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Office of Management and Compliance Audits

SUBJECT: AUDITED FINANCIAL STATEMENTS OF FOUR CHARTER SCHOOLS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

LINK TO STRATEGIC FRAMEWORK: FINANCIAL EFFICIENCY/STABILITY

At the September 27, 2011 meeting, the School Board Audit and Budget Advisory Committee (the Committee) reviewed the financial statements of the last four of the 82 charter schools which operated in Miami-Dade County during the 2009-2010 fiscal year. They are:

- Life Skills Miami-Dade County
- Life Skills Opa-Locka
- Renaissance Elementary Charter
- Renaissance Middle Charter

Transmittal to the School Board of these financial statements had been tabled by the Committee pending receipt and discussion of a legal opinion from the School Board Attorney's Office to address the internal auditors' concerns. These concerns centered around the schools' required not-for-profit status and their apparent lack of independence from their for-profit management companies.

At the September 27, 2011 meeting, the School Board Attorney made a presentation of his findings and the Committee had an opportunity to discuss the opinion which has been provided under separate cover. Although the Committee concurred that the compensation received by the management companies was not substantial enough to destroy the exempt purpose, the Committee opined that there is a flaw in the contract language which may allow for the destruction of the tax exempt status of these charters. Consequently, the Committee recommended that the administration review this issue to determine whether controls/procedures can be put in place to uniformly review compensation arrangements with management companies to prevent this matter from recurring. The administration agreed to bring an update to the Committee on the results of these pending issues, once research is completed.

Since there were no questions regarding the propriety of the financial statements, the Committee agreed to transmit to the School Board the financial statements of the four charter schools but, in light of the discussion, bring the matter to the attention of the School Board for its awareness and consideration.

Copies of the four audited financial statements were previously distributed and placed on file in the Office of the Recording Secretary of the School Board and in the Citizen Information Center. Additional copies will be provided upon request.

RECOMMENDED: That The School Board of Miami-Dade County, Florida, receive and file Audited Financial Statements of Four Charter Schools for the Fiscal Year Ended June 30, 2010.