

**MIAMI COMMUNITY CHARTER MIDDLE
SCHOOL**
MIAMI, FLORIDA
(A COMPONENT UNIT OF THE SCHOOL BOARD
OF MIAMI-DADE COUNTY, FLORIDA)

BASIC FINANCIAL STATEMENTS, INDEPENDENT
AUDITOR'S REPORT AND SUPPLEMENTAL
INFORMATION

JUNE 30, 2019

MIAMI COMMUNITY CHARTER MIDDLE SCHOOL
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2019

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MIAMI COMMUNITY CHARTER MIDDLE SCHOOL
(A Charter School Under Miami Community Charter Middle School, Inc.)

18720 SW 352ND STREET,
Florida City, FL 33034
(786) 243-9981

2018-2019

BOARD OF DIRECTORS

Ms. Ana Torres, Chair
Ms. Jessica Martinez, EESAC Chair
Mr. Howard Murphy
Ms. Celeste Jordan
Ms. Ana Exposito
Mr. William Presswood

SCHOOL ADMINISTRATION

Ms. Jila Rezaie, Executive Director
Ms. Maria Alba-Quesada, Principal



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Miami Community Charter Middle School
Florida City, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund and the aggregate remaining fund information of Miami Community Charter Middle School (the "School"), a charter school under Miami Community Charter Middle School, Inc., and a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School, as of June 30, 2019, 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

As described in Note 1, the accompanying financial statements referred to above present only the financial position of Miami Community Charter Middle School as of June 30, 2019, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of Miami Community Charter Middle School, Inc. These financial statements do not purport to and do not present fairly the financial position of Miami Community Charter Middle School, Inc. as of June 30, 2019 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8 and budgetary comparison information on pages 24 through 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial

statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2019, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 9, 2019

Management's Discussion and Analysis
Miami Community Charter Middle School
June 30, 2019

The corporate officers of Miami Community Charter Middle School (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2019.

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 the financial statements, as listed in the table of contents.

FINANCIAL HIGHLIGHTS

1. The assets of the School exceeded its liabilities at June 30, 2019 by \$383,972 and at year-end, had current assets of \$396,730.
2. The School had an increase in net position of \$89,188 during the current fiscal year of operations.
3. The School had an increase in fund balance during the fiscal year of \$111,213, and had a combined ending fund balance of \$112,278 at June 30, 2019.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2019, are presented in accordance with 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 the School's finances, in a manner similar to a private-sector business.

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

The *Statement of Activities* presents information on how the School's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event resulting in the change 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 9-10 of this report.

Fund Financial Statements

A “fund” is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School, like other state and local governments, uses fund accounting to ensure and report compliance with finance-related legal requirements. All of the funds of the School 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.

Prior to the start of the School’s fiscal year, the Board of the School adopts an annual budget for its general and special revenue fund. A budgetary comparison statement has been provided for the School’s governmental funds to demonstrate compliance with the School’s budget. The basic governmental fund financial statements can be found on pages 12-14 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 basic financial statements can be found on pages 15-24 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net position may serve as a useful indicator of a school’s financial position. A summary of the School’s net position as of June 30, 2019 and 2018 follows:

Assets	2019	2018
Cash and cash equivalents	\$ 358,114	\$ 334,766
Due from other agencies	20,141	5,558
Due from Miami Community Charter High School	16,613	24,518
Prepaid expenses	1,862	-
Capital assets, net	297,311	293,719
Total Assets	<u>\$ 694,041</u>	<u>\$ 658,561</u>
Liabilities and Position		
Accounts and wages payable and accrued liabilities	\$ 134,091	\$ 148,982
Due to Miami Community Charter School	150,361	214,795
Long-term liabilities	25,617	-
Total Liabilities	<u>310,069</u>	<u>\$ 363,777</u>
Investment in capital assets, net of related debt	271,694	293,719
Unrestricted	112,278	1,065
Total Net Position	<u>383,972</u>	<u>\$ 294,784</u>
Total Liabilities and Net Position	<u>\$ 694,041</u>	<u>\$ 658,561</u>

