

# Keys Gate Charter High School

(A Component Unit of the School  
Board of Miami-Dade County, Florida)

Basic Financial Statements  
For the Year Ended June 30, 2015

## Keys Gate Charter High School

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Keys Gate Charter High School  
Homestead, 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 Keys Gate Charter High School (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2015, and the respective changes in financial position, and budgetary comparison for the General Fund and Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note 1, the financial statements of the School are intended to present the financial position and change in financial position of only that portion of the governmental activities, each major fund and the aggregate remaining fund information of Renaissance Charter School, Inc. that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of Renaissance Charter School, Inc. as of June 30, 2015 and the changes in its financial position or budgetary comparisons, where applicable, for the year ended June 30, 2015 in conformity 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 on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2015, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
August 27, 2015

# MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Keys Gate Charter High School (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Miami-Dade County, Florida (the "School Board"), we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the years ended June 30, 2015 and 2014.

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

### **Financial Highlights**

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

- The net position (deficit) of the School as of June 30, 2015 was \$ (2,680,519) as compared to \$ (2,564,367) as of June 30, 2014.
- As of June 30, 2015, the School's governmental fund balance was \$ 1,007,128 as compared to \$ 778,175 as of June 30, 2014.

### **Overview of the Financial Statements**

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

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

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

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

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

The government-wide basic financial statements can be found on pages 7 and 8 of this report.

**Fund 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. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

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

The School maintains several individual governmental funds. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balances. The General Fund, Special Revenue Fund and Capital Project Fund are considered to be the School's major funds.

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

The governmental fund financial statements can be found on pages 9 through 14 of this report.

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

The Agency Fund financial statement can be found on page 15 of this report. The assets and liabilities of this fund are not included in the government-wide statement of net position.

**Notes to Basic Financial Statements:** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 16 through 24 of this report.

## Government-Wide Financial Analysis

The School has been in operation for five years; therefore, comparative government-wide data is presented. The School's net position (deficit) was \$ (2,680,519) at June 30, 2015. Of this amount, \$ 977,291 represented unrestricted net position and \$ (3,657,810) represented net investment in capital assets (deficit). The School's net position (deficit) was \$ (2,564,367) at June 30, 2014, of which \$ (3,324,148) represented net investment in capital assets (deficit) and \$ 759,781 unrestricted.

**Keys Gate Charter High School**  
**Management's Discussion and Analysis**  
**June 30, 2015**

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

Keys Gate Charter High School Net Position (Deficit)		
	June 30, 2015	June 30, 2014
ASSETS:		
Current and other assets	\$ 1,442,860	\$ 1,263,558
Capital assets, net of depreciation	16,700,140	17,230,294
Total assets	18,143,000	18,493,852
LIABILITIES:		
Current liabilities	696,588	721,233
Noncurrent liabilities	20,126,931	20,336,986
Total liabilities	20,823,519	21,058,219
NET POSITION (DEFICIT):		
Net investment in capital assets (deficit)	(3,657,810)	(3,324,148)
Unrestricted	977,291	759,781
Total net position (deficit)	\$ (2,680,519)	\$ (2,564,367)

**Governmental Activities:** The results of this year's operations for the School as a whole are reported in the statement of activities on page 8. The following table provides a condensed presentation of the School's revenues and expenses for the years ended June 30, 2015 and 2014:

Keys Gate Charter High School Change in Net Position		
	June 30, 2015	June 30, 2014
REVENUES:		
General revenues	\$ 7,805,109	\$ 7,283,668
Program revenues	1,112,871	1,177,647
Total revenues	8,917,980	8,461,315
FUNCTIONS/PROGRAM EXPENSES:		
Instruction	3,454,717	3,539,716
Instructional support services	2,235,751	1,999,435
Operation of non-instructional services	3,343,664	2,877,060
Total governmental activities	9,034,132	8,416,211
Change in net position (deficit)	\$ (116,152)	\$ 45,104



