

**MAVERICKS HIGH OF SOUTH
MIAMI DADE COUNTY**
(A COMPONENT UNIT OF THE PUBLIC SCHOOL
BOARD OF MIAMI-DADE COUNTY, FLORIDA)

**BASIC FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

June 30, 2011

MAVERICKS HIGH OF SOUTH MIAMI DADE COUNTY
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
June 30, 2011

TABLE OF CONTENTS

BASIC FINANCIAL STATEMENTS

	<u>PAGES</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis (Not Covered by Independent Auditors' Report)	3-6
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet - Governmental Fund	9
Statement of Revenues, Expenditures and Change in Fund Balance - Governmental Fund	10-11
Notes to Basic Financial Statements	12-17

REQUIRED SUPPLEMENTAL INFORMATION

Budgetary Comparison Schedule - General Fund	18
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OTHER AUDITORS' REPORTS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19-20
Independent Auditors' Report to the Board of Directors	21-22
Independent Auditors' Report to Management	23
Schedule of Findings and Management's Responses	24



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Mavericks High of South Miami Dade County
Miami, Florida

We have audited the accompanying basic financial statements of the governmental activities and the General Fund of Mavericks High of South Miami Dade County (the "School"), a division of New Alternative Education High School of Miami-Dade County, Inc. and, a component unit of the Public School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the School are intended to present the financial position and changes in financial position of only that portion of the governmental activities, and General Fund, and aggregate remaining fund information of the School that is attributable to the financial position of Mavericks High of South Miami Dade County. They do not purport to, and do not, present fairly the financial position of New Alternative High School of Miami-Dade County, Inc. as of June 30, 2011, and its changes in financial position or budgetary comparison, where applicable, for the year ended as of June 30, 2011, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the School as of June 30, 2011, and the respective change in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Mavericks High Of South Miami Dade County

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2011 on our consideration of Mavericks High of South Miami Dade County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 18 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 operation, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquired of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
August 30, 2011

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

**MAVERICKS HIGH OF SOUTH MIAMI DADE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

Our discussion and analysis of Mavericks High of South Miami Dade County (the "School") financial performance provides an overview of the School's financial activities for the year ended June 30, 2011. Please read it in conjunction with the School's financial statements, which immediately follow this discussion.

FINANCIAL HIGHLIGHTS

The following are the highlights of financial activity for the year ended June 30, 2011:

- The School's total assets exceeded its liabilities at June 30, 2011 by \$ 56,461 (net assets).
- The School's total revenues were \$ 2,208,669, \$ 2,137,093 from FTE revenues, \$ 66,895 from operating grants and contributions, and \$ 4,681 from miscellaneous revenues. The School's expenses for the year were \$ 2,425,263. Net assets for the year decreased by \$ (216,594).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements:

The government-wide financial statements, which consist of the following two statements, are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

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

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

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

Fund financial statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School only has one category of funds - governmental funds.

**MAVERICKS HIGH OF SOUTH MIAMI DADE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

Fund financial statements (continued):

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

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

The governmental fund financial statements can be found on pages 9 through 11 of this report.

Notes to basic financial statements:

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 12 through 17 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the School's General Fund adopted budget to actual results. Required supplemental information can be found on page 18 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statements of net assets as of June 30, 2011:

Mavericks High of South Miami Dade County Statements of Net Assets			
		2011	2010
CURRENT ASSETS	\$	186,612	\$ 125,589
NONCURRENT ASSETS		224,184	254,550
Total assets		410,796	380,139
LIABILITIES		354,335	110,084
NET ASSETS:			
Invested in capital assets		224,184	254,550
Unrestricted (deficit)		(167,723)	18,505
Total net assets	\$	56,461	\$ 273,055

**MAVERICKS HIGH OF SOUTH MIAMI DADE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

A portion of the School's net assets reflect its investment in capital assets, less any related outstanding debt used to acquire those assets. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School's investment in its capital assets is reported net of related debt (if any), it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Resources that are subject to external restrictions on how they may be used are classified as restricted assets. As of June 30, 2011, the School had no restricted assets.

