

**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, 2011

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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

2010-2011

Administration

Executive Director: Gary Meredith (2008-Present)

Board of Directors

Chairperson Alan Silbert, MD (2007-2010)

Vice Chairperson Dr. Joan Lutton (2004-2012)

Treasurer Kay Brown (2010-2011)

Secretary Alice Burch (2004-2011)

Board Members Reid Bernstein (2005-2012) Alison Harke (2007-2011)
Dennis Kleinman (2005-2011) Chester Morris (2008-2011)
William Heffernan (2004-2011) Dr. Terry Piper (2009-2012)
Jim McCoy (2009-2011) Iris Gomez (2010-2013)
Sarah Mourer (2009-2012)

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, 2011, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of DCSMS, as of June 30, 2011 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2011, 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.

Handwritten signature in cursive script that reads "HLB Gurnee, LLP".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 30, 2011

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

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, 2011. 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 537 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 assets of the School exceeded its liabilities at June 30, 2011 by \$377,409 (net assets).
2. At year-end, the School had current assets on hand of \$352,242.
3. The net assets of the School decreased by \$(181,334) during the year.
4. The unassigned fund balance at year end was \$15,302.

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, 2011 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 Assets* presents information on all of DCSMS's assets and liabilities. The difference between the two is reported as *net assets*. Over time the change in net assets 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 assets changed during the fiscal year. All changes in net assets 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, 2011

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 assets may serve over time as a useful indicator of a charter school's financial position. In the case of the School, assets exceeded liabilities by \$377,409 at the close of the fiscal year. A summary of the School's net assets as of June 30, 2011 and 2010 follows:

	2011	2010
Cash	\$ 247,262	\$ 503,522
Receivables	1,066	5,116
Prepaid expenses and other assets	55,799	28,745
Due from other agencies	69,331	37,101
Capital Assets	<u>260,230</u>	<u>259,530</u>
Total Assets	<u>\$ 633,688</u>	<u>\$ 834,014</u>
Current liabilities	<u>\$ 256,279</u>	<u>\$ 275,271</u>
Total Liabilities	<u>\$ 256,279</u>	<u>\$ 275,271</u>
Invested in capital assets	\$ 260,230	\$ 259,530
Donor restricted	46,018	99,829
Unrestricted	<u>71,161</u>	<u>199,384</u>
Total Net Assets	<u>\$ 377,409</u>	<u>\$ 558,743</u>

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

At the end of the year, DCSMS is able to report continued positive balances in the categories of net assets. 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, 2011 and 2010 follows.

	2011	2010
REVENUES		
State capital outlay funding	\$ 258,734	\$ 319,196
State passed through local	3,181,017	3,362,324
Local sources	36,833	40,772
Federal school lunch program	113,327	101,371
Federal sources	54,267	-
Charges for services	144,531	178,545
Fundraising and other revenues	64,968	84,453
Interest Income	1,342	2,499
Total Revenues	<u>3,855,019</u>	<u>4,089,160</u>
EXPENSES		
Instruction	\$2,156,143	\$2,237,129
Instruction and Curriculum		
Development Services	50,577	155,281
Instructional Staff Training Services	-	-
General Administration	422,087	407,331
School Administration	385,771	400,108
Fiscal Services	153,062	231,808
Food Services	131,858	126,739
Central Services	85,596	80,286
Pupil Transportation Services	93,031	83,235
Operation of Plant	305,709	304,223
Maintenance of Plant	108,199	117,215
Community Service	123,896	5,444
Unallocated depreciation	20,424	165,508
Total Expenses	<u>4,036,353</u>	<u>4,314,307</u>
Increase(decrease) – in net assets	(181,334)	(225,147)
Net Assets at Beginning of Year	558,743	783,890
Net Assets at End of Year	<u>\$ 377,409</u>	<u>\$ 558,743</u>

DCSMS's revenue decreased by \$234,141 in the current year and expenses decreased by \$277,954. The most significant cause for the revenue decrease was a decrease in the number of students compared to prior year. The decrease in expenses is mainly due to a decrease 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 537 students enrolled in grades five through twelve.