## **Governmental Fund Expenditures**

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

Functions/Programs	2015		2014	
	Expenditures	Percent	Expenditures	Percent
Governmental expenditures:				
Instructional expenditures	\$ 3,137,316	36.1%	\$ 3,199,799	40.3%
Plant operations and maintenance	857,592	9.9%	793,957	10.0%
Food services	464,955	5.4%	419,578	5.3%
Facilities acquisition and construction	190,941	2.2%	227,832	2.9%
Debt service	1,972,486	22.7%	1,824,378	23.0%
All other functions/programs	2,065,737	23.7%	1,476,090	18.5%
Total governmental expenditures	\$ 8,689,027	100.0%	\$ 7,941,634	100.0%

## **Capital Assets and Debt Administration**

**Capital Assets:** At June 30, 2015, the School had capital assets of \$ 16,700,140, net of accumulated depreciation, invested in buildings, leasehold improvements, computer equipment, and furniture, fixtures and equipment.

**Debt:** At June 30, 2015 the School had debt of \$ 20,368,251. More information about the School's debt can be found on page 22 of this report.

## **General Fund Budgetary Highlights**

The School ended the year with an increase in fund balance of approximately \$ 229,000 which was favorable to budget by approximately \$ 633,000. The main driver of this favorable variance was due to savings in instructional salaries and materials.

## **Economic Factors and Next Year's Budget**

The State of Florida is projecting an increase in Florida Education Finance Program funding for the next fiscal year of approximately 3%. This increase will be offset by a reduction in Public Education Capital Outlay, a funding pool which includes all charter schools.

Expenditures are budgeted in proportion to enrollment as well as strategic objectives at the School. In addition, a 2% salary increase pool has been built into the budget for all eligible school staff.

## **Requests for Information**

If you have any questions about this report or need additional information, please write Hillary Daigle, Controller; Charter Schools USA; 800 Corporate Drive, Suite 124; Ft. Lauderdale, Florida 33334.

# BASIC FINANCIAL STATEMENTS

**Keys Gate Charter High School**  
**Statement of Net Position (Deficit)**  
**June 30, 2015**

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	<b>Governmental Activities</b>
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 997,874
Other receivables	290,585
Due from management company	31,661
Due from other governments	41,323
Due from Agency Fund	2,618
Prepays and other assets	47,206
Restricted cash	10,301
Deposits	<u>21,292</u>
Total current assets	1,442,860
<b>Noncurrent Assets:</b>	
Capital assets (depreciable), net of accumulated depreciation	<u>16,700,140</u>
Total assets	<u>18,143,000</u>
<b>Current Liabilities:</b>	
Accounts payable	85,703
Salaries and wages payable	334,027
Due to related party	16,002
Compensated absences	14,652
Capital lease	<u>246,204</u>
Total current liabilities	<u>696,588</u>
<b>Noncurrent Liabilities:</b>	
Compensated absences	4,884
Capital lease	<u>20,122,047</u>
Total noncurrent liabilities	<u>20,126,931</u>
Total liabilities	<u>20,823,519</u>
<b>Commitments (Notes 9 and 11)</b>	-
<b>Net Position (Deficit):</b>	
Net investment in capital assets (deficit)	(3,657,810)
Unrestricted	<u>977,291</u>
Total net position (deficit)	\$ <u><u>(2,680,519)</u></u>

