

**Mavericks High of South
Miami-Dade County**
(A Component Unit of the Miami-Dade
County Public School District)

Basic Financial Statements
and Additional Information
For the Year Ended June 30, 2016

Mavericks High of South Miami-Dade County

Table of Contents

Independent Auditor's Report	1-2
Management's Discussion and Analysis (Not Covered by Independent Auditors' Report)	3-6
Basic Financial Statements	
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet - Governmental Funds	9
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	10
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	12
Notes to Basic Financial Statements	13-19
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	20
Budgetary Comparison Schedule – Special Revenue Fund	21
Other Auditor's Reports	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22-23
Independent Auditor's Report to the Board of Directors	24-25

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major 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 Miami-Dade County Public School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the School are intended to present the financial position and change in financial position of only that portion of the governmental activities and each major fund of New Alternative Education High School of Miami-Dade County, Inc. that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of New Alternative Education High School of Miami-Dade County, Inc. as of June 30, 2016 and the changes in its financial position and budgetary comparisons, where applicable, for the year ended June 30, 2016 in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 and budgetary comparison for the General Fund and Special Revenue Fund on pages 20 and 21, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2016, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
August 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Mavericks High of South Miami-Dade County's (the "School") financial performance provides an overview of the School's financial activities for the year ended June 30, 2016 with certain comparative information for 2015. 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, 2016:

- The School's total assets exceeded its liabilities at June 30, 2016 by \$ 863,072 (net position).
- The School's total revenues were \$ 3,472,226, \$ 3,316,019 from FTE revenues, \$ 149,403 from operating and capital grants and \$ 6,804 from miscellaneous revenues. The School's expenses for the year were \$ 3,460,457. Net position for the year increased by \$ 11,769.

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

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

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.

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 changes in fund balances provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

The School maintains several individual government funds. The General Fund, Special Revenue Fund and Capital Projects Fund are considered to be the School's major funds.

A budgetary comparison statement has been provided for the General Fund and Special Revenue Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 9 through 12 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 13 through 19 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School's General Fund and Special Revenue Fund adopted budget to actual results. Required supplementary information can be found on pages 20 and 21 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statements of net position as of June 30, 2016 and 2015:

Mavericks High of South Miami-Dade County
Statements of Net Position

	<u>2016</u>	<u>2015</u>
Current Assets	\$ 573,967	\$ 732,038
Noncurrent Assets	<u>388,255</u>	<u>255,622</u>
Total assets	<u>962,222</u>	<u>987,660</u>
Liabilities	<u>99,150</u>	<u>136,357</u>
Net Position:		
Net investment in capital assets	142,862	97,289
Unrestricted	<u>720,210</u>	<u>754,014</u>
Total net position	<u>\$ 863,072</u>	<u>\$ 851,303</u>

**Mavericks High of South Miami-Dade County
Management's Discussion and Analysis
June 30, 2016**

A portion of the School's net position 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, 2016, the School had no restricted assets.

As reflected below, the net position is showing a change of \$ 11,769 for the year ended June 30, 2016 and a change of \$ 384,640 for the year ended June 30, 2015 as summarized in the following table:

Mavericks High of South Miami-Dade County Statements of Changes in Net Position For the Years Ended June 30, 2016 and June 30, 2015		
	2016	2015
Revenues:		
General revenues	\$ 3,242,823	\$ 3,088,728
Program revenues	149,403	294,793
	3,392,226	3,383,521
Expenses:		
Instruction	1,180,534	1,051,723
Instructional support services	1,531,542	1,319,133
Operation of non-instructional services	668,381	628,025
Total expenses	3,380,457	2,998,881
Change in net position	\$ 11,769	\$ 384,640

Financial Analysis of the School's Funds

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

Certain differences, such as capital outlay expenditures are due to the budget being prepared on a full accrual basis as opposed to a modified accrual basis of accounting.

Capital Asset and Debt Administration

Capital assets: The School's investment in capital assets at June 30, 2016 was \$ 142,862, net of accumulated depreciation, compared to \$ 97,289 at June 30, 2015. This investment in capital assets is composed of furniture and equipment and leasehold improvements. A more detailed analysis is provided in Note 6 to the financial statements.

