

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES

(A CHARTER SCHOOL AUTHORITY ESTABLISHED BY,
AND UNDER THE AUSPICES OF, MIAMI SHORES VILLAGE,
A FLORIDA MUNICIPAL CORPORATION)

Miami Shores, Florida

Financial Statements and
Independent Auditors' Report

June 30, 2014

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MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES

11301 N.W. 5th Avenue
Miami Shores, Florida 33168
(305) 754-2381

2013-2014

Administration

Executive Director: Gary Meredith (2008-2014)
Interim Director Doug Garber (2014)

Board of Directors

Chairperson Alan Silbert, MD (2007-2014)

Vice Chairperson Dr. Joan Lutton (2004-2014)

Treasurer Connie Benson (2011-2014)

Secretary Alice Burch (2004-2015)

Board Members Reid Bernstein (2005-2014) Alison Harke (2007-2014)
Dennis Kleinman (2005-2015) Dr. Chester Morris (2008-2014)
Susan Dombrowsky, MD (2013-2014) Ted Kretzschmar (2012-2015)
Flore-Nadine Alcindor (2014-2015) David Benjamin (2014-2015)
Dr. Carter Winkle (2013-2014)



INDEPENDENT AUDITORS' REPORT

Board of Directors
Miami Shores Village Charter School Authority
d/b/a Doctors Charter School of Miami Shores
Miami Shores, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Miami Shores Village Charter School Authority D/B/A Doctors Charter School of Miami Shores, (DCSMS) a Charter School Authority established by, and under the auspices of, Miami Shores Village, a Florida municipal corporation, as of, and for the year ended June 30, 2014, 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 of America. 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.

396 Alhambra Circle, Suite 900, Coral Gables, FL 33134 • Tel: 305.446.3022 • Fax: 305.446.6319

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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 DCSMS at June 30, 2014, 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.

Other Matters

Required Supplementary Information

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2014, on our consideration of DCSMS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and 24 through 25 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.


CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 28, 2014

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

As management of Miami Shores Village Charter School Authority D/B/A Doctors Charter School of Miami Shores (DCSMS), we offer readers of DCSMS's financial statements this narrative overview and analysis of the financial activities of the DCSMS for the year ended June 30, 2014. We encourage readers to consider this information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

DCSMS provided middle and high school education for 570 students in grades six through twelve under a charter sponsored by the District School Board of Miami-Dade County, Florida.

Our new school consists of three concrete buildings on a five acre campus. The buildings include a 5,300 square foot media center, an 8,000 square foot cafeteria, and a 33,000 square foot, two story classroom building. The building is a concrete structure with state-of-the-art science labs, a media center, music room, dining area and an outdoor physical education court.

Financial Highlights

1. The net position of the School at June 30, 2014 was \$411,301.
2. At year-end, the School had current assets on hand of \$448,547.
3. The net position of the School decreased by \$169,762 during the year.
4. The unassigned fund balance at year end was (\$117,424).

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the DCSMS's basic financial statements. DCSMS's financial statements for the year ended June 30, 2014 are presented under GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of DCSMS's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of DCSMS's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The difference between the four is reported as *net position*. Over time the change in net position serve as an indicator of whether the financial position of DCSMS is improving or deteriorating.

The *Statement of Activities* presents information on how DCSMS's net position changed during the fiscal year. All changes in net position are reported when the underlying event occurs without regard to the timing of related cash flows. Accordingly, 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 10 - 11 of this report.

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2014

Fund financial statements

A “fund” is a collection of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. DCSMS, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the DCSMS are governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental Fund financial statements, however, focus on near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government’s requirements for near-term financing.

DCSMS adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic government fund financial statements can be found on pages 12-15 of this report.

Notes to Financial Statements

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

The notes to the financial statements can be found on pages 16 - 23 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a charter school’s financial position. In the case of the School, net position was \$411,301 at the close of the fiscal year. A summary of the School’s net position as of June 30, 2014 and 2013 follows:

	<u>2014</u>	<u>2013</u>
Cash	\$454,362	\$493,994
Prepaid expenses and other assets	7,300	15,733
Due from other agencies	26,885	73,951
Deposits	21,216	21,216
Capital Assets	259,446	302,865
Total Assets	<u>769,209</u>	<u>907,759</u>
Deferred Outflows of Resources	-	-
Current liabilities	<u>357,908</u>	<u>326,696</u>
Deferred Inflows of Resources	-	-
Net Investment in capital assets	259,446	302,865
Restricted	137,230	71,683
Unrestricted	14,625	206,515
Total Net Position	<u>\$411,301</u>	<u>\$581,063</u>

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

At the end of the year, DCSMS is able to report continued positive balances in the categories of net position. The same situation held true for the prior fiscal year.

