

**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, 2017

King & Walker, CPAs, PL

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, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, 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 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also 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 28, 2017 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 28, 2017
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)

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, 2017.

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

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2017, the School's revenues exceeded expenses as shown on the School's statement of activities by \$517,391.
- As shown on the statement of net position, the School reported an unrestricted Net Position balance of \$683,082.

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, 2016 and June 30, 2017:

	Net Position, End of Year		
	<u>Governmental Activities</u>		
	<u>6-30-16</u>	<u>6-30-17</u>	<u>Increase (Decrease)</u>
ASSETS			
Current Assets	\$ 1,245,853	\$ 1,819,565	\$ 573,712
Capital Assets, Net	<u>6,721,800</u>	<u>6,462,749</u>	<u>(259,051)</u>
Total Assets	<u>7,967,653</u>	<u>8,282,314</u>	<u>314,661</u>
LIABILITIES			
Current Liabilities	275,803	205,106	(70,697)
Long-Term Liabilities	<u>7,503,338</u>	<u>7,371,305</u>	<u>(132,033)</u>
Total Liabilities	<u>7,779,141</u>	<u>7,576,411</u>	<u>(202,730)</u>
NET POSITION			
Net Investment in Capital Assets	(769,831)	(902,311)	(132,480)
Restricted for Debt Service	892,661	925,132	32,471
Unrestricted	<u>65,682</u>	<u>683,082</u>	<u>617,400</u>
Total Net Position	<u>\$ 188,512</u>	<u>\$ 705,903</u>	<u>\$ 517,391</u>

Current assets consist primarily of cash, restricted investments, and loan receivables from related parties. Liabilities are comprised mainly of salaries & benefits payable, long-term capital lease payable, and bonds payable.

Current assets increased primarily due to an increase in cash at the end of the fiscal year.

The balance in Unrestricted Net Position of \$683,082 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, 2016 and June 30, 2017 is as follows:

	Operating Results for the Year		
	Governmental Activities		
	6-30-16	6-30-17	Increase (Decrease)
Revenues:			
Federal Through State and Local	\$ 768,182	\$ 799,042	\$ 30,860
State Sources	3,903,033	4,049,411	146,378
Local and Other	641,484	632,779	(8,705)
Total Revenues	5,312,699	5,481,232	168,533
Expenses:			
Instruction	2,266,607	1,618,590	(648,017)
Student Support Services	32,311	70,605	38,294
Instr. & Curriculum Development	57,817	43,139	(14,678)
Instructional-Related Technology	24,417	49,268	24,851
Board of Education	279,505	296,703	17,198
School Administration	431,054	403,723	(27,331)
Facilities Acq. & Construction	247,350	253,827	6,477
Fiscal Services	114,194	115,876	1,682
Food Services	662,754	649,461	(13,293)
Student Transportation	456,105	334,102	(122,003)
Operation of Plant	216,579	255,605	39,026
Maintenance of Plant	48,073	32,926	(15,147)
Community Service	16,425	21,445	5,020
Interest & Fiscal Charges	554,665	548,186	(6,479)
Unallocated Depreciation	276,564	270,385	(6,179)
Total Expenses	5,684,420	4,963,841	(720,579)
Increase/(Decrease) in Net Position	\$ (371,721)	\$ 517,391	\$ 889,112

The largest revenue source for the School is the State of Florida (74%). 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.

Instruction expense decreased primarily due to a decrease in instructional staff and closely monitoring spending. The other expense categories experiences increases and decreases between fiscal years due to general economic conditions and the financial needs for the school.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its governmental funds reported a combined fund balance of \$1,614,459.

BUDGETARY HIGHLIGHTS

The General Fund and Special Revenue Fund budget for the fiscal year ended June 30, 2017, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Over the course of the year, the school revised its General Fund and Special Revenue Fund budget. For the fiscal year ended June 30, 2017, 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, 2017, amounts to \$6,462,749 (net of accumulated depreciation). This investment in capital assets includes buildings, furniture, fixtures, and equipment, leasehold improvements, assets under capital lease, and land. 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, 2017