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

**Keys Gate Charter High School**  
**Statement of Activities**  
**For the Year Ended June 30, 2015**

		Program Revenues			Governmental
		Charges	Operating	Capital	Activities
	Expenses	for	Grants and	Grants and	Net Revenue
		Services	Contributions	Contributions	(Expense) and
					Change in
					Net Position
<b>Functions/Programs:</b>					
Instruction	\$ 3,454,717	\$ -	\$ 155,074	\$ -	\$ (3,299,643)
Pupil personnel services	161,273	-	-	-	(161,273)
Instruction and curriculum development services	65,295	-	-	-	(65,295)
Instructional staff training services	10,047	-	-	-	(10,047)
Instruction related technology	104,176	-	-	-	(104,176)
School board	22,169	-	-	-	(22,169)
School administration	433,231	-	-	-	(433,231)
Fiscal services	936,295	-	-	-	(936,295)
Food services	464,955	27,499	409,784	-	(27,672)
Central services	50,041	-	-	-	(50,041)
Pupil transportation services	189,000	-	-	-	(189,000)
Operation of plant	1,113,138	-	-	-	(1,113,138)
Maintenance of plant	159,591	-	-	-	(159,591)
Community services	94,210	7,089	-	-	(87,121)
Interest on long-term debt	1,775,994	-	-	513,425	(1,262,569)
Total governmental activities	\$ <u>9,034,132</u>	\$ <u>34,588</u>	\$ <u>564,858</u>	\$ <u>513,425</u>	<u>(7,921,261)</u>
General revenues:					
Grants and entitlements					6,973,782
Miscellaneous					831,327
Total general revenues					<u>7,805,109</u>
Change in net position (deficit)					(116,152)
Net position (deficit), July 1, 2014					<u>(2,564,367)</u>
Net position (deficit), June 30, 2015					\$ <u>(2,680,519)</u>

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

**Keys Gate Charter High School**  
**Balance Sheet - Governmental Funds**  
**June 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 997,874	\$ -	\$ -	\$ 997,874
Due from other governments	-	-	41,323	41,323
Other receivables	290,585	-	-	290,585
Due from management company	31,661	-	-	31,661
Due from Agency Fund	2,618	-	-	2,618
Due from other funds	41,323	-	-	41,323
Prepays and other assets	47,206	-	-	47,206
Restricted cash	10,301	-	-	10,301
Deposits	21,292	-	-	21,292
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	\$ <u>1,442,860</u>	\$ <u>-</u>	\$ <u>41,323</u>	\$ <u>1,484,183</u>
<b>Liabilities:</b>				
Accounts payable	\$ 85,703	\$ -	\$ -	\$ 85,703
Salaries and wages payable	334,027	-	-	334,027
Due to other school	16,002	-	-	16,002
Due to other funds	-	-	41,323	41,323
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>435,732</u>	<u>-</u>	<u>41,323</u>	<u>477,055</u>
<b>Commitments (Notes 9 and 11)</b>	-	-	-	-
<b>Fund Balances:</b>				
Nonspendable:				
Prepays and other assets	47,206	-	-	47,206
Deposits	21,292	-	-	21,292
Restricted for capital projects	10,301	-	-	10,301
Assigned for subsequent year's budget	328,846	-	-	328,846
Unassigned	599,483	-	-	599,483
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>1,007,128</u>	<u>-</u>	<u>-</u>	<u>1,007,128</u>
Total liabilities and fund balances	\$ <u>1,442,860</u>	\$ <u>-</u>	\$ <u>41,323</u>	\$ <u>1,484,183</u>

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

**Keys Gate Charter High School**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position (Deficit)**  
**June 30, 2015**

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**Amounts Reported for Governmental Activities in the**  
**Statement of Net Position (Deficit) are Different Because:**

Total fund balance of governmental funds, page 9	\$ 1,007,128
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.

Cost of capital assets	\$ 19,381,108	
Less accumulated depreciation	<u>(2,680,968)</u>	16,700,140

Liabilities not payable with current available resources are not reported as fund liabilities in the governmental fund statements. All liabilities both current and long-term, are reported in the government-wide statements.