Total assets consist primarily of cash and capital assets consisting of furniture, fixtures, and equipment and leasehold improvements. Liabilities consist primarily of salaries and benefits payable and a temporary loan made by Miami Community Charter School, a related party, for shared expenses. The School reported a total net position balance of \$383,972.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2019 and 2018 follows:

REVENUES	<u>2019</u>	<u>2018</u>
Program Revenues		
Federal through state and local	\$ 189,233	\$ 190,317
State capital outlay funding	177,582	129,280
General Revenues		
FEFP nonspecific revenue	1,967,042	1,807,324
Fundraising & other revenue	15,419	17,582
Total Revenues	<u>\$ 2,349,276</u>	<u>\$ 2,144,503</u>
 EXPENSES		
Instruction	\$ 1,118,977	\$ 1,039,798
Instructional support services	48,515	47,896
Instructional media services	-	-
Instruction and curriculum development	16,645	29,210
Instructional staff training services	8,260	986
Instructional related technology	27,836	26,782
School board	129,140	172,130
School administration	263,319	187,250
Facilities acquisition & construction	279,000	279,000
Fiscal services	59,127	53,349
Pupil transportation services	64,206	54,900
Operation of plant	175,505	153,938
Maintenance of plant	21,492	7,323
Community services	796	-
Interest expense	254	547
Depreciation expense	47,016	37,875
Total Expenses	<u>\$ 2,260,088</u>	<u>\$ 2,090,984</u>
Change in Net Position	89,188	53,519
 Net Position at Beginning of Year	<u>294,784</u>	<u>241,265</u>
Net Position at End of Year	<u>\$ 383,972</u>	<u>\$ 294,784</u>

The largest revenue source for the School is from the State of Florida (91%). Revenues from State sources are for current operations and are primarily received through the Florida Education Finance Program (FEFP) funding formula and Charter School Capital Outlay funds. Both sources utilize student enrollment data to determine the funds available for the School.

In addition, the School received from federal sources Title I funding of approximately \$189,000 during the fiscal year. This was primarily used for instructional expenses which accounts for nearly 50% of total expenses and is main reason for the increase of instructional expenses for the year ended June 30, 2019.

SCHOOL LOCATION

The School operates in at 18720 SW 352nd Street, Florida City, Florida 33034.

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, *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.

At the end of the fiscal year, the School's governmental funds reported a combined ending fund balance of \$112,278 and an increase in fund balance of \$111,213 for the fiscal year ending June 30, 2019.

CAPITAL ASSETS

The School's investment in capital assets, as of June 30, 2019, amounts to \$297,311 (net of accumulated depreciation). This investment in capital assets includes land, buildings, leasehold improvements, fixtures, furniture and equipment, and assets under capital leases. The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

BUDGETARY HIGHLIGHTS

The general fund, capital outlay and special revenue fund budgets for the fiscal year ended June 30, 2019, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Over the course of the year, the school revised its general, capital outlay and special revenue fund budget. For the fiscal year ended June 30, 2019, the final budgets were equal to the actual expenditures. Refer to the Budgetary Comparison Schedules on pages 25 to 27 for additional information.

REQUESTS FOR INFORMATION

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to the School Financial Services, Inc., P.O. Box 250 Bonifay, FL 32425.

MIAMI COMMUNITY CHARTER MIDDLE SCHOOL, INC.
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
	<u>2019</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 358,114
Due from governmental agencies	20,141
Due from Miami Community Charter High School	16,613
Prepaid expenses	1,862
TOTAL CURRENT ASSETS	<u>396,730</u>
CAPITAL ASSETS, NET	
Improvements other than buildings	369,574
Less accumulated depreciation	(114,106)
Furniture, fixtures and equipment	195,936
Less accumulated depreciation	(154,093)
Total capital assets, net	<u>297,311</u>
TOTAL ASSETS	<u><u>\$ 694,041</u></u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable and accrued liabilities	\$ -
Accrued wages payable	134,091
Due to Miami Community Charter School	150,361
Note payable - current portion	13,920
TOTAL CURRENT LIABILITIES	<u>298,372</u>
Note payable - long term portion	11,697
TOTAL LIABILITIES	<u>310,069</u>
NET POSITION	
Invested in capital assets, net of related debt	271,694
Unrestricted	112,278
TOTAL NET POSITION	<u>383,972</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 694,041</u></u>