Long-term debt: At June 30, 2016, the School had no outstanding debt.

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 2016-2017 school year include:

- Any adjustment of students' matrix levels performed by the Miami-Dade County Public School District will provide additional funding from the School's Florida Education Finance Program distribution.
- Continue maximizing our quality of services while we reduce our variable costs per student.
- Introduce new operational procedures that will enable the School's Administrators to improve on the efficiency of 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; 4500 PGA Boulevard; Suite 302; Palm Beach Gardens, FL 33418.

BASIC
FINANCIAL STATEMENTS

Mavericks High of South Miami-Dade County
Statement of Net Position
June 30, 2016

Current Assets:

Cash	\$ 405,502
Accounts receivable	3,333
Due from government agencies	32,639
Due from related party	16,906
Note receivable due in less than one year	70,000
Prepaid expenses	<u>45,587</u>
 Total current assets	 <u>573,967</u>

Noncurrent Assets:

Capital assets, net of accumulated depreciation	142,862
Deposits and other assets	<u>245,393</u>
 Total noncurrent assets	 <u>388,255</u>
 Total assets	 <u>962,222</u>

Current Liabilities:

Accounts payable	35,186
Accrued liabilities	<u>63,964</u>
 Total liabilities	 <u>99,150</u>

Net Position:

Net investment in capital assets	142,862
Unrestricted	<u>720,210</u>
 Total net position	 \$ <u><u>863,072</u></u>

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, 2016**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Activities Net Revenues (Expenses) and Change in Net Position</u>
Functions/Programs:					
Governmental activities:					
Regular instruction	\$ 1,180,534	\$ -	\$ -	\$ -	\$ (1,180,534)
Administrative services	316,440	-	-	-	(316,440)
Instructional support services	283,207	-	-	-	(283,207)
Plant operations and maintenance	828,162	-	39,158	110,245	(678,759)
Student transportation	103,733	-	-	-	(103,733)
Operational of non-instructional services:					
Fiscal services	<u>668,381</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(668,381)</u>
Total governmental activities	\$ <u>3,380,457</u>	\$ <u>-</u>	\$ <u>39,158</u>	\$ <u>110,245</u>	<u>(3,231,054)</u>
General revenues and transfers:					
FTE nonspecific revenues					3,316,019
Miscellaneous revenues					6,804
Transfer out					<u>(80,000)</u>
					<u>3,242,823</u>
					11,769
					<u>851,303</u>
					\$ <u><u>863,072</u></u>

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

Mavericks High of South Miami-Dade County
Balance Sheet - Governmental Funds
June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Assets:				
Cash	\$ 405,502	\$ -	\$ -	\$ 405,502
Accounts receivable	3,333	-	-	3,333
Due from government agencies	-	20,421	12,218	32,639
Due from related party	16,906	-	-	16,906
Note receivable	70,000	-	-	70,000
Prepaid expenditures	45,587	-	-	45,587
Deposits and other assets	245,393	-	-	245,393
Due from other funds	32,639	-	-	32,639
	<u>819,360</u>	<u>20,421</u>	<u>12,218</u>	<u>851,999</u>
Total assets	\$ <u>819,360</u>	\$ <u>20,421</u>	\$ <u>12,218</u>	\$ <u>851,999</u>
Liabilities:				
Accounts payable	\$ 35,186	\$ -	\$ -	\$ 35,186
Accrued liabilities	63,964	-	-	63,964
Due to other funds	-	20,421	12,218	32,639
	<u>99,150</u>	<u>20,421</u>	<u>12,218</u>	<u>131,789</u>
Total liabilities	<u>99,150</u>	<u>20,421</u>	<u>12,218</u>	<u>131,789</u>
Fund Balances:				
Nonspendable for note receivable, deposits and other assets and prepaid expenditures	360,980	-	-	360,980
Unassigned	359,230	-	-	359,230
	<u>720,210</u>	<u>-</u>	<u>-</u>	<u>720,210</u>
Total fund balances	<u>720,210</u>	<u>-</u>	<u>-</u>	<u>720,210</u>
Total liabilities and fund balances	\$ <u>819,360</u>	\$ <u>20,421</u>	\$ <u>12,218</u>	\$ <u>851,999</u>