The change in net assets balance was \$ (216,594) as summarized in the following table:

Mavericks High of South Miami Dade County Statements of Changes in Net Assets			
		<u>2011</u>	<u>2010</u>
REVENUES:			
General revenues	\$	2,141,774	\$ 2,303,888
Program revenues		<u>66,895</u>	<u>-</u>
		<u>2,208,669</u>	<u>2,303,888</u>
EXPENSES:			
Instruction		804,106	620,323
Instructional support services		1,198,534	1,119,865
Operation of non-instructional services		<u>422,623</u>	<u>540,645</u>
Total expenses		<u>2,425,263</u>	<u>2,280,833</u>
Change in net assets	\$	<u><u>(216,594)</u></u>	\$ <u><u>23,055</u></u>

FINANCIAL ANALYSIS OF THE SCHOOL'S FUND

As noted earlier, the School uses fund accounting to maintain control over resources that have been segregated for specific activities or objectives. The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, unreserved fund balance, if any, may serve as a useful measure of the School's net resources available for spending at the end of the fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no amendments to the June 30, 2011 budget and revenues and expenditures were both under the adopted budget for the year. Revenues were impacted by lower enrollment for the year which was significantly below budget. The School was able to reduce certain variable expenditures including salaries, administrative services, office expenditures and repairs and maintenance to compensate for a portion of the revenue shortfall.

MAVERICKS HIGH OF SOUTH MIAMI DADE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

The School's investment in capital assets at June 30, 2011 amounts to \$ 224,184 net of accumulated depreciation as compared to \$ 254,550 at June 30, 2010. This investment in capital assets is composed of leasehold improvements and furniture and equipment. A more detailed analysis is provided in Note 4 on page 15.

Long-term debt

At June 30, 2011, the School had outstanding debt of \$ 250,000. Additional information of the School's debt can be found in Note 6 on page 17.

ECONOMIC FACTORS

Facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations of the School in the year 2011/2012 include:

- Results of increased student enrollment are expected to increase revenue to the program and will offset to a degree reduced funding per student due to State budget cuts.
- An adjustment of students' matrix levels performed by MDCPS will continue to reflect additional funding in the School's FEFP distribution.
- Continue maximizing our quality of services while we reduce our variable costs per student.
- Continue implementing new operational procedures that will enable the School's Administrators to improve on efficiency of both operations, and student performance.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Mavericks High of South Miami Dade County's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mavericks in Education Florida, LLC, 301 Southern Boulevard, West Palm Beach, FL 33405.

**BASIC
FINANCIAL STATEMENTS**

MAVERICKS HIGH OF SOUTH MIAMI DADE COUNTY

STATEMENT OF NET ASSETS

For the Year Ended June 30, 2011

ASSETS

CURRENT ASSETS:

Cash	\$ 32,026
Prepaid expenses	15,025
Due from management company	80,378
Deposits	<u>59,183</u>

Total current assets	<u>186,612</u>
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NONCURRENT ASSETS:

Capital assets, net of accumulated depreciation	<u>224,184</u>
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Total noncurrent assets	<u>224,184</u>
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Total assets	<u>410,796</u>
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LIABILITIES AND NET ASSETS

DUE IN ONE YEAR:

Accounts payable	29,200
Accrued liabilities	21,674
Deferred revenue	<u>53,461</u>

Total current liabilities	104,335
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DUE IN MORE THAN ONE YEAR:

Note payable	<u>250,000</u>
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Total liabilities	<u>354,335</u>
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CONTINGENCIES AND COMMITMENTS (Note 5)

NET ASSETS:

Invested in capital assets	224,184
Unrestricted (deficit)	<u>(167,723)</u>

Total net assets	\$ <u><u>56,461</u></u>
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The accompanying notes to financial statements are an integral part of these statements.