For those students who live more than two miles and less than four miles from DCSMS facilities, DCSMS receives transportation funding from the District School Board of Miami-Dade County, Florida using the FEFP formula to reimburse DCSMS for the cost of transporting these students to school. DCSMS received \$39,816 for the 2010-2011 school year for 119 students or \$336 per student. The cost of providing transportation services was \$78,310, net of \$11,110 in fees charged. DCSMS thus provided transportation services at a deficit of \$38,494. This deficit was funded through donations, interest, and general fundraising.

Achievements

DCSMS is a college preparatory school that emphasizes the core curriculum to prepare the students for the college of their choice. Students are required to attend seven periods of instruction from 8:00 a.m. to 3:15 p.m. The school has an interdisciplinary approach employing thematic units. Technology is infused throughout all subjects to enhance the educational experience of our students. DCSMS offers a unique course offering by allowing students to complete courses online via Florida Virtual Schools during the school day. This allows the students to take higher level courses that are not offered on campus. Highly-qualified teachers, with paraprofessional assistance, instruct the students in the core courses. Individualized instruction is further augmented by tutoring and supplemental instruction provided by many of our teachers on a weekly basis. Every student that has graduated from DCSMS has been accepted into the college of their choice. Close contact with parents is maintained through our school website, a weekly newsletter, and online posting of daily homework, projects, and grades. Honor societies and various clubs are offered after school to allow our students to explore areas of personal interest. An athletic program is offered that includes a variety of team sports. Last year, DCSMS became only the seventh school in Florida to be named a "Florida Gold Seal of Excellence School". In addition, the school was rated #374 in Newsweek's "America's Best High Schools 2011". Newsweek list included the best 500 high schools in the country.

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 balance of \$4,746. The fund deficit unassigned and available for spending at the School's discretion is \$(51,053). These funds will be available for the School's future ongoing operations.

Capital Assets

The School's investment in capital assets as of June 30, 2011 amounts to \$ 260,230 (net of accumulated depreciation). This investment in capital assets includes improvements, furniture, fixtures and computer equipment. As of June 30, 2011, the School had long term debt totaling \$- relating to current construction in progress of new building.

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

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	\$ 400,000	\$ 400,000	\$258,734
Federal Sources	-	-	54,267
Lunch program	85,000	85,000	113,327
Charges for Services	58,000	58,000	86,432
General Revenues			
FTE Nonspecific Revenues	3,336,054	3,336,054	3,181,017
Other Revenues	4,500	4,500	3,181
Local sources	48,000	48,000	36,833
Total Revenues	<u>\$ 3,931,554</u>	<u>\$ 3,931,554</u>	<u>\$ 3,733,791</u>
CURRENT EXPENSES			
Component Unit Activities:			
Instruction	1,998,680	1,998,680	\$ 2,156,142
Instructional Staff Training Services	30,000	30,000	51,598
General Administration	420,430	420,430	422,087
School Administration	409,144	409,144	385,771
Fiscal Services	221,740	221,740	153,062
Food Services	115,000	115,000	131,858
Central Services	82,000	82,000	85,596
Pupil Transportation Services	82,000	82,000	93,031
Operation of Plant	313,000	313,000	305,709
Maintenance of Plant	60,060	60,060	108,199
Total Current Expenses	<u>3,732,054</u>	<u>3,732,054</u>	<u>3,893,053</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. Gary Meredith, 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 ASSETS
JUNE 30, 2011

	<u>2011</u>	<u>2010</u> (Summarized Comparative Information)
<u>Assets</u>		
Current Assets:		
Cash	\$ 247,262	\$ 503,522
Accounts receivable, net of allowance	1,066	5,116
Due from other agencies	69,331	37,101
Prepaid expenses	34,583	7,529
	<u>352,242</u>	<u>553,268</u>
Capital assets, depreciable	1,258,802	1,237,677
Less accumulated depreciation	(998,572)	(978,147)
	<u>260,230</u>	<u>259,530</u>
Deposits	<u>21,216</u>	<u>21,216</u>
Total Assets	<u>\$ 633,688</u>	<u>\$ 834,014</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts payable	\$ 15,653	\$ 27,706
Accrued liabilities	240,626	247,565
Total Liabilities	<u>256,279</u>	<u>275,271</u>
Net Assets:		
Invested in capital assets, net of related debt	260,230	259,530
Donor restricted	46,018	99,829
Unrestricted	71,161	199,384
Total Net Assets	<u>377,409</u>	<u>558,743</u>
Total Liabilities and Net Assets	<u>\$ 633,688</u>	<u>\$ 834,014</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, 2011