Compensated absences	(19,536)
Capital lease payable	<u>(20,368,251)</u>

<b>Net Position (Deficit) of Governmental Activities, Page 7</b>	<b>\$ <u><u>(2,680,519)</u></u></b>
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The accompanying notes to basic financial statements are an integral part of these statements

**Keys Gate Charter High School  
Statement of Revenues, Expenditures and  
Change in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
<b>Revenues:</b>				
Federal through state	\$ -	\$ 408,010	\$ -	\$ 408,010
State sources	7,128,856	1,774	513,425	7,644,055
Local sources	<u>865,915</u>	<u>-</u>	<u>-</u>	<u>865,915</u>
Total revenues	<u>7,994,771</u>	<u>409,784</u>	<u>513,425</u>	<u>8,917,980</u>
<b>Expenditures:</b>				
Instruction	3,137,316	-	-	3,137,316
Pupil personnel services	161,273	-	-	161,273
Instruction and curriculum development services	65,295	-	-	65,295
Instructional staff training services	10,047	-	-	10,047
Instruction related technology	104,176	-	-	104,176
School Board	22,169	-	-	22,169
School administration	433,231	-	-	433,231
Facilities acquisition and construction	190,941	-	-	190,941
Fiscal services	936,295	-	-	936,295
Food services	55,171	409,784	-	464,955
Central services	50,041	-	-	50,041
Pupil transportation services	189,000	-	-	189,000
Operation of plant	698,001	-	-	698,001
Maintenance of plant	159,591	-	-	159,591
Community services	94,210	-	-	94,210
Debt service:				
Principal	229,778	-	-	229,778
Interest	<u>1,229,283</u>	<u>-</u>	<u>513,425</u>	<u>1,742,708</u>
Total expenditures	<u>7,765,818</u>	<u>409,784</u>	<u>513,425</u>	<u>8,689,027</u>
Net change in fund balances	228,953	-	-	228,953
<b>Fund Balances, July 1, 2014</b>	<u>778,175</u>	<u>-</u>	<u>-</u>	<u>778,175</u>
<b>Fund Balances, June 30, 2015</b>	<u>\$ 1,007,128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,007,128</u>

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

**Keys Gate Charter High School  
Reconciliation of the Statement of Revenues,  
Expenditures and Change in Fund Balances  
of the Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2015**

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**Amounts Reported for Governmental Activities in the  
Statement of Activities are Different Because:**

Change in fund balances - governmental funds, page 11		\$	228,953
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the costs of those assets are depreciated over their estimated useful lives as provision for depreciation.			
Cost of capital assets	\$	190,941	
Provision for depreciation		<u>(721,095)</u>	(530,154)
Certain items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:			
Compensated absences			(11,443)
Provision for amortization of costs associated with capital lease			(33,286)
Repayment of debt principal			<u>229,778</u>
<b>Change in Net Position of Governmental Activities, Page 8</b>		\$	<u><u>(116,152)</u></u>

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



**Keys Gate Charter High School**  
**Statement of Revenues and Expenditures**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
State sources	\$ 7,609,585	\$ 7,609,585	\$ 7,481,715	\$ (127,870)
Local sources	<u>584,000</u>	<u>584,000</u>	<u>865,915</u>	<u>281,915</u>
Total revenues	<u>8,193,585</u>	<u>8,193,585</u>	<u>8,347,630</u>	<u>154,045</u>
<b>Expenditures:</b>				
Instruction	3,687,743	3,153,844	3,137,316	550,427
Pupil personnel services	218,318	218,318	161,273	57,045
Instructional media services	6,000	6,000	-	6,000
Instruction and curriculum development services	128,000	128,000	65,295	62,705
Instructional staff training services	20,802	20,802	10,047	10,755
Instruction related technology	122,268	122,268	104,176	18,092
School Board	23,500	23,500	22,169	1,331
School administration	378,526	912,425	433,231	(54,705)
Fiscal services	531,086	931,086	936,295	(5,209)
Food services	-	-	55,171	(55,171)
Central services	392,579	392,579	402,900	(10,321)
Pupil transportation services	158,760	158,760	189,000	(30,240)
Operation of plant	630,087	630,087	698,001	(67,914)
Maintenance of plant	150,795	150,795	159,591	(8,796)
Community services	75,000	75,000	94,210	(19,210)
Facilities acquisition and construction	200,969	200,969	190,941	10,028
Debt service:				
Principal	229,778	229,778	229,778	-
Interest	<u>1,243,759</u>	<u>1,243,759</u>	<u>1,229,283</u>	<u>14,476</u>
Total expenditures	<u>8,197,970</u>	<u>8,597,970</u>	<u>8,118,677</u>	<u>479,293</u>
Net change in fund balance	\$ <u>(4,385)</u>	\$ <u>(404,385)</u>	\$ <u>228,953</u>	\$ <u>633,338</u>