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

MIAMI COMMUNITY CHARTER MIDDLE SCHOOL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 1,118,977	\$ -	\$ 168,416	\$ -	\$ (950,561)
Instructional support services	48,515	-	1,806	-	(46,709)
Instruction and curriculum development	16,645	-	-	-	(16,645)
Instructional staff training services	8,260	-	3,000	-	(5,260)
Instructional related technology	27,836	-	-	-	(27,836)
School board	129,140	-	-	-	(129,140)
School administration	263,319	-	-	-	(263,319)
Facilities acquisition & construction	279,000	-	-	177,582	(101,418)
Fiscal services	59,127	-	-	-	(59,127)
Pupil transportation services	64,206	-	-	-	(64,206)
Operation of plant	175,505	-	1,837	-	(173,668)
Maintenance of plant	21,492	-	-	-	(21,492)
Community services	796	-	-	-	(796)
Interest expense	254	-	14,174	-	13,920
Depreciation expense	47,016	-	-	-	(47,016)
Total Governmental Activities	\$ 2,260,088	\$ -	\$ 189,233	\$ 177,582	\$ (1,893,273)

GENERAL REVENUES:

Government grants not restricted to specific programs	1,967,042
Local and other revenue	15,419
Total general revenues	<u>1,982,461</u>
Change in Net Position	89,188
NET POSITION - BEGINNING	<u>294,784</u>
NET POSITION - ENDING	<u>\$ 383,972</u>

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

MIAMI COMMUNITY CHARTER MIDDLE SCHOOL, INC.
BALANCE SHEET- GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Special Revenue Fund	Capital Outlay Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 358,114	\$ -	\$ -	\$ 358,114
Due from governmental agencies	-	4,560	15,581	20,141
Due from Miami Community Charter High School	16,613	-	-	16,613
Due from internal funds	20,141	-	-	20,141
Prepaid expenses and deposits	1,862	-	-	1,862
TOTAL ASSETS	<u>\$ 396,730</u>	<u>\$ 4,560</u>	<u>\$ 15,581</u>	<u>\$ 416,871</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Accrued wages payable	134,091	-	-	134,091
Due to internal funds	-	4,560	15,581	20,141
Due to Miami Community Charter School	150,361	-	-	150,361
TOTAL LIABILITIES	<u>284,452</u>	<u>4,560</u>	<u>15,581</u>	<u>304,593</u>
FUND BALANCE				
Deposit receivable and other assets	1,862	-	-	1,862
Unassigned	110,416	-	-	110,416
TOTAL FUND BALANCE	<u>112,278</u>	<u>-</u>	<u>-</u>	<u>112,278</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 396,730</u>	<u>\$ 4,560</u>	<u>\$ 15,581</u>	<u>\$ 416,871</u>

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

MIAMI COMMUNITY CHARTER MIDDLE SCHOOL, INC.
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total Fund Balance - Governmental Funds	\$	112,278
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Amounts reported for governmental activities in the statement of net position are the same.

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Capital assets	565,510
Accumulated depreciation	(268,199)

Long-term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.

Note payable	(25,617)
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Total Net Position - Governmental Activities	\$	<u><u>383,972</u></u>
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The accompanying notes are an integral part of this financial statement.

MIAMI COMMUNITY CHARTER MIDDLE SCHOOL, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Capital Projects Fund	Special Revenue Fund	Total Governmental
REVENUES				
State passed through local	\$ 1,967,042	\$ -	\$ -	\$ 1,967,042
State capital outlay	-	177,582	-	177,582
Federal passed through state and local	-	-	189,233	189,233
Other income	15,419	-	-	15,419
TOTAL REVENUES	1,982,461	177,582	189,233	2,349,276
EXPENDITURES				
Current:				
Instruction	950,561	-	168,416	1,118,977
Instructional support services	46,709	-	1,806	48,515
Instruction and curriculum development	16,645	-	-	16,645
Instructional staff training services	5,260	-	3,000	8,260
Instructional related technology	27,836	-	-	27,836
School board	129,140	-	-	129,140
School administration	263,319	-	-	263,319
Facilities acquisition & construction	101,418	177,582	-	279,000
Fiscal services	59,127	-	-	59,127
Pupil transportation services	64,206	-	-	64,206
Operation of plant	173,668	-	1,837	175,505
Maintenance of plant	21,492	-	-	21,492
Community services	796	-	-	796
Capital Outlay:				
Other capital outlay	50,608	-	-	50,608
Debt Service:				
Redemption of principal	-	-	13,920	13,920
Interest	-	-	254	254
TOTAL EXPENDITURES	1,910,785	177,582	189,233	2,277,600
Excess of revenues over expenditures	71,676	-	-	71,676
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term financing	39,537	-	-	39,537
Total other financing sources	39,537	-	-	39,537
Net change in fund balance	111,213	-	-	111,213
Fund balance at beginning of year	1,065	-	-	1,065
Fund balance at end of year	<u>\$ 112,278</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,278</u>