A summary and analysis of DCSMS's revenues and expenses for the years ended June 30, 2014 and 2013 follows:

	<u>2014</u>	<u>2013</u>
REVENUES		
State capital outlay funding	\$468,181	\$415,237
State passed through local	3,492,604	3,143,067
Local sources	50,000	127,923
Federal school lunch program	127,133	121,321
Charges for services	162,772	94,827
Fundraising and other revenues	142,440	94,549
Interest Income	11,985	42,501
Total Revenues	<u><u>4,455,115</u></u>	<u><u>4,039,425</u></u>
EXPENSES		
Instruction	2,494,028	2,096,906
Instruction and Curriculum	-	-
Development Services	148,706	78,806
General Administration	455,077	460,651
School Administration	466,828	349,183
Fiscal Services	83,174	82,812
Food Services	145,208	130,691
Central Services	29,665	63,797
Pupil Transportation Services	92,340	147,999
Operation of Plant	278,978	229,888
Maintenance of Plant	248,592	210,236
Community Service	59,006	74,076
Unallocated depreciation	123,275	23,000
Total Expenses	<u><u>4,624,877</u></u>	<u><u>3,948,045</u></u>
Increase(decrease) – in net position	(169,762)	91,380
Net Position at Beginning of Year	<u>581,063</u>	<u>489,683</u>
Net Position at End of Year	<u><u>\$411,301</u></u>	<u><u>\$581,063</u></u>

DCSMS's revenue increased by \$415,690 in the current year and expenses increased by \$676,832. The most significant cause for the revenue increase was an increase in capital outlay and fundraising. The increase in expenses is mainly due to an increase in Instructional which includes professional salaries for teachers.

School Location and Lease of Facility

The School leases a facility located at 11301 N.W. 5th Avenue.

Capital Improvement Requirements

The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

School Enrollment

This past year, the School had approximately 570 students enrolled in grades six through twelve.

Achievements

Doctors Charter School is a college preparatory school that is the pride of the Miami Shores community. It is widely recognized for offering relevant and rigorous academic programs in a safe and personal setting. Technology and diverse extracurricular activities attract quality students, resulting in a 100% college acceptance rate. In addition to a wide variety of Advanced Placement courses offered to the students, dual enrollment programs with both Florida International University and Miami Dade College are offered.

DCS students are offered the opportunity to participate in excursions to exotic destinations as part of their educational experience. Each year teachers offer different educational travel options for students who are interested in exploring the cultures and governments of various countries that are studied in the classrooms. Recent travels include destinations such as Costa Rica, Spain, Greece, Turkey, and South Africa.

Many activities such as clubs and athletics are also offered to the DCS students. Club and service organizations sponsored on campus include the Key Club, Interact Club, Chess Club, Book Club, Faith in Action Club, Student Government, Green Club, Step Club, Chorus and Band. Most major sports and many minor sports recognized by the Florida High School Athletic Association are offered. They include volleyball, basketball, soccer, tennis, cross country, track field, and swimming.

The certified staff at DCS averages more than fifteen (15) years of experience in the education field and twenty-seven percent (27%) have more than twenty (20) years experience providing a quality education to students. Also, sixty-seven percent (67%) of the certified staff have achieved a Masters Degree or higher.

The aforementioned characteristics were instrumental in Doctors Charter School bringing not only local and state recognition, but also national recognition to the Miami Shores community. During the 2013-2014 academic year, DCS continued to maintain an "A" rating by the Florida Department of Education and was named a Florida Gold Seal of Excellence School by the Florida Consortium of Public Charter Schools. In addition, DCS was rated in the top 2.5% of all public high schools in the United States by Newsweek Magazine, US News & World Report, and The Washington Post. DCS is accredited by Southern Association of Colleges and Schools.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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, the *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Most of the School's operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the School by the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature.