MAVERICKS HIGH OF SOUTH MIAMI DADE COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

	Program Revenues			Governmental Activities	
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenues (Expenses) and Change in Net Assets (Deficit)	
FUNCTIONS/PROGRAMS:					
Governmental activities					
Regular instruction	\$ 804,106	\$ -	\$ 35,307	\$ -	\$ (768,799)
Instructional support services:					
Administrative services	251,527	-	-	-	(251,527)
Instructional services	136,307	-	-	-	(136,307)
Plant operations and maintenance	711,223	-	31,588	-	(679,635)
Student transportation	99,477	-	-	-	(99,477)
Operational of non-instructional Services:					
Fiscal services	422,623	-	-	-	(422,623)
 Total governmental activities	 \$ 2,425,263	 \$ -	 \$ 66,895	 \$ -	 \$ (2,358,368)
 General revenues:					
					2,137,093
					4,681
					Total general revenues
					2,141,774
					Change in net assets
					(216,594)
					Net assets, July 1, 2010
					273,055
					Net assets, June 30, 2011
					\$ 56,461

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

MAVERICKS HIGH OF SOUTH MIAMI DADE COUNTY
BALANCE SHEET - GOVERNMENTAL FUND
 June 30, 2011

		<u>General Fund</u>
A S S E T S		
ASSETS:		
Cash	\$	32,026
Prepaid expenditures		15,025
Due from management company		80,378
Deposits		<u>59,183</u>
Total assets	\$	<u><u>186,612</u></u>
L I A B I L I T I E S A N D F U N D B A L A N C E		
LIABILITIES:		
Accounts payable	\$	29,200
Accrued liabilities		21,674
Deferred revenue		<u>53,461</u>
Total liabilities		<u>104,335</u>
FUND BALANCE:		
Nonspendable for prepaid expenditures and deposits		74,208
Unassigned		<u>8,069</u>
Total fund balance		<u>82,277</u>
Total liabilities and fund balance	\$	<u><u>186,612</u></u>
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET ASSETS:		
Governmental fund balance, page 9:	\$	82,277
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund.		
Cost of capital assets	\$	316,772
Accumulated depreciation		<u>(92,588)</u>
		224,184
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.		
Note payable		<u>(250,000)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES, page 7	\$	<u><u>56,461</u></u>

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

MAVERICKS HIGH OF SOUTH MIAMI DADE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	<u>General Fund</u>
REVENUES:	
Federal sources	\$ 32,805
State sources	2,171,183
Local sources	<u>4,681</u>
Total revenues	<u>2,208,669</u>
EXPENDITURES:	
Current:	
Instruction	804,106
Instructional services	136,307
Pupil transportation services	99,477
Fiscal services	422,623
Plant operations and maintenance	654,497
Administrative services	251,527
Capital outlay	<u>26,360</u>
Total expenditures	<u>2,394,897</u>
Net change in fund balance before other financing sources	(186,228)
OTHER FINANCING SOURCES:	
Proceeds from note payable	<u>250,000</u>
Net change in fund balance	63,772
FUND BALANCE, July 1, 2010	<u>18,505</u>
FUND BALANCE, June 30, 2011	\$ <u><u>82,277</u></u>

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

**MAVERICKS HIGH OF SOUTH MIAMI DADE COUNTY
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011**

NET CHANGE IN FUND BALANCE -
GOVERNMENTAL FUND, PAGE 10 \$ 63,772

Amounts reported for governmental activities in the
statement of activities are different because:

Governmental funds report capital outlays as
expenditures; in the statement of activities these costs
are allocated over their estimated useful lives as a
provision for depreciation.

Expenditures for capital assets	\$	26,360	
Provision for depreciation		<u>(56,726)</u>	(30,366)

Issuance of debt is reported as revenue in the governmental
funds, but the issuance is reported as a long-term liability
in the statement of net assets.

Issuance of debt			<u>(250,000)</u>
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CHANGE IN NET ASSETS ON THE STATEMENT OF ACTIVITIES, PAGE 8			<u>\$ (216,594)</u>
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The accompanying notes to financial statements are an integral part of these statements.

MAVERICKS HIGH OF SOUTH MIAMI DADE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - ORGANIZATION AND OPERATIONS

Mavericks High of South Miami Dade County (the "School"), is a division of New Alternative Education High School of Miami-Dade County, Inc. (the "Entity") and component unit of the Public School Board of Miami-Dade County, Florida. The School commenced operations in July 2009 and now offers classes for High School students in the City of Homestead, Florida. Approximately three hundred forty-five students were enrolled in classes when the school year ended in June 2011.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity:

The School operates under a charter granted by the sponsoring school district, the Public School Board of Miami-Dade County, Florida (the "District"). The current charter is effective until June 30, 2014. 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 which case the District is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the Miami-Dade County Public School District.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable which would require inclusion in the School's financial statements.

