

**Miami Community Charter School, Inc.
Component Unit**

Financial and Compliance Report
Year Ended June 30, 2006

MANAGEMENT AND
FINANCIAL AUDIT
2006 SEP 18 PM 2:19

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Independent Auditors' Report

To the Board of Trustees
Miami Community Charter School, Inc.
Florida City, Florida


We have audited the accompanying component unit basic financial statements of governmental activities and each major fund of Miami Community Charter School, Inc. (the "School") a component unit of The School Board of Miami-Dade County, Florida as of and for the year ended June 30, 2006, which collectively comprise the School's basic financial statements as listed in the foregoing 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 the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit 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.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the School at June 30, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis and the statement of revenues, expenditures and changes in fund balances budget and actual on pages 2 through 6 and 13, are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 28, 2006 on our consideration of the School's internal control structure over financial reporting and 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 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 an audit.


Millward & Co. CPAs
Fort Lauderdale, Florida
August 28, 2006



**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

Miami Community Charter School, Inc.

Management's Discussion and Analysis Year Ended June 30, 2006

Miami Community Charter School, Inc. (the "School") is a public charter school operating in Florida City, FL, under the sponsorship of the School Board of Miami-Dade County, Florida.

Within this section of the School's annual financial report, the School's management provides narrative discussion and analysis of the financial activities of the School for the fiscal year ended June 30, 2006. This discussion is provided within the context of the accompanying financial statements. The discussion includes the entire School operations. There are no proprietary funds, no fiduciary funds and no component units.

Financial Highlights

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

The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$208,215 (net assets).

Using This Financial Report

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

Government-Wide Financial Statements

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

The first financial statement is the *Statement of Net Assets* that includes all of the School's assets and liabilities, with the difference reported as net assets.

The second financial statement is the *Statement of Activities* that includes all current year revenues and expenses. It explains how the School's net assets changed during the fiscal year.

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

Miami Community Charter School, Inc.

Management's Discussion and Analysis
Year Ended June 30, 2006

Using This Financial Report (Continued)

The governmental-wide financial statements can be found on pages 7 – 8 of the report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The School uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the School's most significant funds.

Governmental Funds

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the School's governmental funds. These are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near term.

Because the focus of governmental funds is narrower than that of the entity-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the entity-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 changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The basic governmental fund financial statements can be found on pages 9 – 13 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the entity-wide and fund financial statements. The notes to the financial statements can be found on pages 14 – 17 of this report.

Miami Community Charter School, Inc.

Management's Discussion and Analysis
Year Ended June 30, 2006

Using This Financial Report (Continued)

Government-Wide Financial Analysis

The School's net assets increased from \$(9,454) to \$208,215 in 2006.

All of the School's revenue is received through the sponsor and generally was provided by the State of Florida. The revenue per student each year is determined by the State of Florida and paid to the School based upon the student counts on certain dates in October and February of the fiscal year.

FEFP and other revenue from School Board of Miami-Dade County, Florida were based upon the number of students in the current fiscal year and the increase of \$545,973 reflects growth in student enrollment. Instructional services increased by \$336,580, because of additional staff requirements for the growth in student enrollment.

The summary of the School government-wide statement of net assets is as follows:

Condensed Statement of Net Assets
June 30, 2006 and 2005

| | 2006 | 2005 | Change |
|-----------------------------------|-------------------|-------------------|-------------------|
| Current and other assets | \$ 313,008 | \$ 55,040 | \$ 257,968 |
| Capital assets | 13,333 | 785 | 12,548 |
| Total assets | 326,341 | 55,825 | 270,516 |
| Current liabilities | 102,068 | 65,279 | 36,789 |
| Deferred revenue | 16,058 | - | 16,058 |
| Total liabilities | 118,126 | 65,279 | 52,847 |
| Net assets: | | | |
| Invested in capital assets | 13,333 | 785 | 12,548 |
| Unrestricted balance (deficit) | 194,882 | (10,239) | 205,121 |
| Total net assets (deficit) | \$ 208,215 | \$ (9,454) | \$ 217,669 |

Miami Community Charter School, Inc.

