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Office of Management and Compliance Audits

**SUBJECT: REVIEW OF AUDITED FINANCIAL STATEMENTS FOR 39 OF 125  
CHARTER SCHOOLS OPERATING DURING THE FISCAL YEAR  
ENDED JUNE 30, 2015**

**COMMITTEE: FISCAL ACCOUNTABILITY**

**LINK TO STRATEGIC  
BLUEPRINT: EFFECTIVE AND SUSTAINABLE BUSINESS PRACTICES**

At its May 10, 2016, meeting, the School Board Audit and Budget Advisory Committee (the Committee or ABAC) was presented with the June 30, 2015, certified financial statements of 39 charter schools.

- Aspira Arts Design Communication Charter School
- Aspira Leadership and College Preparatory Academy
- Aspira Raul Arnaldo Martinez Charter School
- Ben Gamla Charter School
- Bridgeprep Academy Charter School
- Bridgeprep Academy Interamerican
- Bridgeprep Academy of Greater Miami Charter School
- Bridgeprep Academy of Village Green Charter School
- Doral Academy High School
- International Studies Virtual Academy
- Keys Gate Charter High School
- Keys Gate Charter School
- Mater Academy
- Mater Academy East Charter School
- Mater Academy High School
- Mater Academy High School (Miami Beach)
- Mater Academy Lakes High School
- Mater Academy Lakes Middle School
- Mater Academy Middle School
- Mater Academy Virtual Middle High
- Mater Performing Arts and Entertainment Academy
- Mavericks High of North Miami-Dade County
- Mavericks High of South Miami-Dade County
- Pinecrest Preparatory Academy Charter High School
- Pinecrest Preparatory Academy Charter Middle School
- Renaissance Elementary Charter School
- Renaissance Middle Charter School
- Somerset Academy
- Somerset Academy at Silver Palms
- Somerset Academy Bay
- Somerset Academy Charter Elementary School (South Homestead)
- Somerset Academy Charter High School
- Somerset Academy Elementary School (South Miami Campus)
- Somerset Academy Virtual Middle High School
- Somerset Arts Academy
- Somerset Gables Academy
- Somerset Preparatory Academy at Silver Palms
- Sports Leadership and Management Academy
- Sports Leadership and Management (SLAM) Charter Middle School

As of June 30, 2015, eighteen of the above-referenced schools advanced Florida Education Finance Program (FEFP) funds to either affiliated charter schools operating outside of Miami-Dade County, or to parent company corporate accounts, and the following amounts represent the cumulative outstanding receivable balances owed to the schools. Advances/loans or transfers to charter schools operating outside of Miami-Dade County that remain outstanding as of June 30, 2015 total \$1,341,543, and similar outstanding advances to parent company corporate accounts total \$23,749,713. The Office of Management and Compliance Audits (OMCA) has raised concerns about the legality and propriety of these transactions, which are usually long-term, interest free advances in which no goods, services, or deliverables are received in exchange by the transferring school. The OMCA received guidance from the Florida Department of Education (FLDOE) which indicates that advances/loans/transfers to charter schools across county lines would violate statutory requirements. This guidance also indicates that advances/loans/transfers of FEFP funds to charter schools governed by the same legal entity in the same county may be permissible under certain circumstances, including the County School Board's approval. The FLDOE is not definitive in its guidance with respect to advances/loans/transfers to parent corporate accounts. Once these public funds are moved to the corporate account, their use is not readily transparent, when we are denied access to these accounts in order to determine the use of these funds. Currently, the District administration is working with the School Board Attorney's Office in crafting a new charter school policy to update procedures that would also address our concerns.

The following is an update on our Audit of Selected Financial, Real Estate and Operational Transactions and Contractual Arrangements: Keys Gate Charter High School, presented at the September 29, 2015 ABAC meeting, where we found that \$500,000 of the School's funds had been paid to an undisclosed party. The School's representatives indicated to us that the amount was paid to a third party developer as part of a confidential settlement agreement, but refused to provide us with the identity of the payee and documentation evidencing services provided, unless we signed a non-disclosure agreement (NDA), which we are prohibited from signing. Therefore, we concluded in our audit report: "...absent the transparency of that portion of the School's loan proceeds, we cannot confirm that such expenditures were used for their intended purposes." It should be noted that Section 1002.33, Florida Statutes (Charter Schools), as well as the Charter School Contract between The School Board of Miami-Dade County and the School, stipulate that information and documentation of charter school expenditures are subject to Chapter 119, Florida Statutes (Public Records). In attempting to resolve this outstanding audit concern and in consultation with the School Board Attorney's Office, the OMCA sent a formal public records request to the School on April 28, 2016, with a response deadline due from School's representatives by May 27, 2016.

After discussions, clarifications and/or review of additional documents for some of these schools, we determined that twenty of the schools being transmitted are free of significant fiscal issues.

The Committee agreed to transmit all 39 audited financial statements to the School Board.  
The audited financial statements may be viewed at:  
[http://mca.dadeschools.net/CBO\\_Charter\\_1516.asp](http://mca.dadeschools.net/CBO_Charter_1516.asp)

A copy of the Compact Disk (CD) containing the financial statements was placed on file in the Office of the Recording Secretary to 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 the Review of Audited Financial Statements for 39 of 125 Charter Schools Operating During the Fiscal Year Ended June 30, 2015.

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