Basis of presentation:

Based on the contractual provisions within the School's contract with the Miami-Dade County Public School District and the provisions of the Florida Statutes, the School is presented as a governmental organization for financial reporting purposes.

Government-wide statements:

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

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

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

MAVERICKS HIGH OF SOUTH MIAMI DADE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund financial statements:

The accounts of the School are organized on the basis of funds. The operations of the only fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures.

The General Fund is employed in accounting for all the financial activities of the School. It is a governmental fund type and is used to account for all financial transactions of the School.

Net assets:

Net assets are classified in three categories. The general meaning of each is as follows:

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

Fund balance:

The school has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance classifications to report on the nature and extent to which the school is bound to have constraints on the specific purposes for which amounts in those funds can be spent.

The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - consists of amounts that are not in spendable form and of net assets that are legally or contractually required to be maintained intact.
- Restricted fund balance - consists of amounts with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Committed fund balance - consists of net assets that can be used for specific purposes pursuant to constraints imposed by the government itself, using its highest level of decision making authority.
- Assigned fund balance - consists of amounts that are constrained by the government's intended use of resources but are neither restricted or committed.

MAVERICKS HIGH OF SOUTH MIAMI DADE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Unassigned – consists of net resources in excess of what can be properly classified in one of the above categories.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the School considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the School's governing body or its delegated official or body has provided otherwise in its commitment or assignment actions. The details of the fund balances are included in the Governmental Fund Balance Sheet on page 9.

Measurement focus and basis of accounting:

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

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

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

Capital assets:

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with an initial cost of \$ 1,000, and a useful life of over one year. Donated capital assets are valued at their estimated fair market value as of the date received. Additions, improvements, and other expenditures that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets. Other costs for repairs and maintenance are expensed as incurred.

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

Leasehold improvements	5 years
Furniture and equipment	5 years

Grant and contract revenue:

Grant and contract revenue is recognized when the allowable costs as defined by the individual grant or contract are incurred.

MAVERICKS HIGH OF SOUTH MIAMI DADE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unearned/deferred revenue:

Governmental funds report deferred revenue in conjunction with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Unearned revenues at the government-wide level arise only when the School receives resources before it has a legal claim to them.

Compensated absences:

The School's policy allows certain employees to carry over vacation time during the year. Unused sick leave benefits are not paid upon separation from service. No liability for compensated absences was recorded for the year ending June 30, 2011.

NOTE 3 - BUDGET

The School formally adopted a budget for the General Fund by function for the year ended June 30, 2011. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the budgeted amounts for the General Fund is presented as required supplemental information.

NOTE 4 - CAPITAL ASSETS

A summary of changes in governmental capital assets is as follows:

	<u>Balance at July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2011</u>
Capital assets, depreciable:				
Leasehold improvements	\$ 50,571	\$ 1,470	\$ -	\$ 52,041
Furniture and equipment	<u>239,841</u>	<u>24,890</u>	<u>-</u>	<u>264,731</u>
Total capital assets, depreciable	<u>290,412</u>	<u>26,360</u>	<u>-</u>	<u>316,772</u>
Accumulated depreciation:				
Leasehold improvements	6,245	10,265	-	16,510
Furniture and equipment	<u>29,617</u>	<u>46,461</u>	<u>-</u>	<u>76,078</u>
Total accumulated depreciation	<u>35,862</u>	<u>56,726</u>	<u>-</u>	<u>92,588</u>
Net capital assets	\$ <u>254,550</u>	\$ <u>(30,366)</u>	\$ <u>-</u>	\$ <u>224,184</u>

The provision for depreciation at the end of the year amounted to \$ 56,726. The School allocated 100% of the depreciation to the operation of the facility.

As part of the School's charter contract, all capital assets purchased with public funds will automatically revert to the District School Board upon the non-renewal or termination of the contract.