Management's Discussion and Analysis
Year Ended June 30, 2006

Using This Financial Report (Continued)

Government-Wide Financial Analysis

Condensed Statement of Activities
June 30, 2006 and 2005

| | 2006 | 2005 | Change |
|---|-------------------|-------------------|-------------------|
| Program revenue: | | | |
| Charge for services | \$ 4,303 | \$ 2,247 | \$ 2,056 |
| General Revenues: | | | |
| FEEP fees | 1,273,177 | 727,204 | 545,973 |
| Operating grants and contributions | 257,042 | 239,862 | 17,180 |
| Contribution not restricted | 25,333 | 18,324 | 7,009 |
| Other | 25,093 | 3,754 | 21,339 |
| Total revenues | 1,584,948 | 991,391 | 593,557 |
| Functions/program expenses: | | | |
| Instructional services | 764,211 | 427,631 | 336,580 |
| Instructional support services | 5,564 | 16,482 | (10,918) |
| Pupil transportation services | 31,390 | 28,420 | 2,970 |
| Food services | 83,778 | 42,938 | 40,840 |
| School administration | 257,030 | 278,932 | (21,902) |
| Facilities acquisition and construction | 109,869 | 113,211 | (3,342) |
| Fiscal services | 58,012 | 37,393 | 20,619 |
| Operation and maintenance services | 57,425 | 51,536 | 5,889 |
| Total expenses | 1,367,279 | 996,543 | 370,736 |
| Change in net assets | 217,669 | (5,152) | 222,821 |
| Net assets (deficit) – beginning | (9,454) | (4,302) | (5,152) |
| Net assets balance (deficit) – ending | \$ 208,215 | \$ (9,454) | \$ 217,669 |

Miami Community Charter School, Inc.

Management's Discussion and Analysis
Year Ended June 30, 2006

Using This Financial Report (Continued)

Government-Wide Financial Analysis

Proprietary Funds

Proprietary funds are reported in the fund financial statements and generally report services for which the School charges a fee. For fiscal year ended June 30, 2006, the School did not have any proprietary funds.

Financial Analysis of the Major Funds

Governmental Funds

General Fund

The general fund is the operating fund. It recognized \$1,584,948 in total revenues offset with \$1,379,827 of expenditures. This resulted in an excess of revenues over expenditures. Fund deficit at the beginning of the year was \$(10,239) and when combined with the current year resulted in an end of year fund balance of \$194,882.

Capital Assets

As of June 30, 2006, the School had \$13,333 invested in capital assets, as reflected in below:

| | <u>2006</u> | | <u>2005</u> | | <u>Change</u> |
|--------------------------------|------------------|----|-------------|----|---------------|
| Office equipment and fixtures | \$ 14,884 | \$ | 981 | \$ | 13,903 |
| Less: accumulated depreciation | (1,551) | | (196) | | (1,355) |
| Net | <u>\$ 13,333</u> | \$ | <u>785</u> | \$ | <u>12,548</u> |

Request for Information

This financial report is designated to provide a general overview of the School's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the School Financial Services, Inc., P.O. Box 130, Bonifay, FL 32425.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

Miami Community Charter School, Inc.

Statement of Net Assets
June 30, 2006

| Assets | Governmental Activities |
|----------------------------|------------------------------------|
| Cash | \$ 310,069 |
| Prepaid expenses | 2,939 |
| Capital assets | 13,333 |
| Total assets | <u>326,341</u> |
| Liabilities | |
| Accounts payable | 35,764 |
| Accrued expense | 66,304 |
| Deferred revenue | 16,058 |
| Total liabilities | <u>118,126</u> |
| Net assets: | |
| Invested in capital assets | 13,333 |
| Unrestricted balance | 194,882 |
| Total net assets | <u>\$ 208,215</u> |

See Notes to Financial Statements.

Miami Community Charter School, Inc.

Statement of Activities
Year Ended June 30, 2006

| Program Activities | Expenses | Program Revenues Charge for Services | Net Revenue and Changes in Net Assets Governmental Activities |
|---|---------------------|---|---|
| Governmental Activities: | | | |
| Instructional services | \$ 764,211 | \$ 4,303 | \$ (759,908) |
| Instruction support services | 5,564 | - | (5,564) |
| Pupil transportation services | 31,390 | - | (31,390) |
| Food services | 83,778 | - | (83,778) |
| School administration | 257,030 | - | (257,030) |
| Facilities acquisition and construction | 109,869 | - | (109,869) |
| Fiscal services | 58,012 | - | (58,012) |
| Operation and maintenance services | 57,425 | - | (57,425) |
| Total governmental activities | \$ 1,367,279 | \$ 4,303 | (1,362,976) |
| General revenues: | | | |
| FEFP fees | | | 1,273,177 |
| Operating grants and contributions | | | 257,042 |
| Contribution not restricted | | | 25,333 |
| Other | | | 25,093 |
| Total general revenues | | | 1,580,645 |
| Change in net assets | | | 217,669 |
| Net assets (deficit): | | | |
| Beginning | | | (9,454) |
| Ending | | | \$ 208,215 |

See Notes to Financial Statements.