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

**Mavericks High of South Miami-Dade County
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2016**

**Reconciliation of the Balance Sheet - Governmental
Funds to the Statement of Net Position:**

Governmental fund balances \$ 720,210

Amounts reported for governmental activities in the
statement of net position 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	\$ 567,663	
Accumulated depreciation	<u>(424,801)</u>	<u>142,862</u>

Net Position of Governmental Activities **\$ 863,072**

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
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Revenues:				
Federal sources	\$ -	\$ 39,158	\$ -	\$ 39,158
State sources	3,581,085	-	110,245	3,691,330
Local sources	6,804	-	-	6,804
	<u>3,587,889</u>	<u>39,158</u>	<u>110,245</u>	<u>3,737,292</u>
Total revenues				
Expenditures:				
Current:				
Instruction	1,180,534	-	-	1,180,534
Instructional support services	243,957	-	-	243,957
Student transportation services	103,733	-	-	103,733
Fiscal services	668,381	-	-	668,381
Plant operations and maintenance	675,462	39,158	110,245	824,865
Administrative services	316,440	-	-	316,440
Capital outlay:				
Equipment and improvements	88,120	-	-	88,120
	<u>3,276,627</u>	<u>39,158</u>	<u>110,245</u>	<u>3,426,030</u>
Total expenditures				
Net change in fund balances before other uses	311,262			311,262
Other Uses:				
Transfer Out	(80,000)	-	-	(80,000)
	<u>231,262</u>	<u>-</u>	<u>-</u>	<u>231,262</u>
Net change in fund balances				
Fund Balances, July 1, 2015	<u>488,948</u>	<u>-</u>	<u>-</u>	<u>488,948</u>
Fund Balances, June 30, 2016	<u>\$ 720,210</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 720,210</u>

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

Mavericks High of South Miami-Dade County
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

Net Change in Fund Balances - Governmental Funds		\$	231,262
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>			
<p>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.</p>			
Expenditures for capital assets	\$	88,120	
Provision for depreciation		<u>(42,547)</u>	45,573
<p>Revenues in the statement of revenues, expenditures and changes in fund balances were previously recognized in the statement of activities but not in the governmental funds due to availability.</p>			
			<u>(265,066)</u>
Change in Net Position on the Statement of Activities		\$	<u><u>11,769</u></u>

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

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 a component unit of the School Board of Miami-Dade County, Florida. The School commenced operations in July 2009 and offers classes for high school students predominantly in the City of Homestead, Florida. Approximately 517 students were enrolled in classes when the school year ended in June 2016.

The basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of New Alternative Education High School of Miami-Dade County, Inc. as of June 30, 2016, and the changes in its financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Note 2 - Summary of Significant Accounting Policies

Reporting entity: The School operates under a charter granted by the sponsoring school district, the School Board of Miami-Dade County, Florida (the "District"). The current charter is effective until June 30, 2019. 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 guidance presented in the American Institute of Certified Public Accountants Audit and Accounting Guide – Not-for-Profit Organizations and provisions of Section 228.056(9), Florida Statutes, the School is presented as a governmental organization for financial statement 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 funds). 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 position, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full accrual, economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations, 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.

Note 2 - Summary of Significant Accounting Policies (continued)

Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

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

The School reports the following major governmental funds:

General Fund – This fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.

Special Revenue Fund – This fund is used to account for federal grants that are legally restricted to expenditures for particular purposes.

Capital Projects Fund – This fund is used to account for state capital outlay funding that is legally restricted to expenditures for particular purposes.

Net position: Net position is classified in three categories.

The general meaning of each is as follows:

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

Note 2 - Summary of Significant Accounting Policies (continued)

- Committed fund balance – consists of amounts 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 nor committed.
- 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 Balance Sheet - Governmental Funds.

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.