MAVERICKS HIGH OF SOUTH MIAMI DADE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2011

NOTE 5 - CONTINGENCIES AND COMMITMENTS

Grant agreements:

The School received financial assistance from Federal and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. In accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Florida Single Audit Act, the School is not required to conduct "single audits" since the required threshold for Federal awards and state financial assistance is currently \$ 500,000 and the School did not exceed such threshold.

Lease commitment:

The School entered into an operating lease with Mavericks in Education Florida, LLC, Education Service Providers (ESP), for the rental of its facility and parking lot with monthly payments of \$ 29,200 and \$ 1,000 due through June 30, 2014 and August, 2014, respectively. The lease contains no renewal options. Total expense in connection with the facility lease amounted to approximately \$ 362,000 for the year ended June 30, 2011.

Future lease payments are approximately as follows:

<u>Year Ending</u> <u>June 30.</u>		
2012	\$	362,000
2013	\$	362,000
2014	\$	362,000
2015	\$	2,000
Thereafter	\$	NONE

Agreements:

The School operates under a management agreement with Mavericks in Education Florida, LLC ("Mavericks"), which is a third party education service provider. The contract provides for assisting the School in the performance of most administrative, operating, financial duties and operating equipment. The management agreement's term is for five academic school years beginning with the 2009/2010 year or concurrent with the Charter of the Authorizer. The agreement provides for an additional five year terms or such periods that are consistent with the Charter contract term. In exchange for the aforementioned services, the School's Board agrees on a fee annually contained in their budget. The total amount incurred during the year ended June 30, 2011 relating to this contract was \$ 345,776. In addition, at June 30, 2011, the School has a receivable from Mavericks of \$ 80,378.

Post-retirement benefits:

The School offers no post-retirement benefits to its employees.

MAVERICKS HIGH OF SOUTH MIAMI DADE COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2011

NOTE 6 - NOTE PAYABLE

The School has a note payable to Mavericks in Education Florida, LLC. The loan does not require monthly principal payments until the maturity date. The note bears interest of 7%, and requires interest to be paid monthly beginning July 2011, through July 2013 at which time all principal and interest will be due.

	<u>Balance at July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2011</u>
Note Payable	\$ <u> -</u>	\$ <u> 250,000</u>	\$ <u> -</u>	\$ <u> 250,000</u>

NOTE 7 - INCOME TAXES

The School qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c) (3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

NOTE 8 - RISK FINANCING

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

**REQUIRED SUPPLEMENTAL
INFORMATION**

MAVERICKS HIGH OF SOUTH MIAMI DADE COUNTY
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2011

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Operating revenues	\$ 2,746,500	\$ 2,137,093	\$ (609,407)
Grants and contributions	75,000	66,895	(8,105)
Miscellaneous income	5,520	4,681	(839)
	<u>2,827,020</u>	<u>2,208,669</u>	<u>(618,351)</u>
EXPENDITURES:			
Current:			
Salaries	935,280	776,517	(158,763)
Administrative services	224,040	251,527	27,487
Fiscal services	447,720	345,776	(101,944)
District and board services	84,000	76,847	(7,153)
Employee benefits	13,920	27,589	13,669
Contracted bus transportation	90,000	99,477	9,477
Instructional support	148,800	136,307	(12,493)
Professional services	46,200	62,518	16,318
Utilities	25,440	31,718	6,278
Technical support	58,800	66,181	7,381
Repairs and maintenance	58,800	39,968	(18,832)
Uniforms	6,000	13,935	7,935
Insurance	16,920	12,430	(4,490)
Rentals	367,920	356,448	(11,472)
Office expenses	88,800	55,926	(32,874)
Travel	12,720	2,611	(10,109)
Miscellaneous	2,400	3,713	1,313
Advertising	7,440	9,049	1,609
Capital outlay	-	26,360	26,360
	<u>2,635,200</u>	<u>2,394,897</u>	<u>(240,303)</u>
Change in fund balance before other financing sources	191,820	(186,228)	(378,048)
OTHER FINANCING SOURCES			
Debt proceeds	-	250,000	250,000
Change in fund balance	191,820	63,772	(128,048)
FUND BALANCE, July 1, 2010	<u>18,505</u>	<u>18,505</u>	<u>-</u>
FUND BALANCE, June 30, 2011	<u>\$ 210,325</u>	<u>\$ 82,277</u>	<u>\$ (128,048)</u>

OTHER AUDITORS' REPORTS



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

To the Board of Directors
Mavericks High of South Miami Dade County
Miami, Florida

We have audited the financial statements of governmental activities and the General Fund of Mavericks High of South Miami Dade County (the "School"), (a component unit of the Public School Board of Miami-Dade County, Florida) as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon August 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We did note other matters and have reported them on page 24 of the Schedule of Findings and Recommendations.