At the end of the fiscal year, the School's governmental general fund reported ending fund deficit of \$(88,908). The fund balance unassigned and available for spending at the School's discretion is a deficit \$(117,424).

Capital Assets

The School's investment in capital assets as of June 30, 2014 amounts to \$ 259,446 (net of accumulated depreciation). This investment in capital assets includes improvements, furniture, fixtures and computer equipment. The School has no outstanding debt associated with capital assets.

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2014

Governmental Fund Budget Analysis and Highlights

Prior to the start of the School’s fiscal year, the Board of the Charter School adopted an annual budget. A budgetary comparison statement has been provided for the governmental fund to demonstrate compliance with the School’s budget.

	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
Capital Outlay Funding	\$ 225,000	\$ 225,000	\$ 468,181
Federal Lunch program	105,166	105,166	127,133
Charges for Services	85,446	85,446	162,772
General Revenues			
FTE Nonspecific Revenues	3,527,025	3,527,025	3,492,604
Other Revenues	2,000	2,000	10,877
Local sources	50,000	50,000	50,000
Total Revenues	<u>\$ 3,994,637</u>	<u>\$ 3,994,637</u>	<u>\$ 4,311,567</u>
CURRENT EXPENSES			
Component Unit Activities:			
Instruction	2,417,396	2,417,396	\$2,494,028
Instructional Staff Training Services	-	-	\$148,706
General Administration	500,449	500,449	\$455,077
School Administration	334,746	334,746	\$466,828
Fiscal Services	78,000	78,000	\$83,174
Food Services	135,000	135,000	\$145,208
Central Services	75,000	75,000	\$29,665
Pupil Transportation Services	110,000	110,000	\$92,340
Operation of Plant	259,000	259,000	\$278,978
Maintenance of Plant	85,046	85,046	\$248,592
Community Services	-	-	\$59,006
Unallocated Depreciation	-	-	\$123,275
Total Current Expenses	<u>\$ 3,994,637</u>	<u>\$ 3,994,637</u>	<u>\$ 4,624,877</u>

Request for Information

This financial report is designed to provide a general overview of the DCSMS’s finances for all those with an interest in the DCSMS’s finances. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to Mr. Nicholas Dorn, Executive Director, Doctors Charter School, 11301 N.W. 5th Avenue, Miami Shores, Florida 33168. Telephone number (305) 754-2381.

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
STATEMENT OF NET POSITION
JUNE 30, 2014

	2014	2013 (Summarized Comparative Information)
<u>Assets</u>		
Current Assets:		
Cash	\$ 454,362	\$ 493,994
Due from other agencies	26,885	73,951
Prepaid expenses	7,300	15,733
	<u>488,547</u>	<u>583,678</u>
Capital assets, depreciable	1,417,554	1,337,699
Less accumulated depreciation	<u>(1,158,108)</u>	<u>(1,034,834)</u>
	259,446	302,865
Deposits	<u>21,216</u>	<u>21,216</u>
Total Assets	<u>769,209</u>	<u>907,759</u>
<u>Deferred Outflows of Resources</u>		
	<u>-</u>	<u>-</u>
<u>Liabilities</u>		
Current Liabilities:		
Accounts payable	1,084	13,284
Accrued liabilities	356,824	313,412
Total Liabilities	<u>357,908</u>	<u>326,696</u>
<u>Deferred Inflows of Resources</u>		
	<u>-</u>	<u>-</u>
<u>Net Position</u>		
Net Investment in capital assets	259,446	302,865
Restricted	137,230	71,683
Unrestricted	14,625	206,515
Total Net Position	<u>\$ 411,301</u>	<u>\$ 581,063</u>