FUNCTIONS	2011				2010	
	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 Assets
Component Unit Activities:						
Instruction	\$ 2,156,143	\$ -	\$ 91,100	\$ -	\$ (2,065,043)	\$ (2,196,357)
Instruction and Curriculum Development	50,577	56,430			5,853	27,745
Instructional Staff Training Services					-	-
General Administration	422,087				(422,087)	(407,331)
School Administration	385,771				(385,771)	(400,108)
Fiscal Services	153,062				(153,062)	(231,808)
Food Services	131,858	17,892	113,327		(639)	13,942
Central Services	85,596				(85,596)	(80,286)
Pupil Transportation Services	93,031	12,110			(80,921)	(67,639)
Operation of Plant	305,709			258,734	(46,975)	(92,122)
Maintenance of Plant	108,199				(108,199)	(36,859)
Community Services	123,896		121,228		(2,668)	19,622
Unallocated depreciation	20,424				(20,424)	(138,769)
Total Component Unit Activities	4,036,353	86,432	325,655	258,734	(3,365,532)	(3,589,970)
General revenues:						
Government grants not restricted to specific programs					3,181,017	3,362,324
Interest and other income					3,181	2,499
Change in Net Assets					(181,334)	(225,147)
Net assets - beginning					558,743	783,890
Net assets - ending					\$ 377,409	\$ 558,743

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, 2011

	2011			2010	
	General Fund	Special Revenue Fund	Non-major fund fundraising	Total Governmental Funds	(Summarized Comparative Information)
<u>Assets</u>					
Cash	\$ 121,356	\$ 46,018	\$ 79,888	\$ 247,262	\$ 503,522
Accounts receivable, no allowance necessary	1,066	-	-	1,066	5,116
Due from other agencies	-	69,331	-	69,331	37,101
Prepaid expenses	34,583	-	-	34,583	7,529
Deposits receivable	21,216	-	-	21,216	21,216
Interfund receivable	69,331	-	-	69,331	37,101
Total Assets	\$ 247,552	\$ 115,349	\$ 79,888	\$ 442,789	\$ 611,585
<u>Liabilities</u>					
Accounts payable and accrued liabilities	\$ 242,806	\$ -	\$ 13,473	\$ 256,279	\$ 275,271
Interfund liability		69,331	-	69,331	37,101
Total Liabilities	242,806	69,331	13,473	325,610	312,372
<u>Fund balance</u>					
Unassigned	(51,053)	-	66,415	15,362	170,639
Unspendable	55,799			55,799	28,745
Donor restricted	-	46,018		46,018	99,829
Total Fund Balance	4,746	46,018	66,415	117,179	299,213
Total Liabilities and Fund Balance	\$ 247,552	\$ 115,349	\$ 79,888	\$ 442,789	\$ 611,585

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 ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

Total Fund Balance - Governmental Funds \$ 117,179

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

Capital assets of \$1,258,802 net of accumulated depreciation of \$998,572 used in governmental activities are not financial resources and therefore are not reported in the fund.

260,230

Total Net Assets - Governmental Activities \$ 377,409

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, 2011

	2011			2010	
	General Fund	Special Revenue Fund	Non-major fund fundraising	Total Governmental Funds	(Summarized Comparative Information)
Revenues:					
State capital outlay funding	\$ -	\$ 258,734	\$ -	\$ 258,734	\$ 319,196
State passed through local	3,181,017	-	-	3,181,017	3,362,324
Local sources	36,833	-	-	36,833	40,772
Federal sources	-	54,267	-	54,267	-
Federal school lunch program	-	113,327	-	113,327	101,371
Charges for services	68,540	17,892	-	86,432	178,545
Fundraising and other revenues	-	-	121,228	121,228	84,453
Interest and other income	2,922	259	-	3,181	2,499
Total Revenues	\$ 3,289,312	\$ 444,479	\$ 121,228	\$ 3,855,019	\$ 4,089,160
Expenditures:					
Current:					
Instruction	\$ 2,048,444	\$ 107,698	\$ -	\$ 2,156,142	\$ 2,237,129
Instructional and Curriculum Development	51,598	-	-	51,598	155,281
General Administration	422,087	-	-	422,087	407,331
School Administration	385,771	-	-	385,771	400,108
Fiscal Services	153,062	-	-	153,062	231,808
Food Services	-	131,858	-	131,858	126,739
Central Services	85,596	-	-	85,596	80,286
Pupil Transportation Services	93,031	-	-	93,031	83,235
Operation of Plant	125,709	180,000	-	305,709	304,223
Maintenance of Plant	50,590	57,609	-	108,199	117,215
Community Services	-	-	122,875	122,875	5,444
Capital Outlay:					
Facilities Acquisition and Construction	-	21,125	-	21,125	31,295
Debt Service:					
Redemption of Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	3,415,888	498,290	122,875	4,037,053	4,180,094
Excess (deficit) of Revenues Over Expenditures	(126,576)	(53,811)	(1,647)	(182,034)	(90,934)
Other financing sources					
Transfer in and (out)	-	-	-	-	-
Net change in fund balance	(126,576)	(53,811)	(1,647)	(182,034)	(90,934)
Fund Balance at beginning of year	131,322	99,829	68,062	299,213	390,147
Fund Balance at end of year	\$ 4,746	\$ 46,018	\$ 66,415	\$ 117,179	\$ 299,213