		Governmental Activities
ASSETS		
Cash	\$	419,573
Restricted Investments		925,132
Due from Other Agencies		157,280
Due from Miami Community Charter Middle School		144,265
Due from Miami Community Charter High School		134,605
Prepaid Expenses and Deposits		38,710
Capital Assets:		
Land		1,665,717
Building, Net		4,134,284
Furniture, Fixtures, and Equipment, Net		4,641
Leasehold Improvements, Net		579,907
Assets Under Capital Lease, Net		78,200
Total Capital Assets, Net		6,462,749
TOTAL ASSETS		8,282,314
LIABILITIES		
Salaries and Benefits Payable		175,765
Accounts Payable		29,341
Long Term Liabilities:		
Due Within One Year:		
Bonds Payable		110,000
Capital Lease Payable		25,060
Note Payable		6,245
Due After One Year:		
Bonds Payable		7,230,000
Total Liabilities		7,576,411
NET POSITION		
Net Investment in Capital Assets		(902,311)
Restricted for Debt Service		925,132
Unrestricted		683,082
TOTAL NET POSITION	\$	705,903

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, 2017

		Program Revenues			Net (Expenses)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes Net Position Governmental Activities
Governmental Activities:					
Instruction	\$ 1,618,590	\$ -	\$ 154,155	\$ -	\$ (1,464,435)
Student Support Services	70,605		2,050		(68,555)
Instruction & Curriculum Development	43,139		7,595		(35,544)
Instructional-Related Technology	49,268				(49,268)
Board of Education	296,703				(296,703)
School Administration	403,723				(403,723)
Facilities Acquisition & Construction	253,827			185,188	(68,639)
Fiscal Services	115,876				(115,876)
Food Services	649,461	720	635,242		(13,499)
Student Transportation	334,102				(334,102)
Operation of Plant	255,605				(255,605)
Maintenance of Plant	32,926				(32,926)
Community Service	21,445				(21,445)
Interest & Fiscal Charges	548,186				(548,186)
Unallocated Depreciation	270,385				(270,385)
Total Governmental Activities	<u>\$ 4,963,841</u>	<u>\$ 720</u>	<u>\$ 799,042</u>	<u>\$ 185,188</u>	<u>(3,978,891)</u>
General Revenues:					
State Sources					3,864,223
Local & Other					632,059
Total General Revenues					<u>4,496,282</u>
Change in Net Position					517,391
Net Position - July 1, 2016					188,512
Net Position - June 30, 2017					<u>\$ 705,903</u>

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, 2017

	General Fund	Debt Service Fund	Special Revenue Fund	Total Governmental Funds
ASSETS				
Cash	\$ 419,573	\$ -	\$ -	\$ 419,573
Restricted Investments		925,132		925,132
Due from Other Agencies	61,833		95,447	157,280
Due from Miami Community Charter Middle School	144,265			144,265
Due from Miami Community Charter High School	134,605			134,605
Due from Other Funds	77,276			77,276
Prepaid Expenses and Deposits	38,710			38,710
TOTAL ASSETS	\$ 876,262	\$ 925,132	\$ 95,447	\$ 1,896,841
LIABILITIES				
Salaries and Benefits Payable	\$ 174,111	\$ -	\$ 1,654	\$ 175,765
Accounts Payable	12,824		16,517	29,341
Due to Other Funds			77,276	77,276
Total Liabilities	186,935	-	95,447	282,382
FUND BALANCES				
Nonspendable	38,710			38,710
Restricted		925,132		925,132
Unassigned	650,617			650,617
Total Fund Balances	689,327	925,132	-	1,614,459
TOTAL LIABILITIES AND FUND BALANCES	\$ 876,262	\$ 925,132	\$ 95,447	\$ 1,896,841

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, 2017

Total Fund Balances - Governmental Funds	\$ 1,614,459
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.	6,462,749
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(7,371,305)</u>
Total Net Position - Governmental Activities	<u><u>\$ 705,903</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, 2017

