

**MIAMI COMMUNITY CHARTER
MIDDLE SCHOOL, INC.**

A Charter School and Component Unit of the
District School Board of Miami-Dade County

INDEPENDENT AUDITOR'S REPORT

for the fiscal year ended JUNE 30, 2008

King & Walker, CPAs, PL

Certified Public Accountants

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MIAMI COMMUNITY CHARTER MIDDLE SCHOOL, INC.

TABLE OF CONTENTS

	PAGE NO.
FINANCIAL SECTION	
Independent Auditor’s Report on Basic Financial Statements and Required Supplementary Information	1
Management’s Discussion and Analysis – (Unaudited)	3
Basic Financial Statements	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Assets	8
Statement of Activities	9
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	10
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	11
Notes to Financial Statements	12
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund and Special Revenue Fund	19
COMPLIANCE AND INTERNAL CONTROL	
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>Governmental Auditing Standards</i>	20
Management Letter as required by Rules of the Florida Auditor General, Chapter 10.850, Florida Statutes, <i>Charter School Audits</i> .	22
Management’s Response to Audit Findings	24

KING & WALKER, CPAs, PL
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**Independent Auditor's Report on Basic Financial Statements and
Required Supplementary Information**

To the Board of Directors Miami Community Charter Middle School, Inc.,
a Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida

We have audited the accompanying basic financial statements of the governmental activities and each major fund and aggregate remaining funds of Miami Community Charter Middle School, Inc. ("School"), a charter school and component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2008, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Miami Community Charter Middle School, Inc. as of June 30, 2008, and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 31, 2008, on our consideration of the Miami Community Charter Middle School, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, administrative rules, regulations, contracts and grants, and other matters included under the heading *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*. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Schedule are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Respectfully submitted,

King & Walker, CPAs

August 31, 2008
Tampa, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

The Management's Discussion and Analysis (MD&A) section of the annual financial report of the Miami Community Charter Middle School, Inc. ("School") provides an overview of the School's activities for the fiscal year ended June 30, 2008.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School's financial statements and notes to financial statements found on pages 8 through 18.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2008, the School's expenses exceeded revenues as shown on the School's statement of activities by \$154,860.
- As shown on the statement of net assets, the School reported an unrestricted Net Asset deficit of (\$154,860).

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- ✓ Government-Wide Financial Statements
- ✓ Fund Financial Statements
- ✓ Notes o Financial Statements

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the School's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net assets and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the School presented on the accrual basis of accounting. The statement of net assets provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net assets, is a measure of the financial health of the School. The statement of activities presents information about the change in the School's net assets and the results of operations, during the fiscal year. An increase or decrease in net assets is an indication of whether the School's financial health is improving or deteriorating. To assess the overall financial position of the School, one needs to consider additional non-financial factors such as changes in the School student base funding level.

Fund Financial Statements

Fund financial statements are one of the components of the basic 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. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide financial statements.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund financial statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund financial statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental fund to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates the following funds; a General Fund to account for its general operations and a Special Revenue Fund to account for its food service operations and certain Federal programs. For reporting purposes the General Fund and the Special Revenue Fund are shown as major funds.

The School adopts an annual budget for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund to demonstrate compliance with the budget.

Notes to Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The following is a summary of the School's net assets as of June 30, 2008:

	Net Assets, End of Year Governmental Activities
	<u>6-30-08</u>
ASSETS	
Current Assets	<u>\$ 90,202</u>
Total Assets	<u>90,202</u>
LIABILITIES	
Current Liabilities	<u>245,062</u>
Total Current Liabilities	<u>245,062</u>
NET ASSETS	
Unrestricted	<u>(154,860)</u>
Total Net Assets	<u>(154,860)</u>
Total Liabilities and Net Assets	<u><u>\$ 90,202</u></u>

Assets consist solely of cash which is offset mainly by a \$200,595 temporary loan made by Miami Community Charter School, Inc., a related party, to fund operations of the School.