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 ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Change in Fund Balance - Governmental Funds \$ (182,034)

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 \$21,125 differed from depreciation expense of \$20,424.

700

Change in Net Assets of Governmental Activities \$ (181,334)

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, 2011 which covers the 2010-2011 school year. DCSMS had an enrollment of 536 students during that school year.

Note 2 – Summary of Significant Accounting Policies

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net assets 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. 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

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 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.

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

Note 2 – Summary of Significant Accounting Policies (continued)

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 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 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. Revenues from non-exchange transactions are reported according to 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 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. 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.

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 the School by other governments or agencies are for grants or programs under which the services have been provided by the School.

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 assets 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 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, 2010 \$26,739 of capital outlay or FTE funds were used to purchase capital assets.

Charges for Services

DCSMS charges students for various instruction and curriculum development programs including music, tutoring, food, summer camp, 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.

Revenue Sources

Revenues for operations are received primarily from the District pursuant to the funding provisions included in the 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 Florida Education Finance Program. Funding for DCSMS 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 DCSMS during the designated full-time equivalent student survey periods. In addition, DCSMS receives an annual allocation of capital outlay funds.

Note 2 – Summary of Significant Accounting Policies (continued)

Compensated Absences

The School 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.

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. Accordingly, no tax provision has been made in the accompanying financial statements.

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through August 30, 2011, which is the date the financial statements were available to be issued.

Net assets and Fund balance classifications

Government-wide financial statements

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

- a) Invested in capital assets, net of related debt - 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.

Note 2 – Summary of Significant Accounting Policies (continued)

- b) Restricted net assets - 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. Restricted net assets of the School relate to reserves required by the landlord for property maintenance and repairs.
- c) Unrestricted net assets - all other net assets 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 - 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). All nonspendable fund balances at year end relate to not in spendable form assets.
- 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 the School 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 the School's Board of Directors. There are no committed fund balances at year end.
- d) 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. There are no assigned fund balances at year end.
- e) Unassigned - fund balance is the residual classification for the School's general fund and includes all spendable amounts not contained in the other classifications

Order of Fund Balance Spending Policy

The School'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.

Note 2 – Summary of Significant Accounting Policies (continued)

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 the School's policy to maintain its cash and cash equivalents in major banks and in high grade investments. As of June 30, 2011, the carrying amount of the School's deposits was \$247,262 and the respective bank balances totaled \$274,258.

Under the Dodd-Frank Act, non-interest bearing deposits at FDIC-insured institutions are fully insured through December 31, 2012. All accounts held by the School are non-interest bearing and therefore fully insured by the FDIC as of June 30, 2011.

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, the School 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 the School.

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011:

	Balance 6/30/10	Addition	Disposal	Balance 6/30/11
Capital Assets:				
Furniture and fixtures	\$623,625	-	-	\$ 623,625
Building and fixed equipment	565,670	14,300	-	579,970
Computer software	48,382	6,825	-	55,207
Total Capital Assets	<u>1,237,677</u>	<u>21,125</u>	-	<u>1,258,802</u>
Less Accumulated Depreciation:				
Furniture and fixtures	(686,509)	-	-	(686,509)
Building and fixed equipment	(267,394)	(11,079)	-	(278,473)
Computer software	(24,244)	(9,346)	-	(33,590)
Total Accumulated Depreciation	<u>(978,147)</u>	<u>(20,425)</u>	-	<u>(998,572)</u>
Capital Assets	<u>\$259,530</u>			<u>\$260,230</u>

Depreciation expense for the year ended June 30, 2011 was \$20,425.

