

Mavericks High of North
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 North Miami-Dade County

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mavericks High of North 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 North 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 and each major fund 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 or 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 North 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 \$ 430,029 (net position).
- The School's total revenues were \$ 3,247,452, \$ 3,018,253 from FTE revenues, \$ 222,595 from operating and capital grants and contributions, and \$ 6,604 of miscellaneous revenues. The School's expenses for the year were \$ 3,232,724. Net position for the year increased by \$ 14,728.

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, liabilities, and deferred inflows/outflows of resources, 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.

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

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 governmental 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 and Special Revenue Funds 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 the 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 and Special Revenue Funds 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 North Miami-Dade County Statements of Net Position		
	2016	2015
Current Assets	\$ 345,859	\$ 299,603
Noncurrent Assets	282,581	295,672
Total assets	628,440	595,275
Liabilities	198,411	179,974
Net Position:		
Net investment in capital assets	119,938	87,339
Unrestricted	310,091	327,962
Total net position	\$ 430,029	\$ 415,301

**Mavericks High of North 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 \$ 14,728 for the year ended June 30, 2016 and change of \$ 67,048 for the year ended June 30, 2015 as summarized in the following table:

Mavericks High of North 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	\$ 3,104,857	\$ 3,151,174
Program revenues	142,595	265,263
Total revenues	3,247,452	3,416,437
Functions/Program Expenses:		
Instruction	1,210,238	1,234,601
Instructional support services	1,354,485	1,449,528
Operation of non-instructional services	668,001	665,260
Total governmental activities	3,232,724	3,349,389
Change in net position	\$ 14,728	\$ 67,048

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 \$ 119,938 net of accumulated depreciation compared to \$ 87,339 at June 30, 2015. This investment in capital assets is composed of furniture and computer 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 outstanding debt of \$ 70,000 on its note with Mavericks High of South Miami –Dade County (Note 8).

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 Miami-Dade County Public School District will continue to reflect 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 North 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 North Miami-Dade County
Statement of Net Position
June 30, 2016

Current Assets:

Cash	\$ 272,359
Due from government agencies	32,536
Prepaid expenses	<u>40,964</u>
Total current assets	<u>345,859</u>

Noncurrent Assets:

Capital assets, net of accumulated depreciation	119,938
Deposits and other assets	<u>162,643</u>
Total noncurrent assets	<u>282,581</u>
Total assets	<u>628,440</u>

Current Liabilities:

Accounts payable	49,101
Accrued liabilities	62,404
Due to related party	16,906
Note payable - due in less than one year	<u>70,000</u>
Total current liabilities	<u>198,411</u>

Noncurrent Liabilities:

Total liabilities	<u>198,411</u>
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Net Position:

Net investment in capital assets	119,938
Unrestricted	<u>310,091</u>
Total net position	<u>\$ 430,029</u>

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

Mavericks High of North 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	\$ 1,210,238	\$ -	\$ -	\$ -	\$ (1,210,238)
Administrative services	177,711	-	-	-	(177,711)
Instructional support services	296,279	-	-	-	(296,279)
Plant operations and maintenance	765,032	-	41,771	100,824	(622,437)
Student transportation	115,463	-	-	-	(115,463)
Operation of non-instructional services:					
Fiscal services	<u>668,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(668,001)</u>
Total governmental activities	<u>\$ 3,232,724</u>	<u>\$ -</u>	<u>\$ 41,771</u>	<u>\$ 100,824</u>	<u>(3,090,129)</u>
General revenues:					
FTE nonspecific revenues					3,018,253
Miscellaneous revenues					6,604
Transfer In					<u>80,000</u>
Total general revenues					<u>3,104,857</u>
Change in net position					14,728
Net position, July 1, 2015					<u>415,301</u>
Net position, June 30, 2016					<u>\$ 430,029</u>