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

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

FUNCTIONS Component Unit Activities:	2014				2013	
	Program Revenues				(Summarized Comparative Information)	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets	Net (Expense) Revenue and Changes in Net Position
Instruction	\$ 2,494,028	\$ -	\$ 50,000	\$ -	\$ (2,444,028)	\$ (1,968,983)
Instruction and Curriculum Development	148,706	118,143			(30,563)	(14,914)
General Administration	455,077				(455,077)	(460,651)
School Administration	466,828				(466,828)	(349,183)
Fiscal Services	83,174				(83,174)	(82,812)
Food Services	145,208	39,719	127,133		21,644	13,576
Central Services	29,665				(29,665)	(63,797)
Pupil Transportation Services	92,340	4,910			(87,430)	(140,010)
Operation of Plant	278,978			468,181	189,203	185,349
Maintenance of Plant	248,592				(248,592)	(210,236)
Community Services	59,006		142,440		83,434	20,473
Unallocated Depreciation	123,275				(123,275)	(23,000)
Total Component Unit Activities	4,624,877	162,772	319,573	468,181	(3,674,351)	(3,094,188)
General revenues:						
Government grants not restricted to specific programs					3,492,604	3,143,067
Interest and other income					11,985	42,501
Change in Net Position					(169,762)	91,380
Net position - beginning					581,063	489,683
Net position - ending					\$ 411,301	\$ 581,063

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

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
BALANCE SHEET
JUNE 30, 2014

	2014			2013	
	General Fund	Special Revenue Fund	Non-major fund fundraising	Total Governmental Funds	(Summarized Comparative Information)
<u>Assets</u>					
Cash	\$ 114,860	\$ 235,969	\$ 103,533	\$ 454,362	\$ 493,994
Accounts receivable, no allowance necessary	-	-	-	-	-
Due from other agencies	-	26,885	-	26,885	73,951
Prepaid expenses	7,300	-	-	7,300	15,733
Deposits receivable	21,216	-	-	21,216	21,216
Interfund receivable	-	54,376	-	54,376	60,667
Total Assets	<u>143,376</u>	<u>317,230</u>	<u>103,533</u>	<u>564,139</u>	<u>665,561</u>
<u>Deferred Outflows of Resources</u>					
	-	-	-	-	-
<u>Liabilities</u>					
Accounts payable and accrued liabilities	177,908	180,000	-	357,908	326,696
Interfund liability	54,376	-	-	54,376	60,667
Total Liabilities	<u>232,284</u>	<u>180,000</u>	<u>-</u>	<u>412,284</u>	<u>387,363</u>
<u>Deferred Inflows of Resources</u>					
	-	-	-	-	-
<u>Fund balance</u>					
Unassigned	(117,424)	-	103,533	(13,891)	191,950
Unspendable	28,516	-	-	28,516	45,456
Restricted	-	137,230	-	137,230	71,683
Total Fund Balance	<u>(88,908)</u>	<u>137,230</u>	<u>103,533</u>	<u>151,855</u>	<u>278,198</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 143,376</u>	<u>\$ 317,230</u>	<u>\$ 103,533</u>	<u>\$ 564,139</u>	<u>\$ 665,561</u>

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

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

Total Fund Balance - Governmental Funds \$ 151,855

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

Capital assets of \$1,417,554 net of accumulated depreciation of \$1,158,108 used in governmental activities are not financial resources and therefore are not reported in the fund.

259,446

Total Net Position - Governmental Activities

\$ 411,301

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

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014

	2014			2013	
	General Fund	Special Revenue Fund	Non-major fund fundraising	Total Governmental Funds	(Summarized Comparative Information)
Revenues:					
State capital outlay funding	\$ -	\$ 468,181	\$ -	\$ 468,181	\$ 415,237
State passed through local	3,492,604	-	-	3,492,604	3,143,067
Local sources	50,000	-	-	50,000	127,923
Federal sources	-	-	-	-	-
Federal school lunch program	-	127,133	-	127,133	121,321
Charges for services	123,053	39,719	-	162,772	94,827
Fundraising and other revenues	-	-	142,440	142,440	94,549
Interest and other income	10,877	-	1,108	11,985	42,501
Total Revenues	\$ 3,676,534	\$ 635,033	\$ 143,548	\$ 4,455,115	\$ 4,039,425
Expenditures:					
Current:					
Instruction	\$ 2,488,147	\$ -	\$ 5,881	\$ 2,494,028	\$ 2,096,906
Instructional and Curriculum Development	103,042	-	45,664	148,706	78,806
General Administration	455,077	-	-	455,077	460,651
School Administration	466,828	-	-	466,828	349,183
Fiscal Services	83,174	-	-	83,174	82,812
Food Services	-	145,208	-	145,208	130,691
Central Services	29,665	-	-	29,665	63,797
Pupil Transportation Services	92,340	-	-	92,340	147,999
Operation of Plant	98,978	180,000	-	278,978	229,888
Maintenance of Plant	86,814	161,778	-	248,592	210,236
Community Services	-	-	59,006	59,006	74,076
Capital Outlay:					
Facilities Acquisition and Construction	-	60,856	19,000	79,856	73,588
Total Expenditures	3,904,065	547,842	129,551	4,581,458	3,998,633
Excess (deficit) of Revenues Over Expenditures	(227,531)	87,191	13,997	(126,343)	40,792
Other financing sources					
Transfer in and (out)	21,644	(21,644)	-	-	-
Net change in fund balance	(205,887)	65,547	13,997	(126,343)	40,792
Fund Balance at beginning of year	116,979	71,683	89,536	278,198	237,406
Fund Balance at end of year	\$ (88,908)	\$ 137,230	\$ 103,533	\$ 151,855	\$ 278,198