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, 2011 the grant had an available balance of approximately \$1,900,000.

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 5% of the qualifying revenues of the School. For the year ended June 30, 2011, administrative fees withheld by the School District totaled \$58,306

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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 5% of the employee’s base salary and will match an additional 4% if the employee contributes 5% for a total potential match of 9%. As of June 30, 2011, DCSMS incurred \$173,765 in contribution costs related to the Plan.

Note 8 – 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.

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, 2011

	General Fund		
	Original Budget	Final Budget	Actual
Revenues:			
State passed through local	\$ 3,336,054	\$ 3,336,054	\$ 3,181,017
Local sources	48,000	48,000	36,833
Charges for services	28,000	28,000	68,540
Interest and other income	4,500	4,500	2,922
Total Revenues	<u>\$ 3,416,554</u>	<u>\$ 3,416,554</u>	<u>\$ 3,289,312</u>
Expenditures:			
Current:			
Instruction	\$ 1,998,680	\$ 1,998,680	\$ 2,048,444
Instructional and Curriculum Development	30,000	30,000	51,598
Instructional Staff Training Services	-	-	-
General Administration	420,430	420,430	422,087
School Administration	409,144	409,144	385,771
Fiscal Services	221,740	221,740	153,062
Food Services	-	-	-
Central Services	82,000	82,000	85,596
Pupil Transportation Services	82,000	82,000	93,031
Operation of Plant	133,000	133,000	125,709
Maintenance of Plant	39,560	39,560	50,590
Community Services	-	-	-
Capital Outlay:			
Facilities Acquisition and Construction	-	-	-
Debt Service:			
Redemption of Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>\$ 3,416,554</u>	<u>\$ 3,416,554</u>	<u>\$ 3,415,888</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, 2011

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
Revenues:			
State capital outlay funding	\$ 400,000	\$ 400,000	\$ 258,734
Federal sources	-	-	54,267
Charges for services	30,000	30,000	17,892
Federal school lunch program	85,000	85,000	113,327
Interest income	-	-	259
Total Revenues	\$ 515,000	\$ 515,000	\$ 444,479
Expenditures:			
Current:			
Instruction	\$ -	\$ -	\$ 107,698
Food service	115,000	115,000	131,858
Operation of Plant	180,000	180,000	180,000
Maintenance of Plant	20,500	20,500	57,609
Capital Outlay:			
Facilities Acquisition and Construction	199,500	199,500	21,125
Total Expenditures	\$ 515,000	\$ 515,000	\$ 498,290

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 the financial statements 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, 2011 and have issued our report thereon dated August 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered DCSMS’s internal control over financial reporting as a basis for designing our auditing procedures 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 control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of DCSMS’s internal control over financial reporting.

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 DCSMS’s financial statements will not be prevented, or detected and corrected on a timely basis

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

This report is intended solely for the information and use of management, the audit committee, the Auditor General of the State of Florida and the School Board of Miami-Dade County and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 30, 2011

MANAGEMENT LETTER

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

We have audited the accompanying basic financial statements of Miami Shores Village Charter School Authority d/b/a Doctors Charter School of Miami Shores as of and for the year ended June 30, 2011 and have issued our report thereon dated August 30, 2011.

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. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosure in those reports, which are dated , should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which govern the conduct of charter school audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report or schedule:

1. 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 and recommendations made in the preceding annual financial audit report.

2. 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.

3. Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of laws, regulations, 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 more than inconsequential.

In connection with our audit, we did not have any such violations.

4. Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement accounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

In connection with our audit, we did not have any such findings.

5. Section 10854.(1)(e)6., Rules of the Auditor General, requires the name or official title of the school.

The official title of the school is disclosed in the accompanying financial statements.

6. Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the school 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, no such conditions were noted.

7. Pursuant to Sections 10.854(1)(3)7.a. and 10.855(10)., Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the 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 and no deteriorating financial condition has been noted.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, the audit committee, the Auditor General of the State of Florida and the School Board of Miami-Dade County, and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 30, 2011