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

**Keys Gate Charter High School**  
**Statement of Revenues and Expenditures**  
**Budget and Actual - Special Revenue Fund**  
**For the Year Ended June 30, 2015**

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Federal sources:			
National School Lunch Program	\$ 157,322	\$ 408,010	\$ 250,688
State sources:			
National School Lunch Program	<u>-</u>	<u>1,774</u>	<u>1,774</u>
 Total revenues	<u>157,322</u>	<u>409,784</u>	<u>252,462</u>
 <b>Expenditures:</b>			
Food services	<u>157,322</u>	<u>409,784</u>	<u>(252,462)</u>
 Total expenditures	<u>157,322</u>	<u>409,784</u>	<u>(252,462)</u>
 Net change in fund balance	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

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

Keys Gate Charter High School  
Statement of Assets and Liabilities - Agency Fund  
June 30, 2015

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	<u>Student Activity</u>
<b>Assets:</b>	
Cash	\$ <u>58,653</u>
Total assets	\$ <u><u>58,653</u></u>
<b>Liabilities:</b>	
Due to General Fund	\$ 2,618
Due to students	<u>56,035</u>
Total liabilities	\$ <u><u>58,653</u></u>

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

## Note 1 - Organization and Operations

Keys Gate Charter High School (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the School Board of Miami-Dade County, Florida, was established in July 2010 as a public charter school to serve students from ninth to twelfth grade in Miami-Dade County. The School is sponsored by its charter-holder, Renaissance Charter School, Inc. (the "REN"), a Florida nonprofit corporation organized in August 1998. As of June 30, 2015, 1,122 students were enrolled in the School.

The basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of Renaissance Charter School, Inc. as of June 30, 2015, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Renaissance Charter School, Inc. (Note 10) is an entity created to fund the purchase of the facility housing the School's operations. Accordingly, these basic financial statements only include balances, activity and disclosures related to the School.

## Note 2 - Summary of Significant Accounting Policies

**Reporting entity:** The School operates under a charter granted by the sponsoring School Board, the School Board of Miami-Dade County. The current charter is effective until June 2020, and may be renewed in increments of five years by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter, in which case the School Board is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. Keys Gate Charter High School is considered a component unit of the School Board of Miami-Dade County.

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

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

**Basis of presentation:** Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide - Not-for-Profit Organizations and Provisions of Section 228.056(9), Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

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

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

## Note 2 - Summary of Significant Accounting Policies (continued)

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The net costs, by function, are also supported by general revenues (unrestricted contributions, investment earnings, miscellaneous revenue, etc.). The statement of activities reduces gross expenses (including provision for depreciation) by related program revenues, operating and capital grants and contributions. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the year ended June 30, 2015 the School had program revenues of \$ 1,112,871.

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

**Fund financial statements:** The accounts of the School are organized on the basis of funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures.

The School reports the following major governmental funds:

**General Fund** - This fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.

**Special Revenue Fund** - This fund is used to account for federal grants and certain state grants that are legally restricted to expenditures for particular purposes.

**Capital Project Fund** - This fund is used to account for state capital outlay funding that is legally restricted to expenditures for particular purposes.

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

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

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

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

The School maintains its cash accounts with one financial institution. The School's accounts at this institution, at times, may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk (Note 3).

**Prepaid items:** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

## Note 2 - Summary of Significant Accounting Policies (continued)

**Due to and due from other funds:** Interfund receivables and payables arise from interfund transactions and are recoded by all funds in the period in which transactions are executed. The balances result from the time lag between dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

**Revenue recognition:** Student funding is provided by the State of Florida through the School Board. Such funding is recorded as entitlement revenue in the government-wide financial statements and state source revenue in the fund financial statements and is net of a 5% administration fee retained by the School Board. This funding is received on a prorata basis over a twelve month period and is adjusted for changes in full-time equivalent (FTE) student population.