The key elements of the changes in the School's net assets for the fiscal year ended and June 30, 2008 is as follows:

	Operating Results for the Year
	Governmental Activities
	6-30-08
Revenues:	
Federal sources	\$ 19,705
State and Local sources	325,558
Grants, Contributions and Other	-
Total Revenues	345,263
Expenses:	
Instruction	233,285
Pupil Personnel Services	-
Instructional Media	-
Instr. & Curriculum Development	-
Instructional Staff Development	-
Board of Education	19,137
School Administration	49,880
Facilities Acq. & Construction	50,500
Fiscal Services	15,288
Food Services	42,627
Pupil Transportation	16,200
Operation of Plant	50,200
Maintenance of Plant	7,289
Community Services	15,717
Total Expenses	500,123
Increase/(Decrease) in Net Assets	\$ (154,860)

The largest revenue source for the School is the State of Florida (93 percent). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. The FEFP formula utilizes student enrollment data to determine the funds available for the School. The School also received funding for its participation in the National School Lunch program.

Expenses exceeded revenues due to higher than expected startup costs in the School's first year. In addition, revenue was not maximized due to the fact the School did not operate an eighth grade class in its first year of operation.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

As the School completed the year, its governmental funds reported a combined fund balance of (\$154,860).

BUDGETARY HIGHLIGHTS

The general fund budget for the fiscal year ended June 30, 2008, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Actual expenditures were approximately equal to what was originally anticipated.

CAPITAL ASSETS

The School's reported no capital assets.

REQUESTS FOR INFORMATION

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

**MIAMI COMMUNITY CHARTER MIDDLE SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
MIAMI-DADE COUNTY DISTRICT SCHOOL BOARD**

**STATEMENT OF NET ASSETS
June 30, 2008**

	<u>Government Activities</u>
<u>ASSETS</u>	
Current Assets:	
Cash & Cash Equivalents	\$ 90,202
TOTAL ASSETS	\$ 90,202
<u>LIABILITIES</u>	
Current Liabilities:	
Salaries & Wages Payable	\$ 24,467
Due to Charter 102	220,595
TOTAL CURRENT LIABILITIES	245,062
<u>NET ASSETS</u>	
Unrestricted	(154,860)
Total Net Assets	(154,860)
TOTAL LIABILITIES AND NET ASSETS	\$ 90,202

The accompanying notes to the financial statements are an integral part of this statement.

MIAMI COMMUNITY CHARTER MIDDLE SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
MIAMI-DADE COUNTY DISTRICT SCHOOL BOARD

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2008

	Expenses	Program Revenues			Net (Expenses)	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes Net Assets Governmental Activities	
Governmental Activities:						
Instruction	\$ 233,285	\$ -	\$ -	\$ -	\$ (233,285)	\$ (233,285)
Pupil Personnel Services	-				-	-
Instructional Media	-				-	-
Instruction & Curriculum Development	-				-	-
Instructional Staff Training	-				-	-
Board of Education	19,137				(19,137)	(19,137)
School Administration	49,880				(49,880)	(49,880)
Facilities Acquisition & Construction	50,500				(50,500)	(50,500)
Fiscal Services	15,288				(15,288)	(15,288)
Food Services	42,627	4,048	19,705		(18,874)	(18,874)
Central Services	-				-	-
Pupil Transportation	16,200				(16,200)	(16,200)
Operation of Plant	50,200				(50,200)	(50,200)
Maintenance of Plant	7,289				(7,289)	(7,289)
Community Services	15,717				(15,717)	(15,717)
Total Governmental Activities	<u>\$ 500,123</u>	<u>\$ 4,048</u>	<u>\$ 19,705</u>	<u>\$ -</u>	<u>(476,370)</u>	<u>(476,370)</u>
General Revenues:						
State and Local sources					321,510	321,510
Grants and Contributions not restricted to specific program					-	-
Other					-	-
					<u>321,510</u>	<u>321,510</u>
Change in Net Assets					(154,860)	(154,860)
Net Assets - July 1, 2007					-	-
Net Assets - June 30, 2008					<u>\$ (154,860)</u>	<u>\$ (154,860)</u>

The accompanying notes to the financial statements are an integral part of this statement.

