

**MIAMI COMMUNITY CHARTER
HIGH SCHOOL**

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

INDEPENDENT AUDITOR'S REPORT

for the fiscal year ended JUNE 30, 2013

King & Walker, CPAs, PL

Certified Public Accountants

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MIAMI COMMUNITY CHARTER HIGH SCHOOL

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Independent Auditor's Report on Basic Financial Statements and Required Supplementary Information

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Miami Community Charter High School ("School"), a charter school and component unit of the District School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Miami Community Charter High School, as of June 30, 2013, and the respective changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Budgetary Comparison Schedule on pages 3-7 and 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2013 on our consideration of Miami Community Charter High 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 Miami Community Charter High School's internal control over financial reporting and compliance.

Respectfully submitted,

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

August 25, 2013
Tampa, Florida

MIAMI COMMUNITY CHARTER HIGH SCHOOL MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

The Management's Discussion and Analysis (MD&A) section of the annual financial report of the Miami Community Charter High School ("School") provides an overview of the School's activities for the fiscal year ended June 30, 2013.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School's financial statements and notes to financial statements found on pages 8 through 24.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2013, the School's revenues exceeded expenses as shown on the School's statement of activities by \$39,653.
- As shown on the statement of net position, the School reported an unrestricted Net Position balance of \$64,997.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

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

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates the following funds; a General Fund to account for its general operations and a Special Revenue Fund to account for its Federal programs. For reporting purposes the General Fund is shown as a major fund.

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

Notes to Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following is a summary of the School's net position as of June 30, 2012 and June 30, 2013:

Net Position, End of Year			
	Governmental Activities		
	6-30-12	6-30-13	Increase (Decrease)
ASSETS			
Current Assets	\$ 192,420	\$ 140,851	\$ (51,569)
Capital Assets, Net	185,280	160,574	(24,706)
Total Assets	377,700	301,425	(76,275)
LIABILITIES			
Current Liabilities	183,464	70,363	(113,101)
Long Term Liabilities	21,726	18,899	(2,827)
Total Liabilities	205,190	89,262	(115,928)
NET POSITION			
Invested in Capital Assets, Net of Debt	163,554	147,166	(16,388)
Unrestricted	8,956	64,997	56,041
Total Net Position	\$ 172,510	\$ 212,163	\$ 39,653

Assets consist primarily of capital assets, cash and a loan receivable made to Miami Community Charter School, a related party, which is offset mainly by outstanding liabilities for payroll and a temporary loan made by Miami Community Charter Middle School, a related party, for shared expenses.

The key elements of the changes in the School's net position for the fiscal years ended June 30, 2012 and June 30, 2013 is as follows:

	Operating Results for the Year		
	Governmental Activities		
	6-30-12	6-30-13	Increase (Decrease)
Revenues:			
Federal Sources	\$ 10,083	\$ 18,997	\$ 8,914
State and Local sources	463,522	887,694	424,172
Grants, Contributions and Other	51,031	15,757	(35,274)
Total Revenues	524,636	922,448	397,812
Expenses:			
Instruction	287,809	495,900	208,091
Pupil Personnel Services	3,763	6,852	3,089
Instructional Media	3,017	3,961	944
Instr. & Curriculum Development	130	4,845	4,715
Instructional-Related Technology	5,891	2,073	(3,818)
Board of Education	35,030	76,228	41,198
School Administration	38,468	37,213	(1,255)
Facilities Acq. & Construction	52,802	123,264	70,462
Fiscal Services	20,342	35,824	15,482
Pupil Transportation	13,276	15,526	2,250
Operation of Plant	22,047	25,151	3,104
Maintenance of Plant	1,743	3,400	1,657
Debt Service - Interest	1,514	1,977	463
Unallocated Depreciation	53,332	50,581	(2,751)
Total Expenses	539,164	882,795	343,631
Increase/(Decrease) in Net Position	\$ (14,528)	\$ 39,653	\$ 54,181

The largest revenue source for the School is the State of Florida (91%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its governmental funds reported a combined fund balance of \$70,488.

BUDGETARY HIGHLIGHTS

The general fund budget for the fiscal year ended June 30, 2013, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Actual expenditures were equal to the final budgeted expenditures.

CAPITAL ASSETS

The School's investment in capital assets for its governmental activities as of June 30, 2013, amounts to \$160,574 (net of accumulated depreciation). This investment in capital assets consists of furniture, fixtures, and equipment, assets under capital lease, leasehold improvements, and construction in progress. Additional information regarding the School's capital assets can be found in note 4 to the financial statements.