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

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF POSITION
FOR THE YEAR ENDED JUNE 30, 2014

Change in Fund Balance - Governmental Funds \$ (126,343)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$79,855 differed from depreciation expense of \$123,275.

(43,419)

Change in Net Position of Governmental Activities \$ (169,762)

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

Note 1 – Organization and Operations

Reporting Entity

Miami Shores Village Charter School Authority D/B/A Doctors Charter School of Miami Shores (DCSMS) was created under Chapter 2, Article VI, Sections 2.90 et seq. of the Miami Shores Village Code, a Florida municipal corporation and has established a charter school for children from grades six through twelve.

The general operating authority of DCSMS is contained in Section 1002.33 of the Florida Statutes. DCSMS operated under a charter of the sponsoring district, the District School Board of Miami-Dade County, Florida (the “District”). The charter is effective until June 30, 2020. These financial statements are for the fiscal year ended June 30, 2014 which covers the 2013-2014 school year. DCSMS had an enrollment of 570 students during that school year.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – *Audits for States and Local Governments* and provisions of Florida Statutes, DCSMS is presented as a governmental organization for financial statement reporting purposes.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information for DCSMS as a whole. Any interfund activity has been eliminated from these financial statements. Both statements report only governmental activities as DCSMS does not engage in any business type activities. These statements also do not include fiduciary funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) capital grants specific to capital outlay. Other revenue sources not properly included with program revenues are reported as general revenues.

New Accounting Pronouncements

The School implemented GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” GASB 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. Deferred outflows of resources represent consumption of resources that is applicable to future reporting periods that will be reported in a separate section after assets.

Note 2 – Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements-continued

Deferred inflows of resources represent acquisition of resources that is applicable to future reporting periods that will be reported in a separate section after liabilities. This change was incorporated in the School's financial statements; however there was no effect on beginning net position/fund balance.

Additionally, the School implemented GASB Statement No. 65, "Items previously reported as Assets and Liabilities". GASB 65 establishes accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously report as assets and liabilities. This change was incorporated in the Schools financial statements; however there was no effect on beginning net position/fund balance.

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. Major individual governmental funds are reported as separate columns in the fund financial statements:

General Fund - is the School's primary operating fund. It accounts for all financial resources of the school, except those required to be accounted for in another fund.

Special Revenue Fund - accounts for specific revenue, such as capital outlay funding and federal lunch program that are legally restricted to expenditures for particular purposes.

Fundraising Fund – used to account for revenues from fundraising events and other private sources which are designated to finance particular functions and activities in accordance with administrative requirements.

Measurement Focus and Basis of Accounting

The financial statements of DCSMS are prepared in accordance with generally accepted accounting principles (GAAP). DCSMS's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidance*.

The government-wide statements report using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

DCSMS recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available. Non-exchange transactions occur when DCSMS provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Most donations are examples of non-exchange transactions. Revenues from grants and donations are recognized on the accrual basis, in the fiscal year in which all eligibility requirements have been satisfied.

Note 2 – Summary of Significant Accounting Policies (continued)

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. “Measurable” means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. DCSMS considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Charges for services and fees are recognized when cash is collected as amounts are not measurable. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgets and Budgetary Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using 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). Revisions to the annual budget are approved by the Board.

Cash

Cash and cash equivalents include all highly liquid investments with a maturity of three months or less.