FUND FINANCIAL STATEMENTS

Miami Community Charter School, Inc.

Balance Sheet – Governmental Fund
June 30, 2006

| | General Fund |
|---|-------------------|
| Assets | |
| Cash | \$ 310,069 |
| Prepaid expenses | 2,939 |
| Total assets | <u>\$ 313,008</u> |
| Liabilities | |
| Accounts payable | \$ 35,764 |
| Accrued expenses | 66,304 |
| Deferred revenue | 16,058 |
| Total liabilities | <u>118,126</u> |
| Fund balance: | |
| Unreserved balance | <u>194,882</u> |
| Total fund balance | <u>194,882</u> |
| Total liabilities and fund balance | <u>\$ 313,008</u> |

See Notes to Financial Statements.

Miami Community Charter School, Inc.

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2006

| | |
|--|--------------------------|
| Total fund balance – governmental fund | \$ 194,882 |
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Capital outlay of \$14,884, net of accumulated depreciation of \$1,551, are not financial resources and, therefore are not reported in the funds | 13,333 |
| Net assets of governmental activities | <u><u>\$ 208,215</u></u> |

See Notes to Financial Statements.

Miami Community Charter School, Inc.

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund
Year Ended June 30, 2006

| | General Fund |
|---|------------------------|
| <hr/> | |
| Revenues: | |
| FEFP fees | \$ 1,273,177 |
| Operating grants and contributions | 257,042 |
| Contributions not restricted | 25,333 |
| Charge for services | 4,303 |
| Other | 25,093 |
| Total revenues | <hr/> 1,584,948 <hr/> |
| Expenditures: | |
| Instructional services | 764,211 |
| Instructional support services | 5,564 |
| Pupil transportation services | 31,390 |
| Food services | 83,778 |
| School administration | 257,030 |
| Facilities acquisition and construction | 122,417 |
| Fiscal services | 58,012 |
| Operation and maintenance services | 57,425 |
| Total expenditures | <hr/> 1,379,827 <hr/> |
| Excess of revenues over expenditures | 205,121 |
| Fund balance (deficit): | |
| Beginning | (10,239) |
| Ending | <hr/> \$ 194,882 <hr/> |

See Notes to Financial Statements.

Miami Community Charter School, Inc.

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of Governmental Funds to the Statement of Activities
Year Ended June 30, 2006

| | |
|---|--------------------------|
| Net change in fund balance – governmental funds | \$ 205,121 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlay as expenditures. However, in the statement of activities and change in net assets, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expenses. This is the amount by which capital assets of \$13,903 exceeded depreciation of \$1,355 in the current period. | 12,548 |
| Change in net assets of governmental activities | <u><u>\$ 217,669</u></u> |

See Notes to Financial Statements.

Miami Community Charter School, Inc.

Statement of Revenues, Expenditures and Changes in Fund Balance General Fund –
 Budget and Actual
 Year Ended June 20, 2006

| | Original and Final Budgeted | Actual | Variance Positive (Negative) |
|---|-----------------------------------|------------------|------------------------------------|
| Revenues: | | | |
| FEFP fees | \$ 1,219,682 | \$ 1,273,177 | \$ 53,495 |
| Operating grants and contributions | 200,000 | 257,042 | 57,042 |
| Contributions not restricted | 8,898 | 25,333 | 16,435 |
| Charge for services | 74,028 | 4,303 | (69,725) |
| Other | - | 25,093 | 25,093 |
| Total revenues | 1,502,608 | 1,584,948 | 82,340 |
| Expenditures: | | | |
| Instructional services | 661,359 | 764,211 | (102,852) |
| Instructional support services | 7,149 | 5,564 | 1,585 |
| Pupil transportation services | 59,400 | 31,390 | 28,010 |
| Food services | 73,772 | 83,778 | (10,006) |
| School administration | 314,188 | 257,030 | 57,158 |
| Facilities acquisition and construction | 147,500 | 122,417 | 25,083 |
| Fiscal services | 53,910 | 58,012 | (4,102) |
| Operation and maintenance services | 113,991 | 57,425 | 56,566 |
| Total expenditures | 1,431,269 | 1,379,827 | 51,442 |
| Excess of revenues over expenditures | \$ 71,339 | 205,121 | \$ 30,898 |