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

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

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

Building	45 years
Leasehold improvements	10 years
Furniture, fixtures and equipment	5 years
Computer equipment	3 years

**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 that time. The School does not have any items that qualify for reporting in this category.

**Unearned revenue:** Unearned revenue arises when the School receives resources before it has a legal claim to them.

## Note 2 - Summary of Significant Accounting Policies (continued)

**Compensated absences:** The School's policy permits employees to accumulate earned but unused paid time off, which is eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Payments for compensated absences are generally paid out of the General Fund.

**Net position:** Net position is classified in three categories. The general meaning of each is as follows:

- Net investment in capital assets - represents the difference between the cost of capital assets, less accumulated depreciation reduced by any outstanding balances of borrowings used for the acquisition, construction or improvement of those assets.
- Restricted - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - indicates that portion of net position that is available to fund future operations.

**Fund balance:** The governmental fund financial statements present fund balances based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements:

- Nonspendable - this classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies inventories, prepaid items, long-term notes receivable and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted - this classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation.
- Committed - this classification includes amounts that can be used for specific purposes voted on through formal action of the Board of Directors (the highest level of decision making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.
- Assigned - this classification includes amounts that the Board of Directors intends to use for a specific purpose but they are neither restricted nor committed. The School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.

## Note 2 - Summary of Significant Accounting Policies (continued)

- Unassigned - this classification includes amounts that have not been restricted, committed or assigned for a specific purpose within the General Fund.

The details of the fund balances are included in the Governmental Fund Balance Sheet on page 9.

When the School incurs expenditures for which restricted or unrestricted fund balance is available, the School would consider restricted funds to be spent first. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

**Use of estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

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

	<u>Revenues</u>	<u>Expenditures</u>
Budgetary basis, page 13	\$ 8,347,630	\$ 8,118,677
Less: 5% administration fee retained by the School District included as revenues and expenditures on a budgetary basis	<u>(352,859)</u>	<u>(352,859)</u>
GAAP basis, page 11	<u>\$ 7,994,771</u>	<u>\$ 7,765,818</u>

**Date of management review:** Subsequent events were evaluated by management through August 27, 2015 which is the date the financial statements were available to be issued.

## Note 3 - Deposits

At June 30, 2015, the carrying amount of the deposits and cash on hand totaled \$ 1,056,527 with a bank balance of \$ 1,105,475.

State statutes require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as "qualified public depositories" as defined by Chapter 280 of the Florida Statutes. This Statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the Treasurer is defined by the Statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public entity at June 30, 2015.



**Note 4 - Other Receivables**

Other receivables consists of an amount due from Red Apple at Homestead High School, LLC for payments the School made in relation to a ground lease in place for the land on which the School facility was built.

**Note 5 - Due From Other Governments**

Due from other governments at June 30, 2015 consists of an amount due from the Florida Department of Education for capital outlay funds.

**Note 6 - Due To Other School**

The School and Keys Gate Charter School ("KGCS") share teachers, administrative staff, as well as share expenses relative to their facility. As of June 30, 2015 the basic financial statements include an amount due to KGCS of \$ 16,002.

**Note 7 - Restricted Cash**

In June 2011, Renaissance Charter School, Inc. borrowed funds for construction of facilities for several of their schools, including Keys Gate Charter High School (Notes 9 and 11). The School has \$ 10,301 held by the trustee at June 30, 2015, which represents amounts held in trust for capital outlay.