This report is intended solely for the information and use of the School's management, members of the Board of Directors, the Auditor General of the State of Florida, and the Public School Board of Miami-Dade County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Keefe, McCullough & Co., LLP
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
August 30, 2011



INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Mavericks High of South Miami Dade County
Miami, Florida

We have audited the basic financial statements of governmental activities, the General Fund, and the aggregate remaining fund information of Mavericks High Of South Miami Dade County (the "School"), a component unit of the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 30, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosures in those reports and schedule, which are dated August 30, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which governs the conduct of charter school audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule.

1. Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The status of prior year findings and recommendations appear in the attached Schedule of Findings and Recommendations on page 24.
2. Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. We did note other matters and have reported them on the Schedule of Findings and Recommendations on page 24.
3. Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Mavericks High of South Miami Dade County

4. Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
5. Section 10.854(1)(e)6., Rules of the Auditor General, requires the name or official title of the school. The official title of the school is Mavericks High of South Miami Dade County.
6. Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the school has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Mavericks High of South Miami Dade County did not meet any of the conditions described in Section 218.503(1).
7. Pursuant to Sections 10.854(1)(e)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 Mavericks High of South Miami Dade County'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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the use and information of the School's management, the Board of Directors, the Auditor General of the State of Florida and the School Board of Miami-Dade County, and is not intended to be and should not be used by anyone other than these specified parties.

Keefe, McCullough & Co., LLP
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
August 30, 2011



INDEPENDENT AUDITORS' REPORT TO MANAGEMENT

To the Board of Directors
Mavericks High of South Miami Dade County
Miami, Florida

In planning and performing our audit of the financial statements of Mavericks High of South Miami Dade County (the "School"), for the year ended June 30, 2011, we considered the School's internal controls to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal controls.

However, during our audit we became aware of certain matters that represents opportunities for you to strengthen your internal controls and operating efficiencies. This letter includes our comments and recommendations. This letter does not affect our separate report dated August 30, 2011 on the financial statements of the School.

The enclosed comments are not intended to reflect on the honesty, integrity, or competence of the employees of the School, but are mentioned only to aid you in improving existing procedures and internal controls.

After you have had an opportunity to consider our comment and recommendation, we would be happy to discuss it with you at your convenience.

Keefe, McCullough & Co., LLP
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
August 30, 2011

MAVERICKS HIGH OF SOUTH MIAMI DADE COUNTY
SCHEDULE OF FINDINGS AND MANAGEMENT'S RESPONSES
For the Year Ended June 30, 2011

STATUS OF PRIOR YEAR COMMENTS AND RECOMMENDATIONS

	<u>STILL APPLICABLE</u>	<u>IMPLEMENTED OR NO LONGER RELEVANT</u>
2010-01 Use a Checklist of Accounting Procedures		X
2010-02 Develop financial reporting under modified accrual based format		X
2010-03 Improve controls over non-routine transactions		X
2010-04 Improve segregation of duties in accounting department		X
2010-06 Record depreciation on interim financial reporting		X
2010-07 Restrict access to computer accounting system		X

CURRENT YEAR COMMENTS AND RECOMMENDATIONS

ACCOUNTING POLICIES AND PROCEDURES

2011-01 Fixed Asset Inventory

While we were performing our procedures on the property and equipment records, we noted that the School completed an inventory of fixed assets on site during the year or at year end. Although the inventory was done, it was not reconciled to the subsidiary ledger maintained that supports the amounts on the School's financial records. We believe that this is necessary to validate the existence fixed asset inventory on their subsidiary ledger supporting the balances in the financial statements which includes a reconciliation of the inventory taken during the year.

Management's response

Management agrees with this recommendation and is currently performing a reconciliation of the fixed assets inventory to the subsidiary ledger of property and equipment.