Due from Other Governments or Agencies

Amounts due to DCSMS by other governments or agencies are for grants or programs under which the services have been provided by DCSMS.

Inter-fund Transfers

Outstanding balances between funds are reported as “due to/from” other funds. Inter-fund transfers are made to move any excess or shortage of funds derived from the National School Lunch Program from the Special Revenue Fund to the General Fund.

Charges for Services

DCSMS charges students for various instruction and curriculum development programs including music, tutoring, food, and art programs. These activities are recorded in the general fund since the fees charged are only to supplement the programs and the cost of such programs substantially exceed the fees.

Note 2 – Summary of Significant Accounting Policies (continued)

Capital Assets

DCSMS's property, plant and equipment with useful lives of more than one year are stated at historical cost and reported in the statement of net position in the government-wide financial statements. Donated assets are stated at fair value on the date donated. DCSMS generally capitalizes assets with a cost of more than \$750 for tangible personal property and more than \$1,500 for improvements other than buildings. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method over the estimated useful life of the asset. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in the statement of activities. Estimated useful lives, in years, for depreciable assets are as follows:

Building and Fixed Equipment	10 Years
Furniture and Fixtures	5 Years
Computer and Software	3 Years

Pursuant to the Florida Statutes, any capital assets purchased with funds provided by the District would revert to the District upon termination of the charter. Management maintains records of such purchases. During the year ended June 30, 2014, \$79,855 of such assets were purchased with capital outlay or FTE funds.

Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in DCSMS's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, DCSMS will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for DCSMS 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 DCSMS during the designated full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

In addition, DCSMS receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based on a capital outlay plan submitted to the District and are to be used for lease of school facilities.

Note 2 – Summary of Significant Accounting Policies (continued)

Compensated Absences

DCSMS grants a specific number of sick days. Full time faculty members are eligible for ten days of sick/personal leave as of the first day of employment for each contract year. In the event that available time is not used by the end of the contract year, employees may “cash out” unused sick days however, the employees may only cash out up to 6 days at 50% of their daily rate. There is no termination payment for accumulated unused sick days.

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for sick days available to be used in future benefits years.

Net position and Fund balance classifications

Government-wide financial statements

Equity is classified as net position and displayed in three (3) components:

- a) Net investment in capital assets - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
- b) Restricted net position - consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments. Restricted net position of DCSMS relate to reserves required by the landlord for property maintenance and repairs.
- c) Unrestricted net position - all other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund financial statements

Under GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be properly reported within one of the fund balance categories list below:

- a) Nonspendable - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
- b) Restricted - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Restricted fund balance of DCSMS relate to reserves required by the landlord for property maintenance and repairs.
- c) Committed - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of DCSMS’s Board of Directors. There are no committed fund balances at year end.

Note 2 – Summary of Significant Accounting Policies (continued)

- d) Assigned - fund balance classification are intended to be used by DCSMS's management for specific purposes but do not meet the criteria to be classified as restricted or committed. There are no assigned fund balances at year end.
- e) Unassigned - fund balance is the residual classification for DCSMS's general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

DCSMS's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries. First, Non-spendable fund balances are determined. Then, Restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

Income Taxes

DCSMS is an agency of Miami Shores Village, a Florida municipal corporation pursuant to Chapter 2, Article VI, Sections 2.90 et seq of the Village Code, and is, therefore, exempt from income tax. In addition, during the year, DCSMS was granted tax exempt status under Internal Revenue Code Section 501(c)(3). Accordingly, no tax provision has been made in the accompanying financial statements.

Subsequent Events

In accordance with GASB Codification Section 2250.106, DCSMS has evaluated subsequent events and transactions for potential recognition or disclosure through August 28, 2014, which is the date the financial statements were available to be issued.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 3 – Deposits Policy and Credit Risk

It is DCSMS's policy to maintain its cash and cash equivalents in major banks and in high grade investments. As of June 30, 2014, the carrying amount of DCSMS's deposits was \$454,362 and the respective bank balances totaled \$ 626,875.

Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. Bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2014, bank balances in potential excess of FDIC coverage totaled \$ 340,919.

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Note 4 – Contingencies and Concentrations

DCSMS receives substantially all of its funding from the District under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, DCSMS participates in a number of federal, state and local grants which are subject to financial and compliance audits. It is the opinion of management that the amount of revenue, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of DCSMS.

