

# 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, 2017

## 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, 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 *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, 2017, 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, 2017 and the changes in its financial position or budgetary comparisons, where applicable, for the year ended June 30, 2017 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 31, 2017, 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 31, 2017

# 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, 2017 and 2016.

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, 2017 was \$ (3,396,442) as compared to \$ (3,290,562) as of June 30, 2016.
- As of June 30, 2017, the School's governmental fund balance was \$ 746,115 as compared to \$ 599,572 as of June 30, 2016.

### **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 seven years; therefore, comparative government-wide data is presented. The School's net position (deficit) was \$ (3,396,442) at June 30, 2017. Of this amount, \$ 712,226 represented unrestricted net position and \$ (4,108,668) represented net investment in capital assets (deficit). The School's net position (deficit) was \$ (3,290,562) at June 30, 2016, of which \$ 578,208 represented unrestricted net position and \$ (3,868,770) represented net investment in capital assets (deficit).

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, 2017	June 30, 2016
Assets:		
Current and other assets	\$ 1,173,249	\$ 1,121,793
Capital assets, net of depreciation	15,846,943	16,276,262
Total assets	17,020,192	17,398,055
Liabilities:		
Current liabilities	642,741	763,526
Noncurrent liabilities	19,773,893	19,925,091
Total liabilities	20,416,634	20,688,617
Net Position (Deficit):		
Net investment in capital assets (deficit)	(4,108,668)	(3,868,770)
Unrestricted (deficit)	712,226	578,208
Total net position (deficit)	\$ (3,396,442)	\$ (3,290,562)

Current and other assets increased as a result of increases to other receivables and due from management company which is offset by a decrease in cash. The decrease in capital assets, net of depreciation is a result of additions to capital assets of \$ 265,697 less current year depreciation of \$ 695,016. The decrease in current liabilities is a result of a decrease in unearned revenue. The decrease in noncurrent liabilities is a result of principal payments on their capital lease.

**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, 2017 and 2016:

Keys Gate Charter High School Change in Net Position		
	June 30, 2017	June 30, 2016
Revenues:		
General revenues	\$ 8,117,281	\$ 8,120,687
Program revenues	911,584	927,453
Total revenues	9,028,865	9,048,140
Functions/Program Expenses:		
Instruction	3,837,006	3,630,756
Instructional support services	2,590,108	2,558,019
Operation of non-instructional services	2,707,631	3,469,408
Total governmental activities	9,134,745	9,658,183
Change in net position (deficit)	\$ (105,880)	\$ (610,043)



Total revenues were consistent year over year, however expenses decreased by approximately \$ 523,000. The decrease is a result of a decrease in operation of non-instructional services due to lower cost reimbursements and management fees offset by an increase in instruction of approximately \$ 206,000.

### **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	2017		2016	
	Expenditures	Percent	Expenditures	Percent
Governmental expenditures:				
Instructional expenditures	\$ 3,525,822	41%	\$ 3,293,485	35%
Debt service	1,943,562	22%	1,973,426	21%
Plant operations and maintenance	1,065,174	12%	1,075,759	11%
School administration	470,344	5%	444,504	5%
Fiscal services	338,385	4%	1,009,487	11%
All other functions/programs	1,539,035	16%	1,659,035	17%
Total governmental expenditures	\$ <u>8,882,322</u>	<u>100%</u>	\$ <u>9,455,696</u>	<u>100%</u>

### **Capital Assets and Debt Administration**

**Capital Assets:** At June 30, 2017, the School had capital assets of \$ 15,846,943, net of accumulated depreciation, invested in buildings, leasehold improvements, computer equipment, and furniture, fixtures and equipment, as compared to \$ 16,276,262 at June 30, 2016.

**Debt:** At June 30, 2017 the School had debt of \$ 19,955,611 as compared to \$ 20,155,333 at June 30, 2016. More information about the School's debt can be found in Notes 7 and 8 on pages 21 and 22 of this report.

### **General Fund Budgetary Highlights**

Total revenues were unfavorable to the budget for the year ended June 30, 2017 primarily due to a shortfall in enrollment of approximately 35 students.