**Note 8 - Capital Assets**

Capital asset balances and activity for the year ended June 30, 2015 are as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets, depreciable:				
Buildings	\$ 17,706,062	\$ -	\$ -	\$ 17,706,062
Leasehold improvements	86,152	21,550	-	107,702
Furniture, fixtures and equipment	878,615	44,516	-	923,131
Computer equipment	519,338	124,875	-	644,213
Total capital assets, depreciable	19,190,167	190,941	-	19,381,108
Accumulated depreciation:				
Buildings	1,180,406	393,468	-	1,573,874
Leasehold improvements	11,046	10,226	-	21,272
Furniture, fixtures and equipment	418,117	183,690	-	601,807
Computer equipment	350,304	133,711	-	484,015
Total accumulated depreciation	1,959,873	721,095	-	2,680,968
Net capital assets	\$ 17,230,294	\$ (530,154)	\$ -	\$ 16,700,140

### Note 8 - Capital Assets (continued)

Provision for depreciation was charged to governmental activities as follows:

Instruction	\$	317,401
Operation of plant		<u>403,694</u>
Total	\$	<u><u>721,095</u></u>

### Note 9 - Capital Lease

The School entered into a capital lease arrangement with Red Apple, LLC for use of its facility. This lease arrangement was entered into as part of a transaction consisting of a bond issuance by the Renaissance Charter School, Inc. and Red Apple Development, Inc. (Note 11). The lease is through June 2056 and requires monthly principal and interest payments through June 2041. As of June 30, 2015, the net book value of the leased facility is approximately \$ 16,132,200. Amortization of the leased facility is included with depreciation expense.

Future minimum payments at June 30, 2015 are approximately as follows:

Year Ending June 30,	Principal	Interest	Total
2016	246,205	1,727,220	1,973,425
2017	233,010	1,710,555	1,943,565
2018	190,190	1,695,920	1,886,110
2019	289,852	1,682,415	1,972,267
2020	396,489	1,660,310	2,056,799
2021-2025	2,430,355	7,854,156	10,284,511
2026-2030	3,450,671	6,833,455	10,284,126
2031-2035	4,983,852	5,299,197	10,283,049
2036-2040	7,235,584	3,046,059	10,281,643
2041	<u>1,777,479</u>	<u>2,253,880</u>	<u>4,031,359</u>
	\$ <u><u>21,233,687</u></u>	\$ <u><u>33,763,167</u></u>	\$ <u><u>54,996,854</u></u>

### Note 10 - Long-Term Liabilities

Changes in the School's long-term liabilities for fiscal year ended June 30, 2015, are as follows:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015	Amount Due Within One Year
Capital lease obligations, net of unamortized costs of \$ 865,436	\$ 20,564,743	\$ 33,286	\$ 229,778	\$ 20,368,251	\$ 246,204
Compensated absences	<u>8,093</u>	<u>11,443</u>	<u>-</u>	<u>19,536</u>	<u>14,652</u>
	\$ <u><u>20,572,836</u></u>	\$ <u><u>44,729</u></u>	\$ <u><u>229,778</u></u>	\$ <u><u>20,387,787</u></u>	\$ <u><u>260,856</u></u>

#### Note 11 - Commitments

**Management agreement:** The School has a formal agreement with Charter Schools USA, Inc. ("CSUSA") to manage, staff and operate the School. The agreement states that CSUSA shall be entitled to a management fee for its services, subject to availability of funds. The management fee is subordinated to all lease payment requirements. The management fee ranges from \$ 1,570,856 for fiscal year 2016 to \$ 2,111,099 for fiscal year 2026 as defined in the agreement or the budgeted amount approved by the Board of Directors.

Total management fees amounted to \$ 927,386 for the year ended June 30, 2015. In addition, the School has an amount which is due from the management company of \$ 31,661 and an accounts payable to CSUSA of \$ 4,912.