**MIAMI COMMUNITY CHARTER MIDDLE SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
MIAMI-DADE COUNTY DISTRICT SCHOOL BOARD**

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2008

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>TOTAL</u>
ASSETS			
Cash & Cash Equivalents	\$ 90,202	\$ -	\$ 90,202
Due From Other Funds	<u>5,528</u>	<u>-</u>	<u>5,528</u>
Total Assets	<u>\$ 95,730</u>	<u>\$ -</u>	<u>\$ 95,730</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Salaries & Wages Payable	\$ 24,467	\$ -	\$ 24,467
Due To Other Funds		5,528	5,528
Due To Charter 102	<u>207,249</u>	<u>13,346</u>	<u>220,595</u>
Total Liabilities	<u>231,716</u>	<u>18,874</u>	<u>250,590</u>
Fund Balances:			
Undesignated	<u>(135,986)</u>	<u>(18,874)</u>	<u>(154,860)</u>
Total Fund Balances	<u>(135,986)</u>	<u>(18,874)</u>	<u>(154,860)</u>
Total Liabilities and Fund Balance	<u>\$ 95,730</u>	<u>\$ -</u>	<u>\$ 95,730</u>

The accompanying notes to the financial statements are an integral part of this statement.

MIAMI COMMUNITY CHARTER MIDDLE SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
MIAMI-DADE COUNTY DISTRICT SCHOOL BOARD

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2008

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Intergovernmental:			
Federal Through Local	\$ -	\$ 19,705	\$ 19,705
State and Local	321,510	4,048	325,558
Contributions and Other	-	-	-
Total Revenues	<u>321,510</u>	<u>23,753</u>	<u>345,263</u>
Expenditures			
Current - Education:			
Instruction	\$ 233,285	\$ -	\$ 233,285
Pupil Personnel Services	-	-	-
Instructional Media	-	-	-
Instruction & Curriculum Development	-	-	-
Instructional Staff Training	-	-	-
Board of Education	19,137	-	19,137
School Administration	49,880	-	49,880
Facilities Acquisition & Construction	50,500	-	50,500
Fiscal Services	15,288	-	15,288
Food Services	-	42,627	42,627
Central Services	-	-	-
Pupil Transportation	16,200	-	16,200
Operation of Plant	50,200	-	50,200
Maintenance of Plant	7,289	-	7,289
Community Services	15,717	-	15,717
Fixed Capital Outlay:			
Other Capital Outlay	-	-	-
Total Expenditures	<u>457,496</u>	<u>42,627</u>	<u>500,123</u>
Net Change in Fund Balances	<u>(135,986)</u>	<u>(18,874)</u>	<u>(154,860)</u>
Fund Balances, July 1, 2007	-	-	-
Fund Balances, June 30, 2008	<u>\$ (135,986)</u>	<u>\$ (18,874)</u>	<u>\$ (154,860)</u>

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

MIAMI COMMUNITY CHARTER MIDDLE SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

➤ Reporting Entity

The Miami Community Charter Middle School, Inc. ("School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act and Section 1002.33, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of six members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Miami-Dade County, Florida, ("District"). The current charter has been made effective for the 2007-08 school year and is effective until June 30, 2012, is subject to annual review, and may be renewed by mutual agreement between the School and the District for up to an additional 15 years. 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 this case, the District is required to notify the school in writing at least 90 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. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units which should be reported within the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

➤ Allocation of Common Expenses

The School shares the same physical location with Miami Community Charter School (School #0102), a related party through common control, and common expenditures. These common expenditures have been allocated between the Schools based on student enrollment. The allocation percentage for the 2007-08 fiscal year was 25% for Miami Community Charter Middle School, Inc.'s portion of these common expenditures.