Expenditures were favorable to the budget as the School was able to adjust spending in salaries and wages for instructional staff. The School also had savings in fiscal services due to a reduction in cost reimbursements and management fees. The School ended the year with a change in fund balance which was favorable to budget by approximately \$ 700,000.

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

In fiscal year 2017, the State of Florida increased its Florida Education Finance Program funding by approximately 1%. The capital outlay funding pool also increased to \$ 75 million. A 2% merit increase was paid out to eligible staff. For fiscal year 2018, the School budgets were finalized ahead of the passing of House Bill 7069 and the final capital outlay reduction to \$ 50 million. The budgets reflect a Florida Education Finance Program funding increase of approximately .34% and flat capital outlay. A 2% merit increase for all staff is included as well as additional teacher pay increases in certain districts. All other expenditures are budgeted in alignment with enrollment changes and the School's strategic objectives.

### **Requests for Information**

If you have any questions about this report or need additional information, please write Hillary Daigle, Vice President of Finance; Charter Schools USA; 800 Corporate Drive, Suite 700; Ft. Lauderdale, Florida 33334.

# BASIC FINANCIAL STATEMENTS

**Keys Gate Charter High School**  
**Statement of Net Position (Deficit)**  
**June 30, 2017**

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	<b>Governmental Activities</b>
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 204,630
Other receivables	308,006
Due from management company	359,406
Due from other school	182,140
Due from related party	28,917
Due from other governments	29,566
Due from Trustee	36,866
Prepaid items	7,426
Deposits	16,292
	<hr/>
Total current assets	1,173,249
<b>Noncurrent Assets:</b>	
Capital assets (depreciable), net of accumulated depreciation	15,846,943
	<hr/>
Total assets	17,020,192
	<hr/>
<b>Current Liabilities:</b>	
Accounts payable	69,258
Salaries and wages payable	357,759
Due to related party	117
Compensated absences	25,417
Capital lease	190,190
	<hr/>
Total current liabilities	642,741
	<hr/>
<b>Noncurrent Liabilities:</b>	
Compensated absences	8,472
Capital lease	19,765,421
	<hr/>
Total noncurrent liabilities	19,773,893
	<hr/>
Total liabilities	20,416,634
	<hr/>
<b>Commitments (Note 9)</b>	-
<b>Net Position (Deficit):</b>	
Net investment in capital assets (deficit)	(4,108,668)
Unrestricted	712,226
	<hr/>
Total net position (deficit)	\$ (3,396,442)
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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 Activities**  
**For the Year Ended June 30, 2017**