REQUESTS FOR INFORMATION

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

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

STATEMENT OF NET POSITION

June 30, 2013

	Governmental Activities
ASSETS	
Cash	\$ 110,600
Due From Other Agency	4,280
Due From Miami Community Charter School	24,926
Prepaid Expenses	1,045
Capital Assets:	
Furniture, Fixtures, and Equipment, Net	91,915
Leasehold Improvements, Net	6,547
Assets Under Capital Lease, Net	25,877
Construction In Progress	36,235
Total Capital Assets, Net	<u>160,574</u>
TOTAL ASSETS	<u>301,425</u>
LIABILITIES	
Salaries and Wages Payable	53,411
Accounts Payable	1,958
Due to Miami Community Charter Middle School	14,994
Long Term Liabilities:	
Due Within One Year:	
Capital Lease Payable	9,252
Note Payable	2,613
Due After One Year:	
Capital Lease Payable	4,156
Note Payable	2,878
Total Liabilities	<u>89,262</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	147,166
Unrestricted	64,997
TOTAL NET POSITION	<u><u>\$ 212,163</u></u>

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

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

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2013

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes Net Position	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities:						
Instruction	\$ 495,900	\$ -	\$ 18,997	\$ -	\$ (476,903)	\$ (476,903)
Pupil Personnel Services	6,852				(6,852)	(6,852)
Instructional Media	3,961				(3,961)	(3,961)
Instruction & Curriculum Development	4,845				(4,845)	(4,845)
Instructional-Related Technology	2,073				(2,073)	(2,073)
Board of Education	76,228				(76,228)	(76,228)
School Administration	37,213				(37,213)	(37,213)
Facilities Acquisition & Construction	123,264			54,376	(68,888)	(68,888)
Fiscal Services	35,824				(35,824)	(35,824)
Pupil Transportation	15,526				(15,526)	(15,526)
Operation of Plant	25,151				(25,151)	(25,151)
Maintenance of Plant	3,400				(3,400)	(3,400)
Debt Service - Interest	1,977				(1,977)	(1,977)
Unallocated Depreciation	50,581				(50,581)	(50,581)
Total Governmental Activities	<u>\$ 882,795</u>	<u>\$ -</u>	<u>\$ 18,997</u>	<u>\$ 54,376</u>	<u>(809,422)</u>	<u>(809,422)</u>
General Revenues:						
State and Local Sources					833,318	833,318
Other					15,757	15,757
					<u>849,075</u>	<u>849,075</u>
Change in Net Position					39,653	39,653
Net Position - July 1, 2012					172,510	172,510
Net Position - June 30, 2013					<u>\$ 212,163</u>	<u>\$ 212,163</u>

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

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

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2013

	<u>General Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 110,600	\$ -	\$ 110,600
Due From Other Agency	4,280		4,280
Due From Miami Community Charter School	24,926		24,926
Prepaid Expenses	<u>1,045</u>		<u>1,045</u>
TOTAL ASSETS	<u><u>\$ 140,851</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 140,851</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Salary and Wages Payable	\$ 53,411	\$ -	\$ 53,411
Accounts Payable	1,958		1,958
Due to Miami Community Charter Middle School	<u>14,994</u>		<u>14,994</u>
Total Liabilities	<u>70,363</u>	<u>-</u>	<u>70,363</u>
Fund Balances:			
Nonspendable	1,045		1,045
Spendable:			
Unassigned	<u>69,443</u>	<u>-</u>	<u>69,443</u>
Total Fund Balances	<u>70,488</u>	<u>-</u>	<u>70,488</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 140,851</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 140,851</u></u>

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

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

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

June 30, 2013

Total Fund Balances - Governmental Funds	\$ 70,488
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.	160,574
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(18,899)</u>
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Total Net Position - Governmental Activities	<u><u>\$ 212,163</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