	General Fund	Debt Service Fund	Special Revenue Fund	Total Governmental Funds
Revenues				
Intergovernmental:				
Federal Through State & Local	\$ -	\$ -	\$ 799,042	\$ 799,042
State Sources	3,864,223	185,188		4,049,411
Local and Other	624,203	7,856	720	632,779
Total Revenues	4,488,426	193,044	799,762	5,481,232
Expenditures				
Current - Education:				
Instruction	1,464,435		154,155	1,618,590
Student Support Services	68,555		2,050	70,605
Instruction & Curriculum Development	35,544		7,595	43,139
Instructional-Related Technology	49,268			49,268
Board of Education	296,703			296,703
School Administration	403,723			403,723
Facilities Acquisition & Construction	253,827			253,827
Fiscal Services	115,876			115,876
Food Services			649,461	649,461
Student Transportation	334,102			334,102
Operation of Plant	255,605			255,605
Maintenance of Plant	32,926			32,926
Community Service	21,445			21,445
Fixed Capital Outlay:				
Other Capital Outlay	9,568		1,766	11,334
Debt Service:				
Principal		132,033		132,033
Interest & Fiscal Charges		548,186		548,186
Total Expenditures	3,341,577	680,219	815,027	4,836,823
Excess (Deficiency) of Revenues				
Over Expenditures	1,146,849	(487,175)	(15,265)	644,409
Other Financing Sources (Uses):				
Transfers In/(Out)	(534,911)	519,646	15,265	-
Total Other Financing Sources (Uses):	(534,911)	519,646	15,265	-
Net Change in Fund Balances	611,938	32,471	-	644,409
Fund Balances, July 1, 2016	77,389	892,661	-	970,050
Fund Balances, June 30, 2017	\$ 689,327	\$ 925,132	\$ -	\$ 1,614,459

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, 2017

Net Change in Fund Balances - Governmental Funds	\$	644,409
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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 (\$270,385) in excess of capital outlays (\$11,334) in the current year.</p>		(259,051)
<p>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.</p>		<hr style="width: 100%;"/> 132,033
Change in Net Position - Governmental Activities	\$	517,391

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, 2017

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 was renewed for one year in 2017 and is effective until July 31, 2018 and is subject to annual review and may be renewed by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. In this case, the District is required to notify the school in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. 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 the operational or capital requirements of a particular program. Revenues that are

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, 2017

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 related fund liability is incurred, except for principal and interest on long-term

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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.

➤ **Fair Value Measurement**

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

➤ **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

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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.

➤ **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.”

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Fund Financial Statements

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

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

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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.

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, 2017, the School reported 526.13 unweighted FTE and 580.55 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.

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

➤ **Subsequent Events**

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

2. CASH DEPOSITS

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

3. 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, 2017, 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.

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4. INVESTMENTS

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

Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

All of the School's recurring fair value measurements as of June 30, 2017 are valued using quoted market prices (Level 1 inputs).

The School's investments at June 30, 2017, are reported as follows:

Investments by fair value level	Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
First American Government Obligation	\$ 319,645	\$ 319,645	\$ -	\$ -
Private Export Funding Corp	605,487	605,487	-	-
Total investments	<u>\$ 925,132</u>	<u>\$ 925,132</u>	<u>\$ -</u>	<u>\$ -</u>

5. DUE FROM OTHER AGENCIES

The amounts Due from Other Agencies 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 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 \$144,265 and \$134,605 due from the Miami Community Charter Middle School (MCM) and Miami Community Charter High School (MCH), 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 MCM and MCH. 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.

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7. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below.

	Beginning Balance	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Land	\$ 1,665,717	\$ -	\$ -	\$ 1,665,717
Total Capital Assets Not Being Depreciated	<u>1,665,717</u>	<u>-</u>	<u>-</u>	<u>1,665,717</u>
Capital Assets Being Depreciated:				
Buildings	4,770,328			4,770,328
Furniture, Fixtures and Equipment	371,026	1,766		372,792
Leasehold Improvements	937,806	9,568		947,374
Assets Under Capital Lease	136,000			136,000
Total Capital Assets Being Depreciated	<u>6,199,400</u>	<u>11,334</u>	<u>-</u>	<u>6,226,494</u>
Less Accumulated Depreciation for:				
Buildings	(477,033)	(159,011)		(636,044)
Furniture, Fixtures and Equipment	(364,954)	(3,196)		(368,150)
Leasehold Improvements	(272,890)	(94,578)		(367,468)
Assets Under Capital Lease	(44,200)	(13,600)		(57,800)
Total Accumulated Depreciation	<u>(1,159,077)</u>	<u>(270,385)</u>	<u>-</u>	<u>(1,429,462)</u>
Total Capital Assets Being Depreciated, Net	<u>5,040,323</u>	<u>(259,051)</u>	<u>-</u>	<u>4,797,032</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,706,040</u>	<u>\$ (259,051)</u>	<u>\$ -</u>	<u>\$ 6,462,749</u>

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

8. NOTES PAYABLE

Notes payable consist of the following:

