

**Archimedean Middle Conservatory**  
A Department of Archimedean Academy, Inc.  
(A Component Unit of the School Board of  
Miami-Dade County, Florida)

Basic Financial Statements and  
Additional Information  
For the Year Ended June 30, 2016

# Archimedean Middle Conservatory

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Archimedean Middle Conservatory,  
A Department of Archimedean Academy, Inc.  
Miami, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Archimedean Middle Conservatory (the "School") a department of Archimedean Academy, Inc. and a component unit of the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2016, 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 and each major fund of the School as of June 30, 2016, 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.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements of the School are intended to present the financial position and change in financial position of only that portion of the governmental activities and each major fund of Archimedean Academy, Inc. that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of Archimedean Academy, Inc. as of June 30, 2016, and the changes in its financial position or budgetary comparisons, where applicable, for the year ended June 30, 2016, in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the statement of revenues and expenditures – budget and actual – general fund on pages 3 through 7 and 22 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2016, 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.

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
August 30, 2016

# MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Archimedean Middle Conservatory (the "School"), we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2016.

Management's discussion and analysis is included at the beginning of the School's basic financial statements to provide, in layman's terms, the past and current position of the School's financial condition. This summary should not be taken as a replacement for the audit which consists of the basic financial statements and other supplementary information which immediately follow this discussion.

### **Financial Highlights**

Our basic financial statements provide these insights into the results of this year's operations.

- As of June 30, 2016, the School had a net position of \$ 450,051.
- As of June 30, 2016, the School's fund balances were \$ 310,355.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide basic financial statements, 2) fund basic financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide basic financial statements:** The government-wide basic 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, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, 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 basic financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instructional support services.

The government-wide basic financial statements can be found on pages 8 and 9 of this report.

**Fund financial statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds:** 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 basic financial statements. However, unlike the government-wide basic financial statements, governmental fund basic financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide basic financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide basic financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in balance. The General Fund and Capital Project Fund are considered to be the School's major funds.

The School adopts an annual budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund.

The governmental funds financial statements can be found on pages 10 through 13 of this report.

**Notes to basic financial statements:** The notes provide additional information that is essential for 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 14 through 21 of this report.

### **Government-Wide Financial Analysis**

The School has been in operation since 2005; therefore, comparative government-wide data is presented. The School's net position was \$ 450,051 at June 30, 2016. Of this amount, \$ 310,355 represented unrestricted net position and \$ 139,696 represented the net investment in capital assets.

**Government-Wide Financial Analysis (continued)**

Our analysis in the table below focuses on the net position of the School's governmental activities:

Archimedean Middle Conservatory Net Position		
	<b>2016</b>	<b>2015</b>
<b>Assets:</b>		
Current assets	\$ 537,708	\$ 469,190
Capital assets, net of depreciation	139,696	153,189
Total assets	677,404	622,379
<b>Liabilities:</b>		
Current liabilities	227,353	229,083
Total liabilities	227,353	229,083
<b>Net Position:</b>		
Net investment in capital assets	139,696	153,189
Unrestricted	310,355	240,107
Total net position	\$ 450,051	\$ 393,296

**Governmental activities:** The results of this year's operations for the School as a whole are reported in the statement of activities on page 9. The table below provides a condensed presentation of the School's revenues and expenses for the years ended June 30, 2016 and 2015:

Archimedean Middle Conservatory Changes in Net Position		
	<b>2016</b>	<b>2015</b>
<b>Revenues:</b>		
Grants and entitlements	\$ 2,216,061	\$ 2,101,520
Program revenues	69,460	115,793
Other revenues	206,032	180,761
Total revenues	2,491,553	2,398,074
<b>Functions/Program Expenses:</b>		
Instruction	1,550,438	1,456,730
Instructional support services	608,849	610,795
Operation of noninstructional services	275,511	297,359
Total expenses	2,434,798	2,364,884
Change in net position	\$ 56,755	\$ 33,190



**Archimedean Middle Conservatory  
Management's Discussion and Analysis  
June 30, 2016**

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**Governmental Fund Expenditures**

In the table below, we have presented the cost of the largest functions/programs as a percentage of total governmental expenditures:

<u>Functions/Programs</u>	<u>2016</u>		<u>2015</u>	
	<u>Expenditures</u>	<u>Percent</u>	<u>Expenditures</u>	<u>Percent</u>
Governmental expenditures:				
Regular instruction	\$ 1,515,084	62.5%	\$ 1,421,525	60.7%
Instructional services	52,532	2.2%	55,307	2.4%
Administrative services	268,152	11.1%	270,664	11.6%
Plant operations and maintenance	400,305	16.5%	432,620	18.5%
All other functions/programs	<u>185,232</u>	<u>7.7%</u>	<u>162,129</u>	<u>6.9%</u>
Total governmental expenditures	\$ <u>2,421,305</u>	<u>100.0%</u>	\$ <u>2,342,245</u>	<u>100.0%</u>

**General Fund Budgetary Highlights**

Actual revenues were approximately 4.2% higher than budgeted amounts for the General Fund largely resulting from unbudgeted in-kind revenues from professional teaching supplied from the Greek Government. Total expenditures were approximately 6.9% higher than budgeted amounts, principally due to the same reasoning regarding unbudgeted in-kind expenses from professional teaching supplied from the Greek Government, as well as unbudgeted community services expenditures.

**Capital Assets And Debt Administration**

**Capital assets:** At June 30, 2016, the School had capital assