

**MIAMI COMMUNITY
CHARTER SCHOOL**

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

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2013 on our consideration of Miami Community Charter 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 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 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 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 26.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2013, the School's expenses exceeded revenues as shown on the School's statement of activities by \$404,202.
- As shown on the statement of net position, the School reported an unrestricted Net Position balance of \$166,104.

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 and a Special Revenue Fund. For reporting purposes each fund is shown as a major fund.

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

Notes to Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position, End of Year			
	Governmental Activities		
	6-30-12	6-30-13	Increase (Decrease)
ASSETS			
Current Assets	\$ 906,226	\$ 447,533	\$ (458,693)
Capital Assets, Net	2,628,896	2,818,921	190,025
Total Assets	3,535,122	3,266,454	(268,668)
LIABILITIES			
Current Liabilities	215,558	256,854	41,296
Long-Term Liabilities	174,441	268,679	94,238
Total Liabilities	389,999	525,533	135,534
NET POSITION			
Invested in Capital Assets, Net of Debt	2,454,455	2,574,817	120,362
Unrestricted	690,668	166,104	(524,564)
Total Net Position	\$ 3,145,123	\$ 2,740,921	\$ (404,202)

Assets consist primarily of cash and the School's investment in capital assets consist primarily of land for a new educational facility. Liabilities are comprised mainly of salaries & wages payable and long-term capital lease payables.

The balance in Unrestricted Net Position of \$166,104 may be used to meet the School's ongoing obligations.

The key elements of the changes in the School's net position for the fiscal years ended June 30, 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	\$ 463,986	\$ 608,402	\$ 144,416
State and Local sources	3,124,007	3,380,577	256,570
Grants, Contributions and Other	30,849	77,361	46,512
Total Revenues	<u>3,618,842</u>	<u>4,066,340</u>	<u>447,498</u>
Expenses:			
Instruction	1,799,737	1,921,421	121,684
Pupil Personnel Services	27,998	50,980	22,982
Instructional Media	22,445	29,472	7,027
Instr. & Curriculum Development	4,255	36,046	31,791
Instructional Staff Training	2,300	768	(1,532)
Instructional-Related Technology	33,089	15,423	(17,666)
Board of Education	256,527	241,653	(14,874)
School Administration	285,863	278,056	(7,807)
Facilities Acq. & Construction	215,000	499,275	284,275
Fiscal Services	127,217	138,390	11,173
Food Services	379,300	446,104	66,804
Pupil Transportation	197,566	231,046	33,480
Operation of Plant	326,316	393,549	67,233
Maintenance of Plant	25,943	50,595	24,652
Community Service	35,440	36,569	1,129
Interest	-	14,487	14,487
Unallocated Depreciation	81,304	86,708	5,404
Total Expenses	<u>3,820,300</u>	<u>4,470,542</u>	<u>650,242</u>
Increase/(Decrease) in Net Position	<u>\$ (201,458)</u>	<u>\$ (404,202)</u>	<u>\$ (202,744)</u>

The largest revenue source for the School is the State of Florida (78%). 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. The School also received Federal funding (15 percent) for its participation in the National School Lunch program and Title I program.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its governmental funds reported a combined fund balance of \$190,679.

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. Over the course of the year, the school revised its General Fund budget. For the fiscal year ended June 30, 2013, the actual expenditures were equal to the final budget. Refer to the Budgetary Comparison Schedule on page 26 for additional information.

CAPITAL ASSETS

The School's investment in capital assets for its governmental activities as of June 30, 2013, amounts to \$2,818,921 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures, and equipment, construction in progress, assets under capital lease and land. Additional information regarding the School's capital assets can be found in note 3 to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Miami Community Charter 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 SCHOOL
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

STATEMENT OF NET POSITION

June 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 351,822
Due From Other Agency	5,330
Prepaid Expenses and Deposits	90,381
Capital Assets:	
Furniture, Fixtures, and Equipment, Net	54,407
Assets Under Capital Lease, Net	254,991
Land	1,665,717
Construction in Progress	843,806
Total Capital Assets, Net	<u>2,818,921</u>
TOTAL ASSETS	<u>3,266,454</u>
LIABILITIES	
Salaries and Wages Payable	164,419
Accounts Payable	10,755
Due to Miami Community Charter Middle School	56,754
Due to Miami Community Charter High School	24,926
Long Term Liabilities:	
Due Within One Year:	
Capital Lease Payable	81,247
Note Payable	12,094
Due After One Year:	
Capital Lease Payable	162,857
Note Payable	12,481
Total Liabilities	<u>525,533</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	2,574,817
Unrestricted	166,104
TOTAL NET POSITION	<u><u>\$ 2,740,921</u></u>

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

MIAMI COMMUNITY CHARTER 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	\$ 1,921,421	\$ -	\$ 125,057	\$ -	\$ (1,796,364)	\$ (1,796,364)
Pupil Personnel Services	50,980				(50,980)	(50,980)
Instructional Media	29,472				(29,472)	(29,472)
Instruction & Curriculum Development	36,046				(36,046)	(36,046)
Instructional Staff Training	768				(768)	(768)
Instructional-Related Technology	15,423				(15,423)	(15,423)
Board of Education	241,653				(241,653)	(241,653)
School Administration	278,056				(278,056)	(278,056)
Facilities Acquisition & Construction	499,275			209,367	(289,908)	(289,908)
Fiscal Services	138,390				(138,390)	(138,390)
Food Services	446,104	5,327	483,345		42,568	42,568
Pupil Transportation	231,046				(231,046)	(231,046)
Operation of Plant	393,549				(393,549)	(393,549)
Maintenance of Plant	50,595				(50,595)	(50,595)
Community Service	36,569	6,945			(29,624)	(29,624)
Interest on Debt	14,487				(14,487)	(14,487)
Unallocated Depreciation	86,708				(86,708)	(86,708)
Total Governmental Activities	<u>\$ 4,470,542</u>	<u>\$ 12,272</u>	<u>\$ 608,402</u>	<u>\$ 209,367</u>	<u>(3,640,501)</u>	<u>(3,640,501)</u>
General Revenues:						
State and Local sources					3,165,883	3,165,883
Other					70,416	70,416
					<u>3,236,299</u>	<u>3,236,299</u>
Change in Net Position					(404,202)	(404,202)
Net Position - July 1, 2012					3,145,123	3,145,123
Net Position - June 30, 2013					<u>\$ 2,740,921</u>	<u>\$ 2,740,921</u>

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

MIAMI COMMUNITY CHARTER 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>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 351,822	\$ -	\$ 351,822
Due From Other Funds		838	838
Due From Other Agency	5,330		5,330
Prepaid Expenses and Deposits	90,381		90,381
TOTAL ASSETS	<u>\$ 447,533</u>	<u>\$ 838</u>	<u>\$ 448,371</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Salary and Wages Payable	\$ 163,581	\$ 838	\$ 164,419
Accounts Payable	10,755		10,755
Due to Other Funds	838		838
Due to Miami Community Charter Middle School	56,754		56,754
Due to Miami Community Charter High School	24,926		24,926
Total Liabilities	<u>256,854</u>	<u>838</u>	<u>257,692</u>
Fund Balances:			
Spendable - Unassigned	100,298		100,298
Nonspendable	90,381	-	90,381
Total Fund Balances	<u>190,679</u>	<u>-</u>	<u>190,679</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 447,533</u>	<u>\$ 838</u>	<u>\$ 448,371</u>

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

MIAMI COMMUNITY CHARTER 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	\$ 190,679
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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.	2,818,921
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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>(268,679)</u>
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Total Net Position - Governmental Activities	<u><u>\$ 2,740,921</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

MIAMI COMMUNITY CHARTER 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	Special Revenue Fund	Total Governmental Funds
Revenues			
Intergovernmental:			
Federal Through State & Local	\$ -	\$ 608,402	\$ 608,402
State and Local	3,375,250	5,327	3,380,577
Contributions and Other	77,361		77,361
Total Revenues	<u>3,452,611</u>	<u>613,729</u>	<u>4,066,340</u>
Expenditures			
Current - Education:			
Instruction	1,796,364	125,057	1,921,421
Pupil Personnel Services	50,980		50,980
Instructional Media	29,472		29,472
Instruction & Curriculum Development	36,046		36,046
Instructional Staff Training	768		768
Instructional-Related Technology	15,423		15,423
Board of Education	241,653		241,653
School Administration	278,056		278,056
Facilities Acquisition & Construction	499,275		499,275
Fiscal Services	138,390		138,390
Food Services		446,104	446,104
Pupil Transportation	231,046		231,046
Operation of Plant	393,549		393,549
Maintenance of Plant	50,595		50,595
Community Service	36,569		36,569
Fixed Capital Outlay:			
Facilities Acquisition & Construction	268,887		268,887
Other Capital Outlay	7,846		7,846
Debt Service:			
Principal	82,279		82,279
Interest	14,487		14,487
Total Expenditures	<u>4,171,685</u>	<u>571,161</u>	<u>4,742,846</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>(719,074)</u>	<u>42,568</u>	<u>(676,506)</u>
Other Financing Sources (Uses):			
Proceeds from Long Term Debt	176,517		176,517
Transfers In/(Out)	42,568	(42,568)	-
Total Other Financing Sources (Uses):	<u>219,085</u>	<u>(42,568)</u>	<u>176,517</u>
Net Change in Fund Balances	(499,989)	-	(499,989)
Fund Balances, July 1, 2012	<u>690,668</u>	<u>-</u>	<u>690,668</u>
Fund Balances, June 30, 2013	<u>\$ 190,679</u>	<u>\$ -</u>	<u>\$ 190,679</u>

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

**MIAMI COMMUNITY CHARTER 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	\$ (499,989)
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Amounts reported for governmental activities in the statement of activities
are different because:

Capital outlays are reported in governmental funds as expenditures.
However, in the statement of activities, the cost of those assets is
allocated over their estimated useful lives as depreciation expense.
This is the amount of capital outlays (\$276,733) in excess of
depreciation expense (\$86,708) in the current year.

190,025

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.

82,279

Long-term debt proceeds are reported as other financing sources
in Governmental Funds and as long-term liabilities in the
Statement of Net Position.

(176,517)

Change in Net Position - Governmental Activities

\$ (404,202)

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

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

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

➤ **Basis of Presentation**

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

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically

MIAMI COMMUNITY CHARTER SCHOOL

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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 funds are as follows:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue Fund – to account for the School's food service operations and certain Federal grant program resources.

➤ Basis of Accounting

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

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

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

MIAMI COMMUNITY CHARTER SCHOOL

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NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

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

➤ **Capital Assets**

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

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

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

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June 30, 2013

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

➤ **Long-term Debt**

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

➤ **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.
- **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.

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➤ **Order of Fund Balance Spending Policy**

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

➤ **Revenue Sources**

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

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

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 514 unweighted FTE and 568.63 weighted FTE.

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

- Attendance and membership documentation (Rule 6A-1.044, FAC).

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- 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.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2013

2. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2013, the School's General Fund owed the Special Revenue Fund \$838 for expenditures accrued under the food service program. The Special Revenue Fund transferred \$42,568 to the General Fund to provide financial support for the School's general operations. These amounts of interfund receivables, payables, and transfers are netted together and not reported in the statement of net position and statement of activities.

3. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below.

	Beginning Balance	Additions	Deletions	Ending Balance
<u>GOVERNMENTAL ACTIVITIES</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,665,717	\$ -	\$ -	\$ 1,665,717
Construction in Progress	710,919	132,887	-	843,806
Total Capital Assets Not Being Depreciated	<u>2,376,636</u>	<u>132,887</u>	<u>-</u>	<u>2,509,523</u>
Capital Assets Being Depreciated:				
Furniture, Fixtures and Equipment	122,540	4,715	-	127,255
Assets Under Capital Lease	239,774	139,131	-	378,905
Total Capital Assets Being Depreciated	<u>362,314</u>	<u>143,846</u>	<u>-</u>	<u>506,160</u>
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(50,110)	(22,738)	-	(72,848)
Assets Under Capital Lease	(59,944)	(63,970)	-	(123,914)
Total Accumulated Depreciation	<u>(110,054)</u>	<u>(86,708)</u>	<u>-</u>	<u>(196,762)</u>
Total Capital Assets Being Depreciated, Net	<u>252,260</u>	<u>57,138</u>	<u>-</u>	<u>309,398</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,628,896</u>	<u>\$ 190,025</u>	<u>\$ -</u>	<u>\$ 2,818,921</u>

Unallocated depreciation expense for the fiscal year was \$86,708.

4. LOAN PAYABLE – RELATED PARTY

The School reported liabilities of \$56,754 and \$24,926 payable to the Miami Community Charter Middle School and Miami Community Charter High School, respectively, related parties through common control, in its Statement of Net Position and Balance Sheet – Governmental Funds. This amount represents a temporary zero interest demand loan 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.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2013

5. OBLIGATIONS UNDER CAPITAL LEASE

The School is currently leasing computers and computer equipment and portables with an asset value of \$242,905 and \$136,000, respectively.

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	95,009	81,247	13,762
2015	95,010	86,122	8,888
2016	28,824	25,104	3,720
2017	28,824	26,571	2,253
2018	25,610	25,060	550
Total Minimum Lease Payments	<u>\$ 273,277</u>	<u>\$ 244,104</u>	<u>\$ 29,173</u>

The imputed interest rates are 5.898 and 5.693 percent.

6. NOTES PAYABLE

Notes payable consist of the following:

	<u>Balance at 6-30-13</u>
<u>Note Payable - Dell Financial Services-001</u>	
\$10,658, Borrowed 7-23-12, to lease computers and computer equipment. Interest Rate of 11.497%. Payments are to be made in 3 equal annual installments of \$4,003.85.	6,756
<u>Note Payable - Dell Financial Services-004</u>	
\$26,728, Borrowed in December 2012 to lease computers and computer equipment. Payments are to be made in 3 equal annual installments of \$8,909.47	17,819
Total Notes Payable	<u>\$ 24,575</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	12,913	12,094	819
2015	12,914	12,481	433
Total	<u>\$ 30,925</u>	<u>\$ 24,575</u>	<u>\$ 1,252</u>

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NOTES TO FINANCIAL STATEMENTS

June 30, 2013

7. 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	\$ 174,441	\$ 139,131	\$ (69,468)	\$ 244,104	\$ 81,247
Notes Payable	-	37,386	(12,811)	24,575	12,094
Total Governmental Activities	<u>\$ 174,441</u>	<u>\$ 176,517</u>	<u>\$ (82,279)</u>	<u>\$ 268,679</u>	<u>\$ 93,341</u>

8. 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.

9. LEASE COMMITMENTS

The School leases its educational facility under a noncancelable operating lease expiring in August 2014. This lease contains an option to renew for an additional five year period. Annual rent is based on enrollment at specified per student amounts ranging from \$500 per student in fiscal year 2009-10 to \$675 per student in fiscal year 2013-14. The following is a schedule by years of future minimum classroom rental payments required based on current enrollment levels:

Fiscal Year Ending June 30	Amount
2014	227,000
2015	38,000
Total Minimum Payments Required	<u>\$ 265,000</u>

Rental expenditures under this lease for the fiscal year were \$235,300.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2013

10. 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 School expended \$263,975 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	143,244
2015	142,876
2016	143,520
2017	142,876
2018	143,244
2019-2023	714,213
2024-2028	715,082
2029-2033	714,875
2034-2038	713,374
2039-2041	573,264
Total	4,146,567

11. 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 \$79,135.

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 \$110,789.

MIAMI COMMUNITY CHARTER SCHOOL

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NOTES TO FINANCIAL STATEMENTS

June 30, 2013

12. 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>	
National School Lunch & Breakfast	\$ 483,345
Title I Program	125,057
Total Federal Revenue	<u>\$ 608,402</u>
<u>STATE:</u>	
Florida Education Finance Program	\$ 1,969,296
Categorical Educational Programs:	
Class Size Reduction	694,941
Supplementary Academic Instruction	171,286
Capital Outlay Admin	83,317
Transportation	68,782
Instructional Materials	38,345
Safe School	14,324
ESE Guaranteed Allocation	13,098
Capital Outlay	126,050
Florida Teachers' Lead Program	4,900
Total State Revenue	<u>3,184,339</u>
<u>LOCAL:</u>	
Student Lunches	5,327
Discretionary Millage	190,911
Total Local Revenue	<u>196,238</u>
Total State and Local Revenue	<u>\$ 3,380,577</u>

As provided in the charter school contract and Florida Department of Education Rules, the District has charged the School an administrative fee on FEFP revenue for the first 250 FTE, which totaled \$78,898.

13. PENSION PLAN

The School participated in a defined contribution tax sheltered annuity 401(k) plan for employees with more than three months of service with the School. Contributions made by the School totaled \$2,890 for the year ended June 30, 2013 were computed at 1.5% on wages paid to each participating employee. Contributions are directed to individual employee's accounts, and the individual employees allocate contributions and account balances among various available investment choices, therefore, the School has no liability for the administration or payments of benefits of the plan, and accordingly, the present value of the related benefits is not reflected in these financial statements. The rate of contribution is set annually by the School's Board of Directors.

MIAMI COMMUNITY CHARTER SCHOOL

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NOTES TO FINANCIAL STATEMENTS

June 30, 2013

14. 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.

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. 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.

17. 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 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 & MAJOR SPECIAL REVENUE FUND - (UNAUDITED)
For the Fiscal Year Ended June 30, 2013

	General Fund				Major Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:								
Intergovernmental:								
Federal through Local	\$ -	\$ -	\$ -	\$ -	\$ 467,809	\$ 608,402	\$ 608,402	\$ -
State and Local	3,497,886	3,375,250	3,375,250	-	5,922	5,327	5,327	-
Contributions and Other	29,332	77,361	77,361	-				-
Total Revenues	<u>3,527,218</u>	<u>3,452,611</u>	<u>3,452,611</u>	<u>-</u>	<u>473,731</u>	<u>613,729</u>	<u>613,729</u>	<u>-</u>
Expenditures:								
Current - Education:								
Instruction	1,389,176	1,796,364	1,796,364	-	125,057	125,057	125,057	-
Pupil Personnel Services	24,767	50,980	50,980	-			-	-
Instructional Media	19,999	29,472	29,472	-			-	-
Instruction & Curriculum Development	4,850	36,046	36,046	-			-	-
Instructional Staff Training	1,178	768	768	-			-	-
Instructional-Related Technology	35,076	15,423	15,423	-			-	-
Board of Education	207,182	241,653	241,653	-			-	-
School Administration	376,902	278,056	278,056	-			-	-
Facilities Acquisition & Construction	151,317	499,275	499,275	-			-	-
Fiscal Services	125,268	138,390	138,390	-			-	-
Food Services	-	-	-	-	449,278	446,104	446,104	-
Pupil Transportation	246,735	231,046	231,046	-			-	-
Operation of Plant	429,318	393,549	393,549	-			-	-
Maintenance of Plant	45,784	50,595	50,595	-			-	-
Community Service	25,012	36,569	36,569	-			-	-
Fixed Capital Outlay:								
Facilities Acquisition & Construction	68,161	268,887	268,887	-			-	-
Other Capital Outlay	7,003	7,846	7,846	-			-	-
Debt Service:								
Principal	-	82,279	82,279	-			-	-
Interest	298,720	14,487	14,487	-			-	-
Total Expenditures	<u>3,456,448</u>	<u>4,171,685</u>	<u>4,171,685</u>	<u>-</u>	<u>574,335</u>	<u>571,161</u>	<u>571,161</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/Under Expenditures	<u>70,770</u>	<u>(719,074)</u>	<u>(719,074)</u>	<u>-</u>	<u>(100,604)</u>	<u>42,568</u>	<u>42,568</u>	<u>-</u>
Other Financing Sources (Uses):								
Proceeds from Long Term Debt	-	176,517	176,517	-			-	-
Transfers In/(Out)	(100,604)	42,568	42,568	-	100,604	(42,568)	(42,568)	-
Total Other Financing Sources (Uses):	<u>(100,604)</u>	<u>219,085</u>	<u>219,085</u>	<u>-</u>	<u>100,604</u>	<u>(42,568)</u>	<u>(42,568)</u>	<u>-</u>
Net Changes in Fund Balances	(29,834)	(499,989)	(499,989)	-	-	-	-	-
Fund Balances, July 1, 2012	690,668	690,668	690,668	-	-	-	-	-
Fund Balances, June 30, 2013	<u>\$ 660,834</u>	<u>\$ 190,679</u>	<u>\$ 190,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report.

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)
United States Department of Agriculture:			
Indirect:			
Child Nutrition Cluster:			
Miami-Dade County District School Board:			
School Breakfast Program	10.553	NA	\$ 56,010
National School Lunch Program	10.555	NA	427,335
Total United States Department of Education			<u>483,345</u>
United States Department of Education:			
Indirect:			
Miami-Dade County District School Board:			
Title I Grants to Local Educational Agencies	84.002	NA	125,057
Total United States Department of Education			<u>125,057</u>
Total Expenditures of Federal Awards			<u>\$ 608,402</u>

Notes: (1) Basis of Presentation. The Schedule of Expenditures of Federal Awards represents amounts expended from Federal Programs during the 2012-13 fiscal year as determined based on the modified accrual basis of accounting. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the School's accounting records from which the basic financial statements have been reported.

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 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 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



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**Report On Compliance With Requirements Applicable To Each Major Federal Program
And On Internal Control Over Compliance In Accordance With OMB Circular A-133**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited Miami Community Charter School's ("School") compliance of with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the fiscal year ended June 30, 2013. The School's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements. We issued our report thereon August 25, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of

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

Respectfully submitted,

King & Walker, CPAs

August 25, 2013
Tampa, Florida

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

SUMMARY SCHEDULE OF AUDIT RESULTS AND SCHEDULE OF FINDINGS

OMB CIRCULAR A-133

June 30, 2013

SUMMARY OF AUDIT RESULTS

As required by United States Office of Management and Budget *Circular A-133*, Section __.505, the following is a summary of the results of the audit of the Miami Community Charter School, for the fiscal year ended June 30, 2013:

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

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2013

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

<u>Audit Report No. and Federal Awards Finding No.</u>	<u>Program/ Area</u>	<u>Brief Description</u>	<u>Status</u>	<u>Comments</u>
Not Applicable as this was the first required A-133 audit.	Not Applicable	No prior audit findings	Not applicable.	None.

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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 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 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 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.), require that we make recommendations, present financial management, accounting procedures, and internal controls. No recommendations were noted in our audit.

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.

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 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 Q Walker, CPAs". The signature is written in a cursive, flowing style.

August 25, 2013
Tampa, Florida

MIAMI COMMUNITY CHARTER 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.