89,896
National School Lunch Program	10.555	NA	<u>532,754</u>
<b>Total United States Department of Education</b>			<u><u>622,650</u></u>
<b>United States Department of Education:</b>			
Indirect:			
Miami-Dade County District School Board:			
Title I Grants to Local Educational Agencies	84.002	NA	<u>113,256</u>
<b>Total United States Department of Education</b>			<u><u>113,256</u></u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 735,906</u></u>

Notes: (1) Basis of Presentation. The Schedule of Expenditures of Federal Awards represents amounts expended from Federal Programs during the 2014-15 fiscal year as determined based on the modified accrual basis of accounting. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the School's accounting records from which the basic financial statements have been reported.

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

To the Board of Directors of Miami Community Charter School, Inc.  
a Charter School and Component Unit of the District  
School Board of Miami-Dade County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Miami Community Charter School, Inc. ("School"), a charter school and component unit of the District School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 24, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

Respectfully submitted,

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

August 24, 2015  
Tampa, Florida

**Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

Independent Auditor's Report

To the Board of Directors of Miami Community Charter School, Inc.  
a Charter School and Component Unit of the District  
School Board of Miami-Dade County, Florida

**Report on Compliance for Each Major Federal Program**

We have audited Miami Community Charter School, Inc. ("School"), a charter school and component unit of the District School Board of Miami-Dade County, Florida, compliance of with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the fiscal year ended June 30, 2015. The School's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 the OMB's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

### **Report on Internal Control Over Compliance**

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow managements or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements. We issued our report thereon August 24, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of

the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Respectfully submitted,

*King & Walker, CPAs*

August 24, 2015  
Tampa, Florida

# MIAMI COMMUNITY CHARTER SCHOOL, INC.

A Charter School and Component Unit of the District School Board of Miami-Dade County, Florida

## SUMMARY SCHEDULE OF AUDIT RESULTS AND SCHEDULE OF FINDINGS

OMB CIRCULAR A-133

June 30, 2015

### SUMMARY OF AUDIT RESULTS

As required by United States Office of Management and Budget *Circular A-133*, Section \_\_.505, the following is a summary of the results of the audit of the Miami Community Charter School, Inc. for the fiscal year ended June 30, 2015:

<u>Financial Statements</u>	<u>Results</u>
Type of Financial Statement Opinion	Unqualified
Internal Control Over Financial Reporting:	
Material weakness identified?	No
Significant deficiency identified that is not considered to be a material weakness?	None reported.
Noncompliance material to financial statements noted?	No
<u>Federal Awards</u>	
Internal control over major program:	
Material weakness identified?	No
Significant deficiency identified that is not considered to be a material weakness?	None reported.
Type of auditor's report issued on compliance for major program?	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No
Identification of major programs:	Child Nutrition Cluster (CFDA#'s 10.553, 10.555)
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

**MIAMI COMMUNITY CHARTER SCHOOL, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

***SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - FEDERAL AWARDS***  
***For the Fiscal Year Ended June 30, 2015***

Listed below is the School's summary of the status of prior audit findings on Federal programs:

Audit Report No. and Federal Awards Finding No.	Program/ Area	Brief Description	Status	Comments
King & Walker, CPAs, PL audit as of June 30, 2014	Not Applicable	No prior audit findings	Not applicable.	None.



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

To the Board of Directors of Miami Community Charter School, Inc.  
a Charter School and Component Unit of the District  
School Board of Miami-Dade County, Florida

**Report on the Financial Statements**

We have audited the financial statements of the Miami Community Charter School, Inc. (“School”), a charter school and a component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated August 24, 2015.

**Auditor’s Responsibility**

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

**Other Reports and Schedules**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated August 24, 2015, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

**Official Title**

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Miami Community Charter School, 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 School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

## **Transparency**

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

## **Other Matters**

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

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

## **Purpose of this Letter**

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

Respectfully submitted,

Handwritten signature of King & Walker, CPAs in black ink.

August 24, 2015  
Tampa, Florida