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

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

For the Fiscal Year Ended June 30, 2013

	General Fund	Other Governmental Fund	Total Governmental Funds
Revenues			
Intergovernmental:			
Federal Through State & Local	\$ -	\$ 18,997	\$ 18,997
State and Local	887,694		887,694
Contributions and Other	15,757		15,757
Total Revenues	903,451	18,997	922,448
Expenditures			
Current - Education:			
Instruction	476,903	18,997	495,900
Pupil Personnel Services	6,852		6,852
Instructional Media	3,961		3,961
Instruction & Curriculum Development	4,845		4,845
Instructional-Related Technology	2,073		2,073
Board of Education	76,228		76,228
School Administration	37,213		37,213
Facilities Acquisition & Construction	123,264		123,264
Fiscal Services	35,824		35,824
Pupil Transportation	15,526		15,526
Operation of Plant	25,151		25,151
Maintenance of Plant	3,400		3,400
Fixed Capital Outlay:			
Facilities Acquisition & Construction	18,069		18,069
Other Capital Outlay	7,806		7,806
Debt Service:			
Principal	11,435		11,435
Interest	1,977		1,977
Total Expenditures	850,527	18,997	869,524
Excess (Deficiency) of Revenues Over Expenditures	52,924	-	52,924
Other Financing Sources (Uses):			
Loan Proceeds	8,608		8,608
Total Other Financing Sources Uses):	8,608	-	-
Net Change in Fund Balances	61,532		61,532
Fund Balances, July 1, 2012	8,956	-	8,956
Fund Balances, June 30, 2013	\$ 70,488	\$ -	\$ 70,488

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

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

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

For the Fiscal Year Ended June 30, 2013

Net Change in Fund Balances - Governmental Funds	\$ 61,532
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense (\$50,581) in excess of capital outlays (\$25,875) in the current year.	(24,706)
Principal payments on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.	11,435
Long-term debt proceeds are reported as other financing sources in Governmental Funds and as long-term liabilities in the Statement of Net Position.	<u>(8,608)</u>
Change in Net Position - Governmental Activities	<u><u>\$ 39,653</u></u>

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

MIAMI COMMUNITY CHARTER HIGH SCHOOL

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ **Reporting Entity**

Miami Community Charter High School ("School") is a component unit of the District School Board of Miami-Dade County, Florida. The School is sponsored by its charter-holder Miami Community Charter High School, Inc. a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act and Section 1002.33, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of six members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Miami-Dade County, Florida, ("District"). The current charter has been made effective for the 2009-2010 school year and is effective until June 30, 2014, is subject to annual review, and may be renewed by mutual agreement between the School and the District for up to an additional 15 years. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. In this case, the District is required to notify the school in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

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

➤ **Allocation of Common Expenses**

The School shares the same physical location with Miami Community Charter Middle School, a related party through common control, and common expenditures. These common expenditures have been allocated between the Schools based on student enrollment.

MIAMI COMMUNITY CHARTER HIGH SCHOOL

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Expenditures that are subject to allocation include, but are not limited to the following functional categories:

- Instruction
- Instructional Media
- Administration
- Operation of Plant

The process of the allocation of common expenses takes place when the expenses are recorded based on a methodical and non-discriminatory basis.

➤ **Basis of Presentation**

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

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

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

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

The School's major governmental fund is as follows:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.

All other governmental funds are non-major and are presented in the aggregate.

MIAMI COMMUNITY CHARTER HIGH SCHOOL

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

➤ **Basis of Accounting**

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

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

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

➤ **Budgets and Budgetary Accounting**

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

➤ **Cash and Investments**

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

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the

MIAMI COMMUNITY CHARTER HIGH SCHOOL

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

governmental fund financial statements. Capital assets are defined by the School as those costing more than \$750. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

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

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

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

➤ **Recently Issued Accounting Principles**

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components; assets, deferred outflows of resources, liabilities and deferred inflows of resources. The provisions of the Statement are effective for financial statements for periods beginning after December 15, 2011.

➤ **Fund Balance Classification**

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

- **Nonspendable** – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- **Restricted** – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- **Committed** – fund balance that can be used only for the specific purposes determined by a formal action of the School's Board of Governance.
- **Assigned** – fund balance that is intended to be used by the School's management for specific purposes but does not meet the criteria to be classified as restricted or committed.

MIAMI COMMUNITY CHARTER HIGH SCHOOL

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

- Unassigned – fund balance that is the residual amount for the School's general fund and includes all spendable amounts not contained in the other classifications.

➤ Order of Fund Balance Spending Policy

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

➤ Revenue Sources

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

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

The basic amount of funding through the FEFP under Section 1011.62, Florida Statutes is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2013, the School reported 146 unweighted FTE and 151.35 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are

MIAMI COMMUNITY CHARTER HIGH SCHOOL

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

required to maintain the following documentation for three years or until the completion of an FTE audit:

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

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

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

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

➤ **Income Taxes**

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

➤ **Use of Estimates**

In preparing the financial statements in conformity with generally accepted accounting principles in the United States (GAAP) management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net position and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

2. **DUE FROM OTHER AGENCY**

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

MIAMI COMMUNITY CHARTER HIGH SCHOOL

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

3. LOAN RECEIVABLE – RELATED PARTY

The School reported a receivable of \$24,926 due from the Miami Community Charter School, a related party through common control, in its Statement of Net Position and Balance Sheet – Governmental Funds. This amount represents a temporary zero interest demand loan given to partially fund current operations of the Miami Community Charter School. The School expects to receive repayment of this loan within one year from the financial statement date. Terms of the repayment plan have not yet been established.

4. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below.

	Beginning Balance	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ 18,166	\$ 18,069	\$ -	\$ 36,235
Total Capital Assets Not Being Depreciated	<u>18,166</u>	<u>18,069</u>	<u>-</u>	<u>36,235</u>
Capital Assets Being Depreciated:				
Leasehold Improvements	9,352	-	-	9,352
Furniture, Fixtures and Equipment	187,195	7,806	-	195,001
Assets Under Capital Lease	40,857	-	-	40,857
Total Capital Assets Being Depreciated	<u>237,404</u>	<u>7,806</u>	<u>-</u>	<u>245,210</u>
Less Accumulated Depreciation for:				
Leasehold Improvements	(1,870)	(935)	-	(2,805)
Furniture, Fixtures and Equipment	(61,611)	(41,475)	-	(103,086)
Assets Under Capital Lease	(6,809)	(8,171)	-	(14,980)
Total Accumulated Depreciation	<u>(70,290)</u>	<u>(50,581)</u>	<u>-</u>	<u>(120,871)</u>
Total Capital Assets Being Depreciated, Net	<u>167,114</u>	<u>(42,775)</u>	<u>-</u>	<u>124,339</u>
Governmental Activities Capital Assets, Net	<u>\$ 185,280</u>	<u>\$ (24,706)</u>	<u>\$ -</u>	<u>\$ 160,574</u>

Unallocated depreciation expense for the fiscal year was \$50,581.

5. LOAN PAYABLE – RELATED PARTY

The School reported a liability of \$14,994 payable to the Miami Community Charter Middle School, a related party through common control, in its Statement of Net Position and Balance Sheet – Governmental Funds. This amount represents a temporary zero interest demand loan received to partially fund current operations of the School. The School expects to repay this loan within one year from the financial statement date. Terms of the repayment plan have not yet been established.

MIAMI COMMUNITY CHARTER HIGH SCHOOL

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

6. OBLIGATIONS UNDER CAPITAL LEASE

The School is currently leasing computer equipment with an asset value of \$104,739.

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

<u>Fiscal Year Ending June 30:</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2014	10,240	9,252	988
2015	4,268	4,156	112
Total Minimum Lease Payments	<u>\$ 14,508</u>	<u>\$ 13,408</u>	<u>\$ 1,100</u>

The imputed interest rate is 10.685 percent.

7. NOTES PAYABLE

Notes payable consist of the following:

	<u>Balance at 6-30-13</u>
<u>Note Payable - Dell Financial Services-002</u>	
\$646, Borrowed in December 2012 to lease computers and computer equipment. Interest Rate of 14.855%. Payments are to be made in 3 equal annual installments of \$250.79	\$ 403
<u>Note Payable - Dell Financial Services-003</u>	
\$7,962, Borrowed in January 2013 to lease computers and computer equipment. Interest Rate of 9.317%. Payments are to be made in 3 equal annual installments of \$2,920.99	5,088
Total Notes Payable	<u>\$ 5,491</u>

Amounts payable for notes payable are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 3,172	\$ 2,613	\$ 559
2015	3,171	2,878	293
Total	<u>\$ 11,441</u>	<u>\$ 5,491</u>	<u>\$ 852</u>

MIAMI COMMUNITY CHARTER HIGH SCHOOL

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

8. CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Deductions	Ending Balance	Due in One Year
GOVERNMENTAL ACTIVITIES:					
Capital Lease Payable	\$ 21,726	\$ -	\$ (8,318)	\$ 13,408	\$ 9,252
Note Payable	-	8,608	(3,117)	5,491	2,613
Total Governmental Activities	<u>\$ 21,726</u>	<u>\$ 8,608</u>	<u>\$ (11,435)</u>	<u>\$ 18,899</u>	<u>\$ 11,865</u>