**Lease agreement:** In 2011, the Florida Development Finance Corporation (the "Corporation") issued \$ 86,055,000 in Tax Exempt Educational Facilities Revenue Bonds, Series 2011A and \$ 3,180,000 in Taxable Educational Facilities Revenue Bonds, Series 2011B pursuant to an Indenture of Trust between the Corporation and a trustee to make a loan to Renaissance Charter Schools, Inc. ("REN"), a division of which the School exists, and Red Apple Development, LLC and subsidiaries ("RAD") to finance the acquisition of the facilities of six charter schools existing under Renaissance Charter Schools, Inc. In order to secure the payment of the principal and interest on the bonds, the Corporation assigned all of its rights and interest in the loan agreement to the trustee. The bonds are payable from and secured by a lien upon and pledge of payments to be received by the trustee.

Concurrent with the preceding loan transaction, RAD, through its wholly-owned subsidiaries, entered into four lease agreements with REN. The facilities which are owned by RAD are leased by REN on behalf of the schools under a 45-year lease (Note 9). The leases are deemed to be capital leases and the capital lease payments are based on the debt service requirements of the bonds which extend through June 2041. These payments are made from the revenues received from the School Board of Miami-Dade County for the operation of the Schools. REN is obligated under the Indenture to deposit all Charter revenues received from the School Board and additional revenues, if any, directly with the trustee during the term of the lease. The payments are applied by the trustee to make sinking fund payments and pay for operating expenses.

In addition to the capital lease payments noted in Note 9, the School is required to pay incremental rent payments to RAD. Going forward, the incremental rent payments range from \$ 15,600 to \$ 138,900 per month over the term of the agreement which is through June 2041. For the year ending June 30, 2015, \$ 183,600 was paid in incremental rent.

**Post-retirement benefits:** The School does not provide post-retirement benefits to retired employees.

**Litigation:** The School is involved in a lawsuit incidental to its operations, the outcome of which, in the opinion of management and legal counsel, should not have a material adverse effect on the financial position of the School.

#### Note 12 - Employee Benefit Plan

During the year ended June 30, 2015, the School offered all of its full-time employees, who had attained 21 years of age, a retirement plan under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 20% of their annual gross compensation, subject to certain limitations. The School contributed a matching amount of \$ 4,569 for the year ended June 30, 2015.

**Note 13 - Capital Appropriations Funding**

The Florida Department of Education has approved a Charter School Capital Outlay (CSCO) award for the School. In each year that funds are appropriated by the state for charter school capital outlay purposes, those funds are allocated among eligible charter schools. The funds for the School's allocation are transferred to the School once a CSCO Plan has been provided to and approved by the sponsoring district. The School's CSCO Award totaled \$ 513,425 for the 2014/2015 school year, which has been recognized as revenue in the accompanying financial statements. If the CSCO funds are used to acquire tangible property assets, the School Board has a reversionary interest in those assets. In the event of nonrenewal, termination, or breach of the charter school agreement, ownership of the assets would automatically revert to the School Board. The School has elected to use these funds to pay a portion of the interest expense on the capital lease.

**Note 14 - Risk Financing**

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

As disclosed in Note 11, CSUSA employs all of the employees of the School. As a result, the School is not exposed to medical or workers' compensation claims for these individuals. In addition, CSUSA carries all required insurance including, but not limited to, general liability and errors and omissions insurance.

## OTHER INDEPENDENT AUDITOR'S REPORTS

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

To the Board of Directors  
Keys Gate Charter High School  
Homestead, 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 Keys Gate Charter High School (the "School"), a Department of Renaissance Charter School, Inc. and a component unit of the 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 27, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
August 27, 2015

## INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors  
Keys Gate Charter High School  
Homestead, Florida

### Report on the Financial Statements

We have audited the financial statements of Keys Gate Charter High School (the "School"), a Department of the Renaissance Charter School, Inc. and a component unit of the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2015, and have issued our report thereon dated August 27, 2015.

### Auditor's Responsibility

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

### Other Report

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 that report, which is dated August 27, 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 recommendations made in the preceding audit report.

### 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 Keys Gate Charter High School.

### Financial Condition

Section 10.854(1)(e)2., Rules of the Auditor General, require 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 website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website 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 and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



KEEFE MCCULLOUGH

Fort Lauderdale, Florida  
August 27, 2015