Expenditures that are subject to allocation include, but are not limited to:

- Operation of Plant
- Salaries and related expenses for School Administration

MIAMI COMMUNITY CHARTER MIDDLE SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

- Maintenance of Plant
- Rent
- Transportation

The process of the allocation of common expenses takes place when the expenses are recorded based on a methodical and non-discriminatory basis.

➤ **Basis of Presentation**

Government-Wide Financial Statements - Government-Wide Financial Statements, including the statement of net assets and the statement of activities, present information about the School as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements - Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School's major governmental fund are as follows:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue Fund – to account for the School's food service operations and certain Federal grant program resources.

➤ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

MIAMI COMMUNITY CHARTER MIDDLE SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

➤ **Budgets and Budgetary Accounting**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

➤ **Deposits and Investments**

Cash deposits consist of demand deposits and a certificate of deposit with financial institutions. Deposits on hand at financial institutions are insured by the Federal Deposit Insurance Company up to \$100,000.

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net assets but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$750. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation. The School reported no capital assets as of June 30, 2008.

MIAMI COMMUNITY CHARTER MIDDLE SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

➤ Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during designated full-time equivalent student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62, Florida Statutes is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2008, the School reported 52 unweighted FTE and 52 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC).
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC)

The School receives federal or state awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal or state awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

MIAMI COMMUNITY CHARTER MIDDLE SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

A schedule of revenue sources for the current year is presented in a subsequent note.

➤ **Income Taxes**

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

➤ **Use of Estimates**

In preparing the financial statements in conformity with generally accepted accounting principles in the United States (GAAP) management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net assets and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

2. INTERFUND RECEIVABLE AND PAYABLE

At June 30, 2008 the School's Special Revenue Fund owed the General Fund \$5,528 as shown on the Balance Sheet – Governmental Funds for the payment of school food service expenditures. All interfund balances are expected to be repaid with one year from the financial statement date.

3. DUE TO CHARTER 0102 – RELATED PARTY

The amount reported as Due To Charter 0102 (Miami Community Charter School, Inc.) a related party through common control, in the Statement of Net Assets and Balance Sheet – Governmental Funds represents temporary loans made to fund current operations of the School. The School expects to repay these loans within one year from the financial statement date.

4.

MIAMI COMMUNITY CHARTER MIDDLE SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

SCHEDULE OF STATE & LOCAL REVENUE SOURCES

The School's State and local revenue for the 2007-08 fiscal year is as follows:

<u>Source</u>	<u>Amount</u>
<i>FEDERAL:</i>	
National School Lunch Program	\$ 19,705
Total Federal Revenue	<u>\$ 19,705</u>
 <i>STATE:</i>	
Florida Education Finance Program	\$ 214,830
Categorical Educational Programs:	
Class Size Reduction	48,747
Supplementary Academic Instruction	18,829
Instructional Materials	5,126
Transportation	2,675
ESE Guaranteed Allocation	3,528
Safe School	1,753
Early Childhood Education	520
Declining Enrollment Allocation	1,469
Discretionary Lottery	2,381
Total State Revenue	<u>\$ 299,858</u>
 <i>LOCAL:</i>	
Student Lunches	\$ 4,048
Discretionary Millage	21,652
Total Local Revenue	<u>25,700</u>
Total State and Local Revenue	<u><u>\$ 325,558</u></u>

As provided in the charter school contract, the District has charged the School an administrative fee equal to 5% of total funding or \$17,726.

Accounting policies relating to certain State revenue sources are described in Note 1.