Cash and cash equivalents: The School maintains its cash accounts with one financial institution. The School's accounts at this institution, at times, may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk (Note 3).

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

Due to and due from other funds: Interfund receivables and payables arise from interfund transaction and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Note 2 - Summary of Significant Accounting Policies (continued)

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:

Furniture and equipment	5 years
Leasehold improvements	5 years

Compensated absences: The School's policy allows certain employees to carry over unused 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, 2016.

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

Deferred outflows/inflows of resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

Revenue recognition: Student funding is provided by the State of Florida through the School Board. Such funding is recorded as entitlement revenue in the government-wide financial statements and state source revenue in the fund financial statements and is net of a 5% administration fee, for the first 250 students, retained by the School Board. This funding is received on a pro rata basis over a twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

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

Date of management review: Subsequent events were evaluated by management through August 30, 2016, which is the date the financial statements were available for issuance.

Note 3 - Cash and Cash Equivalents

At June 30, 2016, the carrying amount of the deposits and cash on hand totaled \$ 405,502, with a bank balance of \$ 429,023.

Note 3 - Cash and Cash Equivalents (continued)

State statutes require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as "qualified public depositories" as defined by Chapter 280 of the Florida Statutes. This Statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and the reporting requirements of the qualified public depositor to the Treasurer is defined by statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository and are covered by the collateral pool because the School has identified itself as a public entity.

Note 4 - Budgets

The School formally adopted budgets for the General, Special Revenue and Capital Projects Funds by function for the year ended June 30, 2016. The budgets have 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 and Special Revenue Fund are presented as required supplementary information.

Note 5 - Due from Government Agencies

Due from other governments at June 30, 2016 consists of amounts due from the Miami-Dade County Public School District for capital outlay and the Federal Universal Service Fund for E-rate funds.

Note 6 - Capital Assets

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

	<u>Balance at July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2016</u>
Capital assets, depreciable:				
Furniture and equipment	\$ 411,631	\$ 13,341	\$ -	\$ 424,972
Leasehold improvements	<u>67,912</u>	<u>74,779</u>	<u>-</u>	<u>142,691</u>
Total capital assets, depreciable	<u>479,543</u>	<u>88,120</u>	<u>-</u>	<u>567,663</u>
Accumulated depreciation:				
Furniture and equipment	323,069	39,250	-	362,319
Leasehold improvements	<u>59,185</u>	<u>3,297</u>	<u>-</u>	<u>62,482</u>
Total accumulated depreciation	<u>382,254</u>	<u>42,547</u>	<u>-</u>	<u>424,801</u>
Net capital assets	<u>\$ 97,289</u>	<u>\$ 45,573</u>	<u>\$ -</u>	<u>\$ 142,862</u>

The provision for depreciation for the year ended June 30, 2016 amounted to \$ 42,547. The School allocated 92% of the depreciation to instructional support services and 8% 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 upon the non-renewal or termination of the contract.

Note 7 - Contingencies and Commitments

Grant agreements: The School received financial assistance from federal, state 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 Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* 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 \$ 750,000 and \$ 500,000, respectively and the School did not exceed either threshold.

Lease commitment: The School leases its facility for its School’s program activities and has a lease through June 30, 2019. Monthly payments of \$ 25,500 through June 30, 2015 are required with annual increases of approximately \$ 2,000 per month through June 30, 2019. The lease contains two (2) five (5) year renewal options. Total expense in connection with the facility lease amounted to \$ 336,000 for the year ended June 30, 2016.

Future lease payments are approximately as follows:

Year Ending June 30,		
2017	\$	360,000
2018	\$	384,000
2019	\$	402,000
Thereafter	\$	NONE

Management Agreement: 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 providing operating equipment. The management agreement’s term was for five academic school years ending with the 2013-2014 school year and was renewed through the 2018-2019 school year to be concurrent with the renewal of the charter. 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. For the year ended June 30, 2016, the amount of compensation paid to Mavericks amounted to approximately \$ 588,000.

Post-retirement benefits: The School offers the opportunity to participate in its defined contribution 401(k) plan to eligible employees. The School did not make a contribution to the plan for the year ended June 30, 2016.