Fund balance (deficit):

| | |
|-----------|-------------------|
| Beginning | (10,239) |
| Ending | <u>\$ 194,882</u> |

See Notes to Financial Statements.

Miami Community Charter School, Inc.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Organization: Miami Community Charter School, Inc. (the "School") was organized in Miami-Dade County, Florida, in December, 2003 to operate an alternative education opportunity for the students of Miami-Dade County, from kindergarten through fifth grade.

The legal authority for the School is Section 228.056(7) Florida Statutes.

Financial entity: The financial reporting entity consists of the following:

The financial statements of the School, which is a component unit of the School Board of Miami-Dade County, Florida.

Government-Wide Financial Statements

The government-wide financials statements include the statement of net assets and the statement of activities. These statements report financial information for the School as a whole.

The statement of activities report the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include positions of a fund or summarize more than one fund to capture the expense and program revenues associated with a Board functional activity. Program revenues include: (1) charges for services which report fees and other charges, and (2) operating grants and contributions which finance annual operating activities including restricted investment income. These revenues are subject to externally imposed restrictions to these programs uses.

Fund Financial Statements

Fund financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds.

Measure focus, basis of accounting and financial statement presentation: The financial statements of the School are prepared in accordance with generally accepted accounting principles ("GAAP"). The reporting entity applies all relevant Governmental Accounting Standards Board ("GASB") pronouncements. The government-wide financial statements apply Financial Accounting Standards Board ("FASB") pronouncements and Accounting Principles Board ("APB") opinion issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Major revenues sources susceptible to accrual include: intergovernmental revenues, and interest income.

Major Fund

General Fund – The General Fund is the general operating fund. It is used to account for all current financial resources except those required to be accounted for in another fund of the School.

Capital assets, depreciation and amortization: The School's property, equipment and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements.

The School generally capitalizes assets with cost of \$750 or more as outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extends the useful lives are expensed. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

| | |
|----------------------------------|---------|
| Furniture, fixture and equipment | 5 years |
|----------------------------------|---------|

Budgetary: Budget to actual comparison are reflected in the accompanying financial statements for general fund type which the School has adopted for its operations. The School adopts its budget on basis consistent with GAAP.

Miami Community Charter School, Inc.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Note 2. School Board of Miami-Dade County

The School has an agreement with the School Board of Miami-Dade County, Florida, to operate a Charter School. The School receives funding from the School Board of Miami-Dade County, Florida, based on the projected number of full time equivalent ("FTE") students. The term of the contract is for five years ending June 30, 2009, with an option to renew for an additional 15 years. The number of students attending the school for the year ending June 30, 2006, was 224.

Note 3. Capital Assets

Changes in assets during the year ended June 30, 2006 were as follows:

| | Balance | | | Balance |
|--------------------------------|-------------------|------------------|------------------|-------------------|
| | 06/30/2005 | Additions | Deletions | 06/30/2006 |
| Office equipment and fixtures | \$ 981 | \$ 13,903 | \$ - | \$ 14,884 |
| Less: accumulated depreciation | (196) | (1,355) | - | (1,551) |
| Net | <u>\$ 785</u> | <u>\$ 12,548</u> | <u>\$ -</u> | <u>\$ 13,333</u> |

Depreciation expense for year ended June 20, 2006, was \$1,355.

Note 4. Contingencies

The School receives funding through the School Board of Miami-Dade County, Florida, that is based in part on a computation of the number of full time equivalent ("FTE") students enrolled. The accuracy of data compiled supporting the FTE count is subject to audit, and if found to be in error, could result in refunds or in decreases of future funding allocations. It is the opinion of management that the amount of revenue which may be remitted back due to errors in the FTE count, if any, will not be material to the financial position of the School. In addition, the continued operation of the School is depended upon an agreement with School Board of Miami-Dade County, Florida.

Miami Community Charter School, Inc.