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

Mavericks High of North 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	\$ 272,359	\$ -	\$ -	\$ 272,359
Due from government agencies	-	22,078	10,458	32,536
Prepaid expenditures	40,964	-	-	40,964
Deposits and other assets	162,643	-	-	162,643
Due from other funds	<u>32,536</u>	<u>-</u>	<u>-</u>	<u>32,536</u>
Total assets	<u>\$ 508,502</u>	<u>\$ 22,078</u>	<u>\$ 10,458</u>	<u>\$ 541,038</u>
Liabilities:				
Accounts payable	\$ 49,101	\$ -	\$ -	\$ 49,101
Accrued liabilities	62,404	-	-	62,404
Due to related party	16,906	-	-	16,906
Due to other funds	<u>-</u>	<u>22,078</u>	<u>10,458</u>	<u>32,536</u>
Total liabilities	<u>128,411</u>	<u>22,078</u>	<u>10,458</u>	<u>160,947</u>
Fund Balances:				
Nonspendable for deposits and other assets and prepaid expenditures	203,607	-	-	203,607
Unassigned	<u>176,484</u>	<u>-</u>	<u>-</u>	<u>176,484</u>
Total fund balances	<u>380,091</u>	<u>-</u>	<u>-</u>	<u>380,091</u>
Total liabilities and fund balances	<u>\$ 508,502</u>	<u>\$ 22,078</u>	<u>\$ 10,458</u>	<u>\$ 541,038</u>

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

**Mavericks High of North 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 \$ 380,091

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

Capital assets used in governmental activities
 are non financial resources and therefore are
 not reported in the governmental funds.

Cost of capital assets	\$	562,038	
Accumulated depreciation		<u>(442,100)</u>	119,938

Liabilities not payable with current available
 resources are not reported as fund balances in the
 governmental fund statements. All liabilities, both
 current and long-term, are reported in the
 governmental-wide statements.

Note payable			<u>(70,000)</u>
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Net Position of Governmental Activities			\$ <u>430,029</u>
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The accompanying notes to financial statements are an integral part of these statements.

**Mavericks High of North 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	\$ -	\$ 41,771	\$ -	\$ 41,771
State sources	3,018,253	-	100,824	3,119,077
Local sources	<u>6,604</u>	<u>-</u>	<u>-</u>	<u>6,604</u>
Total revenues	<u>3,024,857</u>	<u>41,771</u>	<u>100,824</u>	<u>3,167,452</u>
Expenditures:				
Current:				
Instruction	1,210,238	-	-	1,210,238
Instructional support services	258,818	-	-	258,818
Student transportation services	115,463	-	-	115,463
Fiscal services	668,001	-	-	668,001
Plant operations and maintenance	615,359	41,771	100,824	757,954
Administrative services	177,711	-	-	177,711
Capital outlay:				
Equipment and improvements	<u>77,138</u>	<u>-</u>	<u>-</u>	<u>77,138</u>
Total expenditures	<u>3,122,728</u>	<u>41,771</u>	<u>100,824</u>	<u>3,265,323</u>
Net change in fund balances before other sources	(97,871)	-	-	(97,871)
Other Sources:				
Transfer In	80,000	-	-	80,000
Proceeds from issuance of debt	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>70,000</u>
Net change in fund balances	52,129	-	-	52,129
Fund Balances, July 1, 2015	<u>327,962</u>	<u>-</u>	<u>-</u>	<u>327,962</u>
Fund Balances, June 30, 2016	<u>\$ 380,091</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 380,091</u>

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

**Mavericks High of North 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 \$ 52,129

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	\$	77,138	
Provision for depreciation		<u>(44,539)</u>	32,599

Issuance of debt is reported as revenue in the governmental funds, but the issuance is reported as a liability in the statement of net position.

Issuance of debt			<u>(70,000)</u>
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Change in Net Position on the Statement of Activities \$ 14,728

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

Note 1 - Organization and Operations

Mavericks High of North 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 North Miami Beach, Florida. Approximately 473 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.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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.
- Committed fund balance – consist of amount 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 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.

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 periods and are recorded as prepaid items.

Note 2 - Summary of Significant Accounting Policies (continued)

Due to and due from other funds: Interfund receivables and payables arise from interfund transactions 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.

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 computer equipment	2-5 years
Leasehold improvements	5 years

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.

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.

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 \$ 272,359, with a bank balance of \$ 281,802.

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 government agencies at June 30, 2016 consists of an amount 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:

	Balance at July 1, 2015	Additions	Retirements	Balance at June 30, 2016
Capital assets, depreciable:				
Furniture and computer equipment	\$ 418,501	\$ 7,138	\$ -	\$ 425,639
Leasehold improvements	<u>66,399</u>	<u>70,000</u>	<u>-</u>	<u>136,399</u>
 Total capital assets, depreciable	 <u>484,900</u>	 <u>77,138</u>	 <u>-</u>	 <u>562,038</u>
Accumulated depreciation:				
Furniture and computer equipment	340,468	37,461	-	377,929
Leasehold improvements	<u>57,093</u>	<u>7,078</u>	<u>-</u>	<u>64,171</u>
 Total accumulated depreciation	 <u>397,561</u>	 <u>44,539</u>	 <u>-</u>	 <u>442,100</u>
 Net capital assets	 <u>\$ 87,339</u>	 <u>\$ 32,599</u>	 <u>\$ -</u>	 <u>\$ 119,938</u>

Note 6 - Capital Assets (continued)

The provision for depreciation for the year ended June 30, 2016 amounted to \$ 44,539. The School allocated 84% of the depreciation to instructional support services and 16% 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 this contract.