		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	\$ 3,837,006	\$ -	\$ 180,740	\$ -	\$ (3,656,266)
Pupil personnel services	281,103	-	-	-	(281,103)
Instruction and curriculum development services	15,478	-	-	-	(15,478)
Instructional staff training services	3,360	-	-	-	(3,360)
Instruction related technology	154,391	-	-	-	(154,391)
School Board	24,305	-	-	-	(24,305)
School administration	470,344	-	-	-	(470,344)
Fiscal services	338,385	-	-	-	(338,385)
Food services	362,493	13,465	270,202	-	(78,826)
Central services	122,507	-	-	-	(122,507)
Transportation services	193,600	-	65,153	-	(128,447)
Operation of plant	1,209,388	-	48,326	-	(1,161,062)
Maintenance of plant	262,444	-	-	-	(262,444)
Community services	116,101	5,550	-	-	(110,551)
Interest on long-term debt	1,743,840	-	-	328,148	(1,415,692)
Total governmental activities	\$ <u>9,134,745</u>	\$ <u>19,015</u>	\$ <u>564,421</u>	\$ <u>328,148</u>	<u>(8,223,161)</u>
General revenues:					
Grants and entitlements					7,440,311
Miscellaneous					676,970
Total general revenues					<u>8,117,281</u>
Change in net position (deficit)					(105,880)
Net position (deficit), July 1, 2016					<u>(3,290,562)</u>
Net position (deficit), June 30, 2017					\$ <u><u>(3,396,442)</u></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, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 204,630	\$ -	\$ -	\$ 204,630
Due from other governments	-	2,741	26,825	29,566
Other receivables	308,006	-	-	308,006
Due from management company	359,406	-	-	359,406
Due from other school	182,140	-	-	182,140
Due from related party	-	28,917	-	28,917
Due from other funds	58,483	-	-	58,483
Due from Trustee	36,866	-	-	36,866
Prepaid items	7,426	-	-	7,426
Deposits	<u>16,292</u>	<u>-</u>	<u>-</u>	<u>16,292</u>
Total assets	\$ <u>1,173,249</u>	\$ <u>31,658</u>	\$ <u>26,825</u>	\$ <u>1,231,732</u>
<b>Liabilities:</b>				
Accounts payable	\$ 69,258	\$ -	\$ -	\$ 69,258
Salaries and wages payable	357,759	-	-	357,759
Due to related party	117	-	-	117
Due to other funds	<u>-</u>	<u>31,658</u>	<u>26,825</u>	<u>58,483</u>
Total liabilities	<u>427,134</u>	<u>31,658</u>	<u>26,825</u>	<u>485,617</u>
<b>Commitments (Note 9)</b>	-	-	-	-
<b>Fund Balances:</b>				
Nonspendable:				
Prepaid items	7,426	-	-	7,426
Deposits	16,292	-	-	16,292
Assigned to subsequent year's budget	355,839	-	-	355,839
Unassigned	<u>366,558</u>	<u>-</u>	<u>-</u>	<u>366,558</u>
Total fund balances	<u>746,115</u>	<u>-</u>	<u>-</u>	<u>746,115</u>
Total liabilities and fund balances	\$ <u>1,173,249</u>	\$ <u>31,658</u>	\$ <u>26,825</u>	\$ <u>1,231,732</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, 2017**

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<b>Total Fund Balance of Governmental Funds</b>	<b>\$ 746,115</b>
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Amounts reported for governmental activities in the statement of net position (deficit) are different because:

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

Cost of capital assets	\$ 19,973,468	
Less accumulated depreciation	<u>(4,126,525)</u>	15,846,943

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	(33,889)
Capital lease payable	<u>(19,955,611)</u>

<b>Net Position (Deficit) of Governmental Activities</b>	<b>\$ <u>(3,396,442)</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, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
<b>Revenues:</b>				
Federal through state	\$ -	\$ 267,560	\$ -	\$ 267,560
State sources	7,686,204	2,642	328,148	8,016,994
Local sources	738,761	-	-	738,761
Aftercare	5,550	-	-	5,550
	<u>8,430,515</u>	<u>270,202</u>	<u>328,148</u>	<u>9,028,865</u>
Total revenues				
<b>Expenditures:</b>				
Instruction	3,525,822	-	-	3,525,822
Pupil personnel services	281,103	-	-	281,103
Instruction and curriculum development services	15,478	-	-	15,478
Instructional staff training services	3,360	-	-	3,360
Instruction related technology	154,391	-	-	154,391
School Board	24,305	-	-	24,305
School administration	470,344	-	-	470,344
Facilities acquisition and construction	265,697	-	-	265,697
Fiscal services	338,385	-	-	338,385
Food services	92,291	270,202	-	362,493
Central services	122,507	-	-	122,507
Transportation services	193,600	-	-	193,600
Operation of plant	802,730	-	-	802,730
Maintenance of plant	262,444	-	-	262,444
Community services	116,101	-	-	116,101
Debt service:				
Principal	233,008	-	-	233,008
Interest	1,382,406	-	328,148	1,710,554
	<u>8,283,972</u>	<u>270,202</u>	<u>328,148</u>	<u>8,882,322</u>
Total expenditures				
Net change in fund balances	146,543	-	-	146,543
<b>Fund Balances, July 1, 2016</b>	<u>599,572</u>	<u>-</u>	<u>-</u>	<u>599,572</u>
<b>Fund Balances, June 30, 2017</b>	<u>\$ 746,115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 746,115</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, 2017**