9. SCHEDULE OF FEDERAL, STATE & LOCAL REVENUE SOURCES

The following is a schedule of the School's Federal, State, and Local revenue:

Source	Amount
<u>FEDERAL:</u>	
Title I	<u>\$ 18,997</u>
Total Federal Revenue	<u>\$ 18,997</u>
<u>STATE:</u>	
Florida Education Finance Program	\$ 546,347
Categorical Educational Programs:	
Class Size Reduction	138,347
Supplementary Academic Instruction	48,638
Transportation	15,197
ESE Guaranteed Allocation	16,872
Instructional Materials	11,458
Safe School	4,067
Charter School Capital Outlay	54,376
Florida Teachers' Lead Program	<u>1,568</u>
Total State Revenue	<u>\$ 836,870</u>
<u>LOCAL:</u>	
Discretionary Millage	<u>50,824</u>
Total Local Revenue	<u>50,824</u>
Total State and Local Revenue	<u>\$ 887,694</u>

As provided in the charter school contract, the District has charged the School an administrative fee amounting to \$41,588.

Accounting policies relating to certain State revenue sources are described in Note 1.

MIAMI COMMUNITY CHARTER HIGH SCHOOL

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

10. PROFESSIONAL SERVICE CONTRACTS

The School entered into an annual contract for professional services with School Financial Services, Inc. to perform various financial, accounting, and purchasing services. The contract is cancellable by either party with 30 days written notice. The professional fees for the year ended June 30, 2013, were \$19,754.

The School entered into a contract for the period July 1, 2011, to June 30, 2015, with School Development Group. The contract calls for School Development Group to provide the School with general management of the School's operations, negotiate operational contracts with vendors, and manage business dealings of the School with outside entities. The contract is cancellable with 60 days written notice. An annual fee is to be 3.5% of the School's monthly FEFP revenue less the District's administrative fee, to be paid in monthly installments. Fees under this agreement incurred to School Development Group during the fiscal year amounted to \$27,656.

11. FACILITY LEASE – RELATED PARTY

On October 1, 2010, Miami Community Charter School, Inc. (a related party through common control), issued \$7,700,000 of bonded debt to construct an educational facility on land owned by Miami Community Charter School. On October 1, 2010, a lease was executed by Miami Community Charter School, Miami Community Charter Middle School and Miami Community Charter High School to pledge FEFP revenue in proportionate amounts to pay the debt service on the bonded debt over a term commencing July 1, 2011 and ending June 30, 2041. The proportions of contributions by these Schools to pay lease payments are based on student enrollment. Miami Community Charter High School expended \$123,264 under this lease agreement in the 2012-13 fiscal year.

The following schedule of future lease payments based on estimated apportionment.

Annual required minimum lease payments are as follows:

Fiscal Year Ending June 30:	Annual Amount
2014	199,296
2015	198,784
2016	199,680
2017	198,784
2018	199,296
2019-2023	993,688
2024-2028	994,896
2029-2033	994,608
2034-2038	992,520
2039-2041	797,584
Total	<u>5,769,136</u>

MIAMI COMMUNITY CHARTER HIGH SCHOOL

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

12. RISK MANAGEMENT PROGRAMS

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

13. FUNDING AND CREDIT CONCENTRATIONS

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

14. COMMITMENTS AND CONTINGENT LIABILITIES

The School participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivables at June 30, 2013, may be impaired.

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

15. LEGAL MATTERS

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

16. SUBSEQUENT EVENTS

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

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

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - (UNAUDITED)
For the Fiscal Year Ended June 30, 2013