Note 5 – Changes in Capital Assets

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2014:

	Balance 6/30/2013	Addition	Disposal	Balance 6/30/2014
Capital Assets:				
Furniture and fixtures	\$ 623,625	\$ 1,910	-	\$ 625,535
Building and fixed equipment	614,852	17,769	-	632,621
Computer software	99,222	60,176	-	159,398
Total Capital Assets	<u>1,337,699</u>	<u>79,855</u>	-	<u>1,417,554</u>
Less Accumulated Depreciation:				
Furniture and fixtures	(613,238)	(11,485)	-	(624,723)
Building and fixed equipment	(381,198)	(92,994)	-	(474,192)
Computer software	(40,398)	(18,795)	-	(59,193)
Total Accumulated Depreciation	<u>(1,034,834)</u>	<u>(123,274)</u>	-	<u>(1,158,108)</u>
Capital Assets, net	<u>\$ 302,865</u>	<u>\$ (43,419)</u>	<u>\$ -</u>	<u>\$ 259,446</u>

Depreciation expense for the year ended June 30, 2014 was \$123,274.

Note 6 – Related Party Transactions

DCSMS's building and facilities are located on land owned by Barry University, Inc., which leases the property to Miami Shores Village (MSV) under a "Ground Lease Agreement" which expires March 31, 2019. Under the terms of the "Ground Lease Agreement", MSV owns a fee simple interest in all improvements made on the property which include the erected building and facilities. DCSMS subleases the real property and improvements (collectively the "Premises"), from MSV under the "Charter School Sublease Agreement" which expires August 7, 2020, with base rent (subject to annual adjustment beginning with the sixth year) of \$180,000 per annum, payable annually in arrears on the last day of each school year during the term of the lease.

MSV received support for the construction of the building and facilities from North Dade Medical Foundation, Inc. (NDMF) in the form of a \$5,000,000 grant. Under a grant agreement between NDMF and MSV, a portion of those funds is to be used to supplement the annual operating income of the charter school operations, as needed. As of June 30, 2014 the grant had an available balance of approximately \$1,850,000.

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 5% of the qualifying revenues of DCSMS. For the year ended June 30, 2014, administrative fees withheld by the School District totaled \$29,239.

Note 7 – Commitments

DCSMS has elected to participate in a Group Retirement Annuity Trust (the "Plan") to provide retirement savings and incidental benefits for its employees. Employees may contribute a percentage of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. DCSMS will contribute up to 5% of the employee's base salary and will match an additional amount at the discretion of management. As of June 30, 2014, DCSMS incurred \$103,957 in contribution costs related to the Plan.

Note 8 – Risk Management

DCSMS is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which DCSMS carries commercial insurance. Settlement amounts have not exceeded insurance coverage in the past. In addition, there were no reductions in insurance coverage from those in the prior year.

REQUIRED SUPPLEMENTARY INFORMATION

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund		
	Original Budget	Final Budget	Actual
Revenues:			
State passed through local	\$ 3,527,025	\$ 3,527,025	\$ 3,492,604
Local sources	50,000	50,000	50,000
Charges for services	45,446	45,446	123,053
Interest and other income	2,000	2,000	10,877
Total Revenues	<u>\$ 3,624,471</u>	<u>\$ 3,624,471</u>	<u>\$ 3,676,534</u>
Expenditures:			
Current:			
Instruction	\$ 2,417,396	\$ 2,417,396	\$ 2,488,147
Instructional and Curriculum Development	-	-	103,042
General Administration	500,449	500,449	455,077
School Administration	334,746	334,746	466,828
Fiscal Services	78,000	78,000	83,174
Central Services	75,000	75,000	29,665
Pupil Transportation Services	110,000	110,000	92,340
Operation of Plant	79,000	79,000	98,978
Maintenance of Plant	29,880	29,880	86,814
Capital Outlay:			
Furniture & equipment	-	-	-
Contingency Expense	-	-	-
Total Expenditures	<u>\$ 3,624,471</u>	<u>\$ 3,624,471</u>	<u>\$ 3,904,065</u>