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<b>Change in Fund Balances - Governmental Funds</b>		<b>\$</b>	<b>146,543</b>
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the costs of those assets are depreciated over their estimated useful lives as provision for depreciation.			
Cost of capital assets	\$	265,697	
Provision for depreciation		<u>(695,016)</u>	(429,319)
Principal payments on long-term debt are reported as expenditures in governmental funds, but as a reduction of long-term liabilities in the statement of net position (deficit).			
			233,008
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			(22,826)
Provision for amortization of costs associated with capital lease			<u>(33,286)</u>
<b>Change in Net Position of Governmental Activities</b>		<b>\$</b>	<b><u>(105,880)</u></b>

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, 2017**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>			
State sources	\$ 7,806,074	\$ 7,686,204	\$ (119,870)
Local sources	761,975	738,761	(23,214)
Aftercare	-	5,550	5,550
Total revenues	<u>8,568,049</u>	<u>8,430,515</u>	<u>(137,534)</u>
<b>Expenditures:</b>			
Instruction	3,771,064	3,525,822	245,242
Pupil personnel services	235,026	281,103	(46,077)
Instructional media services	7,800	-	7,800
Instruction and curriculum development services	6,000	15,478	(9,478)
Instructional staff training services	15,747	3,360	12,387
Instruction related technology	145,618	154,391	(8,773)
School Board	69,077	24,305	44,772
School administration	510,174	470,344	39,830
Fiscal services	1,007,367	338,385	668,982
Food services	-	92,291	(92,291)
Central services	98,577	122,507	(23,930)
Transportation services	198,000	193,600	4,400
Operation of plant	761,643	802,730	(41,087)
Maintenance of plant	243,519	262,444	(18,925)
Community services	85,794	116,101	(30,307)
Facilities acquisition and construction	272,270	265,697	6,573
Debt service:			
Principal	233,008	233,008	-
Interest	1,461,109	1,382,406	78,703
Total expenditures	<u>9,121,793</u>	<u>8,283,972</u>	<u>837,821</u>
Net change in fund balance	\$ <u>(553,744)</u>	\$ <u>146,543</u>	\$ <u>700,287</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, 2017**

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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	\$ 438,582	\$ 267,560	\$ (171,022)
State sources:			
National School Lunch Program	<u>5,628</u>	<u>2,642</u>	<u>(2,986)</u>
 Total revenues	<u>444,210</u>	<u>270,202</u>	<u>(174,008)</u>
<b>Expenditures:</b>			
Food services	435,662	270,202	165,460
Operation of plant	<u>8,548</u>	<u>-</u>	<u>8,548</u>
 Total expenditures	<u>444,210</u>	<u>270,202</u>	<u>174,008</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, 2017

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	<u>Student Activity</u>
<b>Assets:</b>	
Cash	\$ <u>42,031</u>
Total assets	\$ <u><u>42,031</u></u>
<b>Liabilities:</b>	
Due to students	\$ <u>42,031</u>
Total liabilities	\$ <u><u>42,031</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. There were 1,169 students enrolled for the 2016/2017 school year.

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, 2017, 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 9) is the entity that funded 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, 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, 2017 the School had program revenues of \$ 911,584.

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 two financial institutions. The School's accounts at these institutions, at times, may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk (Note 3).

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

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

**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. 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 acquisition 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.

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

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

**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.

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

- 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.
- 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.

**Date of management review:** Subsequent events were evaluated by management through August 31, 2017 which is the date the financial statements were available to be issued.

## Note 3 - Deposits

At June 30, 2017, the carrying amount of the deposits and cash on hand totaled \$ 246,661 with a bank balance of \$ 267,100.

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, 2017.

## Note 4 - Due From 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, 2017, the basic financial statements include an amount due from KGCS of \$ 182,140.



**Note 5 - Due From/To Other Parties**

The School is a Department of Renaissance Charter School, Inc. ("RCS"). As of June 30, 2017, RCS owes the School \$ 28,917 for the National School Lunch Program funding not yet disbursed to the School.

The School and Duval Charter School at Baymeadows ("DCSB") are affiliated, as they share common board membership and are Departments of RCS. As of June 30, 2017, the School owes \$ 117 to DCSB.