Note 7 - 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 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 entered into an operating lease with Mavericks in Education Florida, LLC, (“Mavericks”), for the rental of its facility with monthly payments of approximately \$ 30,800 per month through June 30, 2019. Total expense in connection with the facility lease amounted to \$ 370,000 for the year ended June 30, 2016.

Future lease payments are approximately as follows:

Year Ending <u>June 30,</u>		
2017	\$	370,000
2018	\$	370,000
2019	\$	370,000
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 term 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 total 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.

Mavericks High of North Miami-Dade County
Notes to Basic Financial Statements
June 30, 2016

Note 8 – Debt

The School executed a note payable to Mavericks High of South Miami-Dade County (“South Miami”) during the year ended June 30, 2016. This note bears interest, compounded monthly, at an annual rate of 5%. All outstanding principal and accrued interest is due and payable June 1, 2017.

The following table summarizes the debt activity for the year ended June 30, 2016:

	Balance at July 1, 2015	Additions	Retirements	Balance at June 30, 2016	Due within one year
Note payable - South Miami	\$ -	\$ 70,000	\$ -	\$ 70,000	\$ 70,000
	<u>\$ -</u>	<u>\$ 70,000</u>	<u>\$ -</u>	<u>\$ 70,000</u>	<u>\$ 70,000</u>

Note 9 – Related Party Transactions

The School is related to South 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, the School was advanced funds during the year ended June 30, 2016, in the form of a note payable obligation. The outstanding balance of this obligation at June 30, 2016 was \$ 70,000. Additionally, the School has an amount due to South 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 received a contribution of \$ 80,000 from South 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 North 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	\$ 3,255,434	\$ 3,255,434	\$ 3,018,253	\$ (237,181)
Local sources	<u>7,500</u>	<u>7,500</u>	<u>6,604</u>	<u>(896)</u>
Total revenues	<u>3,262,934</u>	<u>3,262,934</u>	<u>3,024,857</u>	<u>(238,077)</u>
Expenditures:				
Current:				
Instruction	1,328,020	1,328,020	1,210,238	117,782
Instructional support services	308,035	308,035	258,818	49,217
Student transportation services	122,600	122,600	115,463	7,137
Fiscal services	665,769	665,769	668,001	(2,232)
Plant operations and maintenance	481,331	481,331	615,359	(134,028)
Administrative services	243,179	243,179	177,711	65,468
Capital outlay:				
Equipment and improvements	<u>-</u>	<u>-</u>	<u>77,138</u>	<u>(77,138)</u>
Total expenditures	<u>3,148,934</u>	<u>3,148,934</u>	<u>3,122,728</u>	<u>26,206</u>
Net change in fund balances before other sources	114,000	114,000	(97,871)	(211,871)
Other Sources:				
Transfer in	-	-	80,000	80,000
Proceeds from issuance of debt	<u>-</u>	<u>-</u>	<u>70,000</u>	<u>70,000</u>
Net change in fund balance	<u>\$ 114,000</u>	<u>\$ 114,000</u>	<u>\$ 52,129</u>	<u>\$ (61,871)</u>

Mavericks High of North 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	\$ 54,000	\$ 54,000	\$ 41,771	\$ (12,229)
Total revenues	<u>54,000</u>	<u>54,000</u>	<u>41,771</u>	<u>(12,229)</u>
Expenditures:				
Plant operations and maintenance	<u>54,000</u>	<u>54,000</u>	<u>41,771</u>	<u>12,229</u>
Total expenditures	<u>54,000</u>	<u>54,000</u>	<u>41,771</u>	<u>12,229</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 North 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 North 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

Report on the Financial Statements

We have audited the financial statements of Mavericks High of North 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 North Miami-Dade County.

Financial Condition

Section 10.854(1)(e)2., Rules of the Auditor General, requires 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