5. PENSION PLAN

The School participated in a defined contribution tax sheltered annuity 401(k) plan for employees with more than three months of service with the School. Contributions made by the School totaled \$2,013 for the year ended June 30, 2008 which were computed at 3% on wages paid to each participating employee. Contributions are directed to individual employee's accounts, and the individual employees allocate contributions and account balances among various available investment choices, therefore, the School has no liability for the administration or payments of benefits of the plan, and accordingly, the present value of the related benefits is not reflected in these financial statements. The rate of contribution is set annually by the School's Board of Directors.

MIAMI COMMUNITY CHARTER MIDDLE SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

6. RISK MANAGEMENT PROGRAMS

Workers' compensation and general liability coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not exceeded commercial coverage.

7. PROFESSIONAL SERVICE CONTRACT

The School entered into an annual contract for professional services with School Financial Services, Inc. to perform various financial, accounting, and purchasing services. The contract is cancellable by either party with 30 days written notice. The professional fees for the year ended June 30, 2008, were approximately \$8,500.

8. DEFICIT FUND BALANCE

The School reported deficit fund balances in its General Fund of \$135,986 and Special Revenue Fund of \$18,874 at June 30, 2008. The School encountered higher than expected startup costs in the first year of their charter. The School has made the necessary cost adjustments to its 2008-09 budget in order to alleviate the deficit by the end of the 2008-09 fiscal year.

9. COMMITMENTS AND CONTINGENT LIABILITIES

The School participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivables at June 30, 2008, may be impaired.

In the opinion of the School, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

10. LEGAL MATTERS

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

11. FUNDING AND CREDIT CONCENTRATIONS

The School receives substantially all of its support and revenue from federal, state and local funding sources, passed through the District, in the form of performance and budget based contracts. Continuing operation of the School is greatly dependent upon the continued support of these governmental agencies.

MIAMI COMMUNITY CHARTER MIDDLE SCHOOL, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE MIAMI-DADE COUNTY DISTRICT SCHOOL BOARD

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND SPECIAL REVENUE FUND - (UNAUDITED)
For the Fiscal Year Ended June 30, 2008

	General Fund			Special Revenue Fund		
	Original/Final Budget	Actual	Variance with Final Budget - Positive (Negative)	Original/Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:						
Intergovernmental:						
Federal through Local	\$	\$	\$ -	\$ 19,705	\$ 19,705	\$ -
State and Local	313,252	321,510	8,258	4,048	4,048	-
Contributions and Other	-	-	-	-	-	-
Total Revenues	313,252	321,510	8,258	23,753	23,753	-
Expenditures:						
Current - Education:						
Instruction	234,319	233,285	1,034	-	-	-
Pupil Personnel Services	-	-	-	-	-	-
Instructional Media	-	-	-	-	-	-
Instruction & Curriculum Development	-	-	-	-	-	-
Instructional Staff Training	-	-	-	-	-	-
Board of Education	18,724	19,137	(413)	-	-	-
School Administration	50,486	49,880	606	-	-	-
Facilities Acquisition & Construction	50,500	50,500	-	-	-	-
Fiscal Services	16,638	15,288	1,350	-	-	-
Food Services	-	-	-	42,951	42,627	324
Central Services	-	-	-	-	-	-
Pupil Transportation	16,200	16,200	-	-	-	-
Operation of Plant	50,209	50,200	9	-	-	-
Maintenance of Plant	7,289	7,289	-	-	-	-
Community Services	16,594	15,717	877	-	-	-
Fixed Capital Outlay:						
Other Capital Outlay	-	-	-	-	-	-
Total Expenditures	460,959	457,496	3,463	42,951	42,627	324
Net Change in Fund Balance	(147,707)	(135,986)	11,721	(19,198)	(18,874)	324
Fund Balances, July 1, 2007	-	-	-	-	-	-
Fund Balances, June 30, 2008	\$ (147,707)	\$ (135,986)	\$ 11,721	\$ (19,198)	\$ (18,874)	\$ 324

See Independent Auditor's Report.