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
Revenues:			
State capital outlay funding	\$ 225,000	\$ 225,000	\$ 468,181
Federal sources	-	-	-
Charges for services	40,000	40,000	39,719
Federal school lunch program	105,166	105,166	127,133
Interest income	-	-	-
Total Revenues	\$ 370,166	\$ 370,166	\$ 635,033
Expenditures:			
Current:			
Instruction	\$ -	\$ -	\$ -
Food service	135,000	135,000	145,208
Operation of Plant	180,000	180,000	180,000
Maintenance of Plant	55,166	55,166	161,778
Capital Outlay:			
Facilities Acquisition and Construction	-	-	60,856
Total Expenditures	\$ 370,166	\$ 370,166	\$ 547,842

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*

Board of Directors

Miami Shores Village Charter School Authority
D/B/A Doctors Charter School of Miami Shores
Miami Shores, 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 Miami Shores Village Charter School Authority D/B/A Doctors Charter School of Miami Shores ("DCSMS") as of, and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the DCSMS's basic financial statements and have issued our report thereon dated .

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered DCSMS's internal control over financial reporting 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 DCSMS's internal. Accordingly, we do not express an opinion on the effectiveness of the DCSMS'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 DCSMS's financial statements are free of 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*.

We noted certain matters that we reported to management of in a separate management letter dated August 28, 2014 pursuant to Chapter 10.850, Rules of the Auditor General.

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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 28, 2014



CERTIFIED PUBLIC ACCOUNTANTS

MANAGEMENT LETTER

Board of Directors of
Miami Shores Village Charter School Authority
D/B/A Doctors Charter School of Miami Shores
Miami Shores, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities and each major fund of Miami Shores Village Charter School Authority D/B/A Doctors Charter School of Miami Shores (“DCSMS”) as of and for the year ended June 30, 2014 and have issued our report thereon dated.

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.

Other Reporting Required by *Government Auditing Standards*

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosure in those reports, which are dated August 28, 2014, 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report as follows.

Status of Prior Year Findings and Recommendations

ML 13-01 – OVER 250 FTE CAPITAL OUTLAY

Observation

We noted that capital outlay received via the over 250 FTE administrative fee reduction was not being recorded as part of the special revenue funds.

Recommendation

We recommend that such capital outlay be included in the special revenue fund.

Status

During the current year, we noted that the over 250 FTE administrative fee reduction is now included as part of the special revenue fund activity.

ML 13-02 – CAPITALIZATION POLICY

Observation

We noted several expenditures that should have been capitalized in the statement of net position. These items required audit adjustment.

Recommendation

We recommend that the school capitalization policy be applied to all expenditures.

Status

During the current year testing, we did not find such exceptions.

ML 13-03 – DEPRECIATION

Observation

We noted that depreciation was not computed for the year and was not recorded in the Statement of Activities. This required audit adjustment.

Recommendation

We recommend that depreciation be computed and recorded in the Statement of Activities.

Status

During the current year, it was noted that depreciation was computed and recorded in the Statement of Activities.

ML 13-04 – SUMMER PAYROLL ACCRUAL

Observation

We noted that the summer payroll was not accrued in full as of June 30, 2013. This required audit adjustment.

Recommendation

We recommend that the summer payroll accrual be reviewed to ensure that the full amount of accrual is recorded.

Status

During the current year, it was noted that the summer payroll was accrued as of June 30, 2014.

Financial Condition

Sections 10.854(1)(e)2, and 10.855(11), Rules of the Auditor General, require that we apply appropriate procedures to determine whether or not DCSMS 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 DCSMS did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Financial Condition (Continued)

Sections 10.854(1)(e)6.a and 10.855(12), Rules of the Auditor General, require that we apply financial condition assessment procedures for DCSMS. It is management's responsibility to monitor DCSMS 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. We have applied such procedures as of the fiscal year end and no deteriorating financial condition has been noted.

Transparency

Sections 10.854(1)(e)7 and 10.855(13), Rules of the Auditor General, require that we apply appropriate procedures to determine whether DCSMS maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In Connection with our audit, we determined that DCSMS maintained on its Web site 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.

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 Miami Shores Village Charter School Authority D/B/A Doctors Charter School of Miami Shores.

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 Florida House of Representatives, the Florida Auditor General, School Board of Dade County, 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.

A handwritten signature in blue ink that reads "HLB Gannon, CPA". The signature is written in a cursive style.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 28, 2014