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

MIAMI COMMUNITY CHARTER MIDDLE SCHOOL, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Change in Fund Balance - Governmental Funds	\$	111,213
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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.

Capital outlays	50,608
Depreciation expense	(47,016)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Repayments of principal	13,920
Proceeds from financing	(39,537)

Change in Net Position of Governmental Activities	<u>\$</u>	<u>89,188</u>
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The accompanying notes are an integral part of this financial statement.

**MIAMI COMMUNITY CHARTER MIDDLE SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Miami Community Charter Middle School (the “School”) is a charter school sponsored by the School Board of Miami-Dade County, Florida (the “District”). The School’s charter is held by Miami Community Charter Middle School, Inc., 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 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. The current charter is effective until July 31, 2023 and is subject to annual review and may be renewed by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the School’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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Allocation of Common Expenses

The School shares the same physical location with Miami Community Charter High School, a related party through common control, and common expenditures. These common expenditures have been allocated between the Schools based on student enrollment.

Expenditures that are subject to allocation include, but are not limited to the following functional categories:

- Instruction
- Administration
- Operation of Plant

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

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits per State and Local Governments and provisions of Florida Statutes, the School 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 the School as a whole. Both statements report only governmental activities as the School does not engage in any business type activities.

**MIAMI COMMUNITY CHARTER MIDDLE SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and contributions which finance annual operating activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

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, liabilities, equity, revenues and expenditures. Major individual governmental funds, namely, the general, special revenue and capital project 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 not accounted for and reported in another fund.

Capital Projects Fund – used to account for financial resources used for the acquisition or construction of major capital facilities and for the proceeds and related expenditures of charter school capital outlay funding.

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service and capital projects.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of Miami Community Charter Middle School, Inc., (the “School”) are prepared in accordance with generally accepted accounting principles (GAAP). The School’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidelines*.

The government-wide statements report using the economic resources measurement focus and the 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. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Codification Section 1600.111 and Section N50 “*Accounting and Financial Reporting for Non-Exchange Transactions*”. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 current liabilities. The School considers revenues to be available if they are collected within 90 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. 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.

**MIAMI COMMUNITY CHARTER MIDDLE SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Basis 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, purchased services, and capital outlay).

Cash and Cash Equivalents

The School’s cash is considered to be cash on hand and demand deposits, with original maturities of three months or less.

Due from Governmental Agencies

Due from other agency consists of amounts due from other governmental units for revenues from federal, federal through state, state, or other sources and from advances made to other governmental units.

Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$750 on tangible personal property. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the costs and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture, fixtures and equipment	5-10 years
Leasehold improvements	15 Years

Compensated Absences

The School grants a specific number of days of sick/personal leave. Full-time employees are eligible for one day per month to up to ten days of active work during the ten-month period (a “benefit year”). In the event that available time is not used by the end of the benefit year, employees may “rollover” all unused days for use in future benefit years. There is an opportunity to “cash out” unused sick days however, the employees may only cash out if they have used three days or less of their sick leave in that benefit year. Employees may not cash out more than ten days per school year and are required to always maintain a minimum of twenty-one unused days. The cash value is eighty percent of their current 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 compensated absences available to be used in future benefit years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

**MIAMI COMMUNITY CHARTER MIDDLE SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until then. The School does not have any items that qualify for reporting in this category.