KING & WALKER, CPAs, PL

Certified Public Accountants

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Robert I. Walker, CPA

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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 Miami Community Charter Middle School, Inc.,
a Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida

We have audited the basic financial statements of the Miami Community Charter Middle School, Inc. ("School"), a charter school and component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2008, and have issued our report thereon included under the heading *Independent Auditor's Report on Basic Financial Statements and Required Supplementary Information*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the School's financial statements for the fiscal year ended June 30, 2008, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other guidelines, 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 that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the School and its management, the District School Board of Miami-Dade County, Florida, the Florida Department of Education, the Florida Auditor General, and other granting agencies and is not intended to be and should not be used by anyone other than these specific parties.

Respectfully submitted,

King & Walker, CPAs

August 31, 2008
Tampa, Florida

KING & WALKER, CPAs, PL

Certified Public Accountants

David M. King, CPA
Robert I. Walker, CPA

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Lutz, FL 33548
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Management Letter as Required by Rules of the Florida Auditor General, Chapter 10.850, Florida Statutes, *Charter School Audits*

To the Board of Directors Miami Community Charter Middle School, Inc.,
a Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida

We have audited the basic financial statements of the Miami Community Charter Middle School, Inc. ("School"), a charter school and component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2008, and have issued our report thereon dated August 31, 2008.

We have issued our independent auditor's report on compliance and on internal control over financial reporting based on an audit of the financial statements performed in accordance with *Government Auditing Standards* dated August 31, 2008. Disclosures in that report, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. In addition, our audit was conducted in accordance with provisions of Chapter 10.850, Rules of the Auditor General, which govern the conduct of charter school audits performed in the State of Florida and require certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.854(1)(d)1.), require that we comment as to whether corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. The School has taken the appropriate corrective action to correct the finding in the prior audit.

The Rules of the Auditor General (Section 10.854(1)(d)2.), require that we make a statement as to whether the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes regarding financial emergency. The School reported deficit fund balance in its General Fund and Special Revenue Fund, as disclosed in Note 8, page 18 of its audited financial statements. The School did not meet any other criteria of Section 218.503(1), Florida Statutes in determination of financial emergency.

The School has not met any of the conditions in the referenced statute and is not in a state of financial emergency.

The Rules of the Auditor General (Section 10.854(1)(d)3.), require that we make recommendations, present financial management, accounting procedures, and internal controls. No recommendations were noted in our audit.

The Rules of the Auditor General (Section 10.854(1)(d)4.), require disclosure in the management letter of matters that are not clearly inconsequential considering both quantitative and qualitative factors which include the following:

- violations of laws, rules, regulations, contracts, and grant agreements or abuse that: (1) have occurred, or are likely to have occurred; (2) were discovered within the scope of the financial audit; and (3) may or may not have materially affected the financial statements.
- improper expenditures discovered within the scope of the financial audit which may or may not materially affect the financial statements
- Deficiencies in internal control that are not reportable conditions, including, but not limited to: (1) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (2) failures to properly record financial transactions

Our audit disclosed no matters required to be disclosed by this Rule.

The Rules of the Auditor General (Section 10.854(1)(d)6.), require we disclose the name or official title of the school or center. The school's official name is Miami Community Charter Middle School, Inc..

This letter is intended for the information and use of the School and its management, the District School Board of Miami-Dade County, Florida, the Florida Department of Education, the Florida Auditor General, and other granting agencies and is not intended to be and should not be used by anyone other than these specific parties.

Respectfully submitted,

King & Walker, CPAs

August 31, 2008
Tampa, Florida

MIAMI COMMUNITY CHARTER MIDDLE SCHOOL, INC.

Management's Response to Audit Findings

Year Ended June 30, 2008

The following is the School's response to the item in the Management Letter dated August 31, 2008, as required by Rule 10.857, Rules of the Auditor General:

No response required.