	Balance at 6-30-17
<u>Note Payable - Dell Financial Services-006</u>	
\$18,636, Borrowed in October 2015, to lease computers and computer equipment. Interest Rate of 13,454%. Payments are to be made in 3 equal annual installments of \$7,138.35.	\$ 6,245
Total Notes Payable	<u>\$ 6,245</u>

Amounts payable for notes payable are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2018	\$ 7,139	\$ 6,245	\$ 894
Total	<u>\$ 12,237</u>	<u>\$ 6,245</u>	<u>\$ 894</u>

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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:

<u>Fiscal Year Ending June 30:</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	<u>\$ 25,610</u>	<u>\$ 25,060</u>	<u>\$ 550</u>
Total Minimum Lease Payments	<u>\$ 25,610</u>	<u>\$ 25,060</u>	<u>\$ 550</u>

The imputed interest rate is 5.693 percent.

10. 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.

11. BONDS PAYABLE

Bonds payable at June 30, 2017, 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	<u>340,000</u>	8.0 percent	2019
Total Bonds Payable	<u>\$ 7,340,000</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.

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Annual requirements to amortize all bonded debt outstanding as of June 30, 2017, are as follows:

<u>Fiscal Year Ending June</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 622,800	\$ 110,000	\$ 512,800
2019	618,800	115,000	503,800
2020	624,075	130,000	494,075
2021	619,225	135,000	484,225
2022	619,425	145,000	474,425
2023-2027	3,110,375	915,000	2,195,375
2028-2032	3,107,125	1,295,000	1,812,125
2033-2037	3,104,625	1,835,000	1,269,625
2038-2041	3,112,900	2,660,000	452,900
Total	<u>\$ 15,539,350</u>	<u>\$ 7,340,000</u>	<u>\$ 8,199,350</u>

12. CHANGES IN LONG-TERM LIABILITIES

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
GOVERNMENTAL ACTIVITIES:					
Bond Payable	\$ 7,440,000	\$ -	\$ (100,000)	\$ 7,340,000	\$ 110,000
Capital Lease Payable	51,631	-	(26,571)	25,060	25,060
Notes Payable	11,707		(5,462)	6,245	6,245
Total Governmental Activities	<u>\$ 7,503,338</u>	<u>\$ -</u>	<u>\$ (132,033)</u>	<u>\$ 7,371,305</u>	<u>\$ 141,305</u>

13. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2017, the School's Special Revenue Fund owed the General Fund \$77,276 for expenditures awaiting reimbursement from other agencies. The General Fund transferred \$15,265 to the Special Revenue Fund to provide financial support for the School's food service program. The General Fund transferred \$519,646 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.

14. 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.

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June 30, 2017

15. SCHEDULE OF STATE REVENUE SOURCES

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

Source	Amount
Florida Education Finance Program	\$ 2,362,588
Class Size Reduction	687,397
Discretionary Local Effort	309,881
Capital Outlay	185,188
Supplementary Academic Instruction	175,312
Capital Outlay Admin	101,202
Transportation	88,715
Instructional Materials	39,234
ESE Guaranteed Allocation	30,787
Reading Allocation	23,821
Safe School	14,760
Discretionary Lottery	9,278
Digital Classroom Allocation	8,996
Florida Teachers Classroom Supply Program	7,263
Miscellaneous State Revenue	4,989
Total State Revenue	<u><u>\$ 4,049,411</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 \$91,625.

16. 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, 2017.

17. LEASE COMMITMENTS

The School leases its educational facility under a noncancelable operating lease expiring in August 2017. During the 2016-17 fiscal year, the School renewed this lease for an additional two years. The agreement calls for initial monthly rent payments of \$20,300 with rent increasing each year.

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

<u>Fiscal Year</u> <u>Ending June</u>	<u>Amount</u>
2018	\$ 248,472
2019	248,472
Total Minimum Payments Required	<u>\$ 496,944</u>

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

18. 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, 2017, were \$115,876.

The School entered into a contract for the period July 1, 2016, to June 30, 2020, 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 \$131,772.