Government-wide Fund Net Assets

Government-wide fund net assets are divided into three components:

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment in capital assets for the year ending June 30, 2019 was \$297,311.
- Restricted net position – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2019 was \$0.
- Unrestricted net position – all other net position is reported in this category.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Non-spendable – 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). At June 30, 2019, the School had \$0 in non-spendable fund balance.
- 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. At June 30, 2019, there is restricted fund balance of \$0.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School’s Board of Directors. At June 30, 2019, there is no committed fund balance.
- Assigned – fund balance classification are intended to be used by the School’s management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2019, there is no assigned fund balance.
- Unassigned – fund balance is the residual classification for the School’s general fund and includes all spendable amounts not contained in the other classifications.

**MIAMI COMMUNITY CHARTER MIDDLE SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for non-general fund.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

Revenue Sources

Revenues for operations will be 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, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the 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, 2019, the School reported 291.70 unweighted FTE and 295.19 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).

**MIAMI COMMUNITY CHARTER MIDDLE SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The School may also receive federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For federal 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. Any excess amounts are recorded as deferred revenues until expensed. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

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.

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. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to financial statements. The School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 9, 2019, which is the date the financial statements were available to be issued.

NOTE 3 – DEPOSITS POLICY AND CREDIT RISK

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned to the School. The School does not have a custodial credit risk policy. All cash deposits are held in banks that qualify as public depositories under Florida law. All such deposits are insured by federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

As of June 30, 2019, the carrying amount of the School's operating cash deposit accounts was \$358,114 and the bank balance totaled \$367,383.

NOTE 4 – DUE FROM OTHER AGENCIES

The amounts due from other agencies included in the accompanying statement of net position and balance sheet – governmental funds mainly consists of amounts due from the Florida Department of Education funds for amounts due for the capital outlay funding recorded in the capital projects fund. These receivables are considered to be fully collectible and as such, no allowance for uncollectible accounts is accrued.

NOTE 5 – DUE FROM RELATED PARTIES

The School reported receivables of \$16,613 due from the Miami Community Charter High School (MCH) a related party through common control, in its Statement of Net Position and Balance Sheet – Governmental Funds. This amount represents a temporary zero interest demand loan given to partially fund current operations of MCH. The School expects to receive repayment of these loans within one year from the financial statement date. Terms of the repayment plans have not yet been established.

**MIAMI COMMUNITY CHARTER MIDDLE SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 5 – DUE FROM RELATED PARTIES (Continued)

The following schedule provides a summary of changes for the year ended June 30, 2019:

	Balance 7/1/18	Funding	Repayments	Balance at 6/30/19
Due from MCH	\$ 24,518	\$ 296,079	\$ 303,984	\$ 16,613
	<u>\$ 24,518</u>	<u>\$ 296,079</u>	<u>\$ 303,984</u>	<u>\$ 16,613</u>

NOTE 6 – CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2019:

	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
Capital Assets				
Improvements other than buildings	\$ 325,244	\$ 44,330	\$ -	\$ 369,574
Furniture, fixtures and equipment	189,658	6,278	-	195,936
Total Capital Assets	<u>\$ 514,902</u>	<u>\$ 50,608</u>	<u>\$ -</u>	<u>\$ 565,510</u>
Less Accumulated Depreciation				
Improvements other than buildings	\$ (128,583)	\$ (25,510)	\$ -	\$ (154,093)
Furniture, fixtures and equipment	(92,600)	(21,506)	-	(114,106)
Total Accumulated Depreciation	<u>(221,183)</u>	<u>(47,016)</u>	<u>-</u>	<u>(268,199)</u>
Capital Assets, net	<u>\$ 293,719</u>	<u>\$ 3,592</u>	<u>\$ -</u>	<u>\$ 297,311</u>

Depreciation expense for the year ended June 30, 2019 was \$47,016 and was allocated to instruction.