Note 8 – Note Receivable

During the year, the School loaned money in the form of a note receivable to Mavericks High of North Miami-Dade County (“North Miami”). This note bears interest compounded monthly at an annual rate of 5%. All outstanding balances and accrued interest is due and payable June 1, 2017.

Note 9 – Related Party Transactions

The School is related to North Miami, as they are governed under the same Board of Directors, and operating under the same entity, New Alternative Education High School of Miami-Dade County, Inc. As stated in Note 8, during the year ended June 30, 2016, the schools entered into an agreement to provide financing. The outstanding balance of this agreement at June 30, 2016 was \$ 70,000. Additionally, the School has an amount owed from North Miami of \$ 16,906 for short-term advances. This amount bears no interest and the terms of payment are not definite. In addition, the School made a contribution of \$ 80,000 to North Miami during the year ended June 30, 2016.

Note 10 - 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 11 - 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 SUPPLEMENTARY
INFORMATION

**Mavericks High of South Miami-Dade County
 Budgetary Comparison Schedule - General Fund
 For the Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
State sources	\$ 3,366,948	\$ 3,366,948	\$ 3,581,085	\$ 214,137
Local sources	<u>21,000</u>	<u>21,000</u>	<u>6,804</u>	<u>(14,196)</u>
Total revenues	<u>3,387,948</u>	<u>3,387,948</u>	<u>3,587,889</u>	<u>199,941</u>
Expenditures:				
Current:				
Instruction	1,243,170	1,243,170	1,180,534	62,636
Instructional support services	290,639	290,639	243,957	46,682
Student transportation services	91,200	91,200	103,733	(12,533)
Fiscal services	670,146	670,146	668,381	1,765
Plant operations and maintenance	375,176	375,176	675,462	(300,286)
Administrative services	237,835	237,835	316,440	(78,605)
Capital outlay:				
Equipment and improvements	<u>-</u>	<u>-</u>	<u>88,120</u>	<u>(88,120)</u>
Total expenditures	<u>2,908,166</u>	<u>2,908,166</u>	<u>3,276,627</u>	<u>(368,461)</u>
Other uses:				
Transfer out	<u>-</u>	<u>-</u>	<u>80,000</u>	<u>(80,000)</u>
Net change in fund balance	<u>\$ 479,782</u>	<u>\$ 479,782</u>	<u>\$ 231,262</u>	<u>\$ (248,520)</u>

Mavericks High of South Miami-Dade County
Budgetary Comparison Schedule - Special Revenue Fund
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Federal sources:				
E-Rate reimbursement	\$ 46,700	\$ 46,700	\$ 39,158	\$ (7,542)
Title I funds	<u>38,000</u>	<u>38,000</u>	<u>-</u>	<u>(38,000)</u>
Total revenues	<u>84,700</u>	<u>84,700</u>	<u>39,158</u>	<u>(45,542)</u>
Expenditures:				
Regular instruction	38,000	38,000	-	38,000
Plant operations and maintenance	<u>46,700</u>	<u>46,700</u>	<u>39,158</u>	<u>7,542</u>
Total expenditures	<u>84,700</u>	<u>84,700</u>	<u>39,158</u>	<u>45,542</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER AUDITOR'S REPORTS

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

To the Board of Directors
Mavericks High of South Miami-Dade County
Miami, 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 and each major fund of Mavericks High of South Miami-Dade County (the "School"), (a component unit of the Miami-Dade County Public School District), as of and for the year ended June 30, 2016, 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 30, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

KEEFE McCULLOUGH

Fort Lauderdale, Florida
August 30, 2016

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

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

Report on the Financial Statements

We have audited the financial statements 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 Miami-Dade County Public School District, as of and for the year ended June 30, 2016, and have issued our report thereon dated August 30, 2016.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General.

Other Report

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated August 30, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding audit report.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Mavericks High of South Miami-Dade County.

Financial Condition

Section 10.854(1)(e)2., Rules of the Auditor General, require that we report the results of our determination as to whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether the School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
August 30, 2016