**Note 6 - Capital Assets**

Capital asset balances and activity for the year ended June 30, 2017 are as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets, depreciable:				
Buildings	\$ 17,706,062	\$ -	\$ -	\$ 17,706,062
Leasehold improvements	113,821	18,350	-	132,171
Furniture, fixtures and equipment	1,035,549	63,723	-	1,099,272
Computer equipment	852,339	183,624	-	1,035,963
Total capital assets, depreciable	19,707,771	265,697	-	19,973,468
Accumulated depreciation:				
Buildings	1,967,340	393,468	-	2,360,808
Leasehold improvements	32,603	13,190	-	45,793
Furniture, fixtures and equipment	795,767	113,485	-	909,252
Computer equipment	635,799	174,873	-	810,672
Total accumulated depreciation	3,431,509	695,016	-	4,126,525
Net capital assets	\$ 16,276,262	\$ (429,319)	\$ -	\$ 15,846,943

Provision for depreciation was charged to governmental activities as follows:

Instruction	\$ 288,358
Operation of plant	406,658
Total	\$ 695,016

**Note 7 - 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 9). The lease is through June 2056 and requires monthly principal and interest payments through June 2041. As of June 30, 2017, the net book value of the leased facility is approximately \$ 15,345,300. Amortization of the leased facility is included with depreciation expense.

## Note 7 - Capital Lease (continued)

Future minimum payments at June 30, 2017 are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	190,190	1,695,920	1,886,110
2019	289,853	1,682,415	1,972,268
2020	396,489	1,660,310	2,056,799
2021	423,553	1,634,099	2,057,652
2022	451,970	1,605,574	2,057,544
2023-2027	2,786,248	7,496,676	10,282,924
2028-2032	3,994,659	6,288,508	10,283,167
2033-2037	5,782,242	4,500,349	10,282,591
2038-2041	6,439,268	3,761,538	10,200,806
	<u>\$ 20,754,472</u>	<u>\$ 30,325,389</u>	<u>\$ 51,079,861</u>

## Note 8 - Long-Term Liabilities

Changes in the School's long-term liabilities for fiscal year ended June 30, 2017, are as follows:

	Balance July 1, 2016	Additions	Retirements	Amortization	Balance June 30, 2017	Amount Due Within One Year
Capital lease obligations, net of unamortized costs of \$ 798,861	\$ 20,155,333	\$ -	\$ 233,008	\$ 33,286	\$ 19,955,611	\$ 190,190
Compensated absences	<u>11,063</u>	<u>25,797</u>	<u>2,971</u>	<u>-</u>	<u>33,889</u>	<u>25,417</u>
	<u>\$ 20,166,396</u>	<u>\$ 25,797</u>	<u>\$ 235,979</u>	<u>\$ 33,286</u>	<u>\$ 19,989,500</u>	<u>\$ 215,607</u>

## Note 9 - 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 cost reimbursements and management fees (the "fee") for its services, subject to availability of funds. The fee is subordinated to all lease payment requirements. The fee ranges from \$ 1,666,521 for fiscal year 2018 to \$ 2,111,099 for fiscal year 2026 as defined in the agreement or the budgeted amount approved by the Board of Directors. The total fee amounted to \$ 326,778 for the year ended June 30, 2017.

The financial statements reflect a due from the management company which totaled \$ 359,406.

**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.

**Note 9 - Commitments (continued)**

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 7). 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 7, the School is required to pay incremental rent payments to RAD. Going forward, the incremental rent payments range from \$ 25,473 to \$ 138,900 per month over the term of the agreement which is through June 2041. For the year ending June 30, 2017, \$ 246,475 was paid in incremental rent.

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

**Note 10 - Employee Benefit Plan**

During the year ended June 30, 2017, 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 100% of their annual gross compensation, subject to certain limitations. The School contributed a matching amount of \$ 6,476 for the year ended June 30, 2017.

**Note 11 - 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 \$ 328,148 for the 2016/2017 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 12 - 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.

**Note 12 - Risk Financing (continued)**

As disclosed in Note 9, 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, 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 31, 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 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 31, 2017

## 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, 2017, and have issued our report thereon dated August 31, 2017.

### 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 31, 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 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 31, 2017