NOTE 7 – OBLIGATIONS UNDER FINANCED EQUIPMENT

The School financed computer equipment with an asset value of \$39,537. A payment of \$13,920 was paid during the year and the balance was \$25,617 at June 30, 2019. The following schedule provides a summary of changes for the year ended June 30, 2019:

	Balance 7/1/18	Borrowings	Repayments	Balance at 6/30/19
Note Payable	\$ -	\$ 39,537	\$ 13,920	\$ 25,617

Future maturities are as follows:

Year Ended June 30,	
2020	\$ 13,920
2021	11,697
	<u>\$ 25,617</u>

**MIAMI COMMUNITY CHARTER MIDDLE SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 8 – DUE TO MIAMI COMMUNITY CHARTER SCHOOL – RELATED PARTY

The School reported a liability of \$150,361 payable to the Miami Community Charter School, a related party through common control, in its Statement of Net Position and Balance Sheet – Governmental Funds. This amount represents a temporary zero interest loan received to partially fund current operations of the School. The School expects to repay these loans within one year from the financial statement date. Terms of the repayment plan have not yet been established.

The following schedule provides a summary of changes for the year ended June 30, 2019:

	<u>Balance 7/1/18</u>	<u>Funding</u>	<u>Repayments</u>	<u>Balance at 6/30/19</u>
Due to MCS	\$ 214,795	\$ 3,039,472	\$ 3,103,906	\$ 150,361
	<u>\$ 214,795</u>	<u>\$ 3,039,472</u>	<u>\$ 3,103,906</u>	<u>\$ 150,361</u>

NOTE 9 – INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2019, the School’s capital projects fund owed the general fund \$20,141 for expenditures awaiting reimbursement from other agencies. These amounts of inter-fund receivables and payables are netted together and not reported in the statement of net position.

NOTE 10 – FACILITY LEASE – RELATED PARTY

On October 1, 2010, Miami Community Charter School, Inc. (a related party through common control) issued \$7,700,000 of bonded debt to construct an educational facility on land owned by Miami Community Charter School, Inc. On October 1, 2010, a lease was executed by Miami Community Charter School, Inc., Miami Community Charter Middle School, Inc., and Miami Community Charter High School, Inc. to pledge FEFP revenue in proportionate amounts to pay the debt service on the bonded debt over a term commencing July 1, 2011 and ending June 30, 2041. The proportions of contributions by these Schools to pay lease payments are based on student enrollment. Miami Community Charter Middle School expended \$279,000 under this lease agreement in the fiscal year ended June 30, 2019.

The following schedule of future lease payments is based on estimated apportionment. Annual required minimum lease payments are as follows:

<u>Fiscal Year Ending</u>	<u>Annual Amount</u>
2020	\$ 279,000
2021	279,000
2022	279,000
2023	279,000
2024	279,000
2025-2029	1,395,000
2030-2034	1,395,000
2035-2039	1,395,000
2040-2041	558,000
	<u>\$ 6,138,000</u>

**MIAMI COMMUNITY CHARTER MIDDLE SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 11 – RISK MANAGEMENT

The School 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 the School 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. The School does not sponsor a public entity risk pool and has had no settlements that have exceeded their insurance coverage.

NOTE 12 – SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the School’s State revenue:

Source	Amount
Florida education finance program	\$ 1,263,431
Class size reduction	270,850
Discretionary local effort	180,692
Supplementary Academic Instruction	98,278
Student transportation	64,206
Instructional materials	22,204
ESE guaranteed allocation	12,588
Reading allocation	11,883
Safe schools	8,147
Discretionary lottery	957
Mental health assistance	6,542
Digital classroom allocation	4,089
Additional School Resource Officer	8,740
Florida teachers lead	4,661
Miscellaneous state revenue	9,774
Total state revenue	<u><u>\$ 1,967,042</u></u>

As provided in the charter school contract and Florida Department of Education Rules, the District has charged the School an administrative fee on FEFP revenue for the first 250 FTE, which totaled \$83,685 for the year ended June 30, 2019.

NOTE 13 – PROFESSIONAL SERVICE CONTRACTS

The School entered into an annual contract for professional services with School Financial Services, Inc. to perform various financial, accounting, payroll, and purchasing services. The contract is cancellable by either party with 30 days written notice. The professional fees for the year ended June 30, 2019, were \$59,807.