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Intergovernmental:				
Federal Through Local	\$ -	\$ -	\$ -	\$ -
State and Local	1,558,435	887,694	887,694	-
Contributions and Other	12,647	15,757	15,757	-
Total Revenues	<u>1,571,082</u>	<u>903,451</u>	<u>903,451</u>	<u>-</u>
Expenditures:				
Current - Education:				
Instruction	595,170	476,903	476,903	-
Pupil Personnel Services	10,678	6,852	6,852	-
Instructional Media	8,623	3,961	3,961	-
Instruction & Curriculum Development	2,091	4,845	4,845	-
Instructional Staff Training	508	-	-	-
Instructional-Related Technology	15,123	2,073	2,073	-
Board of Education	127,508	76,228	76,228	-
School Administration	164,726	37,213	37,213	-
Facilities Acquisition & Construction	32,620	123,264	123,264	-
Fiscal Services	53,082	35,824	35,824	-
Pupil Transportation	53,189	15,526	15,526	-
Operation of Plant	92,943	25,151	25,151	-
Maintenance of Plant	9,866	3,400	3,400	-
Community Service	10,784	-	-	-
Fixed Capital Outlay:				
Facilities Acquisition & Construction	14,693	18,069	18,069	-
Other Capital Outlay	14,879	7,806	7,806	-
Debt Service:				
Principal	-	11,435	11,435	-
Interest	128,792	1,977	1,977	-
Total Expenditures	<u>1,335,275</u>	<u>850,527</u>	<u>850,527</u>	<u>-</u>
Excess (Deficiency) of Revenues				
Over/Under Expenditures	<u>235,807</u>	<u>52,924</u>	<u>52,924</u>	<u>-</u>
Other Financing Sources (Uses):				
Loan Proceeds	-	8,608	8,608	-
Total Other Financing Sources (Uses):	<u>-</u>	<u>8,608</u>	<u>8,608</u>	<u>-</u>
Net Changes in Fund Balances	235,807	61,532	61,532	-
Fund Balances, July 1, 2012	8,956	8,956	8,956	-
Fund Balances, June 30, 2013	<u>\$ 244,763</u>	<u>\$ 70,488</u>	<u>\$ 70,488</u>	<u>\$ -</u>

See Independent Auditor's Report.

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 Miami Community Charter High School,
a Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Miami Community Charter High School ("School"), a charter school and component unit of the District School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2013, 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 25, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

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

August 25, 2013
Tampa, Florida

Members:
Florida Institute of CPAs
American Institute of CPAs
Government Audit Quality Center

709 W. Azelee St.
Tampa, FL 33606
office (813) 892-4274 fax (813) 253-0951
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**Management Letter as Required by Rules of the Florida Auditor General,
Chapter 10.850, Florida Statutes, *Charter School Audits***

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

We have audited the basic financial statements of the Miami Community Charter High School ("School"), a charter school and component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2013, and have issued our report thereon dated August 25, 2013.

We have issued our independent auditor's report on compliance and on internal control over financial reporting based on an audit of the financial statements performed in accordance with *Government Auditing Standards* dated August 25, 2013. Disclosures in that report, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. In addition, our audit was conducted in accordance with provisions of Chapter 10.850, Rules of the Auditor General, which govern the conduct of charter school audits performed in the State of Florida and require certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.854(1)(e)1.), require that we comment as to whether corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no prior audit findings and recommendations in the prior audit.

The Rules of the Auditor General (Section 10.854(1)(e)2.), require that we make a statement as to whether the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes regarding financial emergency. We applied financial condition assessment procedures pursuant to Rules of the Auditor General (Section 10.855(10)). The School has not met any of the conditions of the referenced statute.

Pursuant to Sections 10.854(1)(3)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures. 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.

The Rules of the Auditor General (Section 10.854(1)(e)3.), 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.

The Rules of the Auditor General (Section 10.854(1)(e)4,5.), require disclosure in the management letter of matters that are not clearly inconsequential considering both quantitative and qualitative factors which include the following:

- Violations of laws, rules, regulations, contracts, and grant agreements or abuse that have occurred, or are likely to have occurred.
- Improper expenditures discovered within the scope of the financial audit which may or may not materially affect the financial statements.
- Control deficiencies that are not significant deficiencies, including, but not limited to: (1) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (2) failures to properly record financial transactions, and (3) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

Our audit disclosed no matters required to be disclosed by this Rule.

The Rules of the Auditor General (Section 10.854(1)(e)6.), require we disclose the name or official title of the school or center. The school's official name is Miami Community Charter High School.

This letter is intended for the information and use of the School and its management, the District School Board of Miami-Dade County, Florida, the Florida Department of Education, the Florida Auditor General, and other granting agencies and is not intended to be and should not be used by anyone other than these specific parties.

Respectfully submitted,

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

August 25, 2013
Tampa, Florida

MIAMI COMMUNITY CHARTER HIGH SCHOOL
A Charter School and Component Unit of the District School Board of Miami-Dade County

MANAGEMENT'S RESPONSE TO AUDIT FINDINGS

Year Ended June 30, 2013

The following is the School's response to the item in the Management Letter dated August 25, 2013, as required by Rule 10.857, Rules of the Auditor General:

No response required.