Notes to Financial Statements

Note 5. Lease Agreement

The School leases its administrative and classroom space under operating leases expiring June 20, 2009, with an option of renewal up to additional periods of five years. The base rent will increase at a rate of \$500 per year for each student when enrollment exceeds over 180 minimum numbers of students. Rental expense was \$122,417 for the year ended June 30, 2006.

Future minimum lease payments are as follows:

| Year Ending June 30, | Amount |
|-------------------------|-------------------|
| 2007 | \$ 90,000 |
| 2008 | 90,000 |
| 2009 | 90,000 |
| | <u>\$ 270,000</u> |

Note 6. Risk Management

The School is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the School carries commercial insurance.

Note 7. Other Information

Miami Community Charter School is located at 101 SW Redland Road, Florida City, FL, 33034. The School principal is Ms. Jila Rezaie, Ed. D., and the Board of Directors is as follows:

| | |
|-------------------|---------------------|
| Ruben Spitaleri | President |
| Rosita Atilus | Vice President |
| Michelle Diaz | Secretary/Treasurer |
| Rev. John Holbert | Board member |

In July 2004, the School entered into a contract with a third party for professional services. The School Financial Services, Inc. agreed to provide various financial and accounting services for School. The School Financial Services, Inc., located at 32425 Highway 90 East, Bonifay, FL 32425, and the company president is Gary B. Scott. The contract can be cancelled by either party with 30 days advance notice and it was expired on June 30, 2005. The professional fee for the year ending June 30, 2006 was \$37,818.

The following is information about the Certified Public Accountant issuing the audit report:

| | |
|------------------|---|
| CPA's Name: | Millward & Co. CPAs |
| CPA's Address: | 100 N.E. 3 rd Avenue, Suite #300 Fort Lauderdale, Florida 33301 |
| License No: | 1143963 |
| Status: | Current |
| Expiration Date: | December 31, 2006 |

SUPPLEMENTARY INFORMATION

**Independent Auditors' 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 Trustees
Miami Community Charter School, Inc.
Florida City, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Miami Community Charter School, Inc. (the "School") as of and for the year ended June 30, 2006, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 28, 2006. 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 School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



This report is intended solely for the information and use of the Board of Trustees, management, the State of Florida Office of the Auditor General, School Board of Miami-Dade County, and others within organization and is not intended to be and should not be used by anyone other than these specified parties.

Millward & Co

Millward & Co. CPAs
Fort Lauderdale, Florida
August 28, 2006

**Management Letter Required by
Chapter 10.850 of the Rules of the
Auditor General of the State of Florida**

To the Board of Trustees
Miami Community Charter School, Inc.
Florida City, Florida

We have audited the financial statements of Miami Community Charter School, Inc. (the "School") as of and for the fiscal year ended June 30, 2006, and have issued our report thereon dated August 28, 2006.

We have 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 Auditors' Report on Compliance and on Internal Control Over Financial Reporting based on the audit of the financial statements performed in accordance with *Government Auditing Standards*, dated August 28, 2006, and it should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554(1)(h)1.) require that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs, whether or not recommendations made in the preceding annual financial audit report have been followed. The prior year recommendation was implemented.

As required by the Rules of the Auditor General (Section 10.554(1)(h)2.), the scope of our audit included a review of the provisions of Section 218.415., Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.544(1)(h)3.) require that we address in the management letter any findings and recommendations to improve financial management, accounting procedures and internal controls. In connection with our audit, we did not have any such findings.



Miami Community Charter School, Inc.

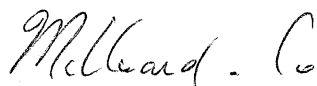
Year Ended June 30, 2006

The Rules of the Auditor General (Section 10.554(1)(h)4.) require disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs and are not clearly in consequential: (1) violations of laws, rules, regulations and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations and instances of fraud discovered by, or that come to the attention of the auditor. There are no items requiring disclosure.

As required by the Rules of the Auditor General (Section 10.554(1)(h)6.a), a statement must be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Sections 10.554(h)6.c. and 10.556(7)), we applied financial assessment procedures. It is management's responsibility to monitor the entity'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.

This management letter is intended solely for the information and use of the Board Trustees, management, and the State of Florida Office of the Auditor General, School Board of Miami-Dade County, Florida and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.



Fort Lauderdale, Florida
August 28, 2006