The School entered into a contract for the period July 1, 2016, to June 30, 2020, with School Development Group, Inc. The contract calls for School Development Group, Inc. to provide the School with general management of the School’s operations, negotiate operational contracts with vendors, and manage business dealings of the School with outside entities. The contract is cancellable with 60 days written notice. An annual fee is to be 3.5% of the School’s monthly FEFP revenue less the District’s administrative fee, to be paid in monthly installments. During the year, the School terminated this contract and there were no expenditures for the year ended June 30, 2019.

**MIAMI COMMUNITY CHARTER MIDDLE SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 14 – 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.

NOTE 15 – GRANTS

In the normal course of operations, the School receives grant funds from various federal, state and local agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

MIAMI COMMUNITY CHARTER MIDDLE SCHOOL, INC.
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL -
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2019

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 1,812,685	\$ 1,967,042	\$ 1,967,042
Other income	18,147	15,419	15,419
TOTAL REVENUES	\$ 1,830,832	\$ 1,982,461	\$ 1,982,461
EXPENDITURES			
Instruction	\$ 881,173	\$ 950,561	\$ 950,561
Instructional support services	42,749	46,709	46,709
Instructional media services	143	-	-
Instruction and curriculum development	26,272	16,645	16,645
Instructional staff training services	507	5,260	5,260
Instructional related technology	26,457	27,836	27,836
School board	124,557	129,140	129,140
School administration	220,625	263,319	263,319
Facilities acquisition & construction	155,380	101,418	101,418
Fiscal services	52,805	59,127	59,127
Pupil transportation services	115,457	64,206	64,206
Operation of plant	178,202	173,668	173,668
Maintenance of plant	40,104	21,492	21,492
Community service	-	796	796
Other capital outlay	1,981	50,608	50,608
Debt service	-	-	-
TOTAL EXPENDITURES	\$ 1,866,412	\$ 1,910,785	\$ 1,910,785
Net change in fund balance	<u>\$ (35,580)</u>	<u>\$ 71,676</u>	<u>\$ 71,676</u>

See accompanying note to the required supplemental information.

MIAMI COMMUNITY CHARTER MIDDLE SCHOOL, INC.
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL -
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal passed through state and local	\$ 189,875	\$ 189,233	\$ 189,233
TOTAL REVENUES	<u>\$ 189,875</u>	<u>189,233</u>	<u>\$ 189,233</u>
EXPENDITURES			
Instructional services	\$ 184,449	\$ 168,416	\$ 168,416
Instructional support services	5,426	1,806	1,806
Instructional staff training services	-	3,000	3,000
Operation of plant	-	1,837	1,837
Debt service	-	14,174	14,174
TOTAL EXPENDITURES	<u>\$ 189,875</u>	<u>189,233</u>	<u>\$ 189,233</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to the required supplemental information.

MIAMI COMMUNITY CHARTER MIDDLE SCHOOL, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Capital Projects Funds		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ 131,705	\$ 177,582	\$ 177,582
TOTAL REVENUES	\$ 131,705	177,582	\$ 177,582
EXPENDITURES			
Facilities acquisition & construction	\$ 131,705	\$ 177,582	177,582
TOTAL EXPENDITURES	\$ 131,705	177,582	\$ 177,582
 Net change in fund balance	 \$ -	 \$ -	 \$ -

See accompanying note to the required supplemental information.

**MIAMI COMMUNITY CHARTER MIDDLE SCHOOL
NOTE TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

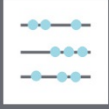
NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2019, has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general, special revenue, and debt service funds for which a legally adopted budget exists.

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).



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 of
Miami Community Charter Middle School, Inc.
Florida City, 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 Community Charter Middle School (the "School"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 9, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Verdepin DeArmas Trujillo".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 9, 2019



MANAGEMENT LETTER

Board of Directors of
Miami Community Charter Middle School, Inc.
Florida City, Florida

Report on the Financial Statements

We have audited the financial statements of Miami Community Charter Middle School (the “School”), a non-major component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated September 9, 2019.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 9, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding audit report.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity and the school code assigned by the Florida Department of Education of the entity is Miami Community Charter Middle School, Inc. and #136048.

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific

condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment procedures applied in connection with our audit, has lead us to believe that the School's overall financial condition as of June 30, 2019 is not deteriorating.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

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

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate 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 warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management and Miami Community Charter Middle School, Inc. is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 9, 2019