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, 2017

	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)
Revenues:								
Intergovernmental:								
Federal Through State and Local	\$ -	\$ -	\$ -	\$ -	\$ 737,188	\$ 799,042	\$ 799,042	\$ -
State Sources	3,828,914	3,864,223	3,864,223	-	-	-	-	-
Local and Other	561,154	624,203	624,203	-	1,077	720	720	-
Total Revenues	<u>4,390,068</u>	<u>4,488,426</u>	<u>4,488,426</u>	<u>-</u>	<u>738,265</u>	<u>799,762</u>	<u>799,762</u>	<u>-</u>
Expenditures:								
Current - Education:								
Instruction	1,726,431	1,464,435	1,464,435	-	120,042	154,155	154,155	-
Student Support Services	96,776	68,555	68,555	-	-	2,050	2,050	-
Instruction & Curriculum Development	43,327	35,544	35,544	-	-	7,595	7,595	-
Instructional Staff Training	1,292	-	-	-	-	-	-	-
Instructional-Related Technology	49,972	49,268	49,268	-	-	-	-	-
Board of Education	269,564	296,703	296,703	-	-	-	-	-
School Administration	366,168	403,723	403,723	-	-	-	-	-
Facilities Acquisition & Construction	180,339	253,827	253,827	-	-	-	-	-
Fiscal Services	109,255	115,876	115,876	-	-	-	-	-
Food Services	-	-	-	-	628,126	649,461	649,461	-
Student Transportation	438,030	334,102	334,102	-	-	-	-	-
Operation of Plant	297,941	255,605	255,605	-	-	-	-	-
Maintenance of Plant	25,267	32,926	32,926	-	-	-	-	-
Community Service	5,270	21,445	21,445	-	-	-	-	-
Fixed Capital Outlay:								
Other Capital Outlay	-	9,568	9,568	-	-	1,766	1,766	-
Total Expenditures	<u>3,609,632</u>	<u>3,341,577</u>	<u>3,341,577</u>	<u>-</u>	<u>748,168</u>	<u>815,027</u>	<u>815,027</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/Under Expenditures	<u>780,436</u>	<u>1,146,849</u>	<u>1,146,849</u>	<u>-</u>	<u>(9,903)</u>	<u>(15,265)</u>	<u>(15,265)</u>	<u>-</u>
Other Financing Sources (Uses):								
Transfers In/(Out)	(682,065)	(534,911)	(534,911)	-	9,903	15,265	15,265	-
Total Other Financing Sources (Uses):	<u>(682,065)</u>	<u>(534,911)</u>	<u>(534,911)</u>	<u>-</u>	<u>9,903</u>	<u>15,265</u>	<u>15,265</u>	<u>-</u>
Net Changes in Fund Balances	98,371	611,938	611,938	-	-	-	-	-
Fund Balances, July 1, 2016	77,389	77,389	77,389	-	-	-	-	-
Fund Balances, June 30, 2017	<u>\$ 175,760</u>	<u>\$ 689,327</u>	<u>\$ 689,327</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, 2017

1. BUDGETARY BASIS OF ACCOUNTING

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

**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, 2017**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures
United States Department of Agriculture:			
Indirect:			
Child Nutrition Cluster:			
Florida Department of Agriculture and Consumer Services:			
School Breakfast Program	10.553	14002	\$ 106,884
National School Lunch Program	10.555	14001	528,358
Total United States Department of Education			<u>635,242</u>
United States Department of Education:			
Indirect:			
Miami-Dade County District School Board:			
Title I Grants to Local Educational Agencies	84.010	NA	163,800
Total United States Department of Education			<u>163,800</u>
Total Expenditures of Federal Awards			<u><u>\$ 799,042</u></u>

MIAMI COMMUNITY CHARTER SCHOOL, INC.

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

2 CFR 200.510(B)(6)

June 30, 2017

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the School under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The School has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 28, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

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

August 28, 2017
Tampa, Florida

**Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control Over Compliance**

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 with the types of compliance requirements described in the OMB *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, 2017. 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 audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance 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, 2017.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



August 28, 2017
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

TITLE 2 U.S. CODE OF FEDERAL REGULATIONS PART 200

June 30, 2017

Section I - SUMMARY OF AUDIT RESULTS

As required by Title 2 U.S. Code of Federal Regulations, Section 200.515, 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, 2017:

<u>Financial Statements</u>	<u>Results</u>
Type of Financial Statement Opinion	Unmodified
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?	Unmodified
Any audit findings disclosed that are required to be reported under 2 CFR Section 200.516(a)?	No
Identification of major program:	Child Nutrition Cluster (CFDA#'s 10.553, 10.555)
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

Section III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

Section IV– STATUS OF PRIOR YEAR FINDINGS

No matters were reported.

**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, 2017, and have issued our report thereon dated August 28, 2017.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); 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*, Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated August 28, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is 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,



August 28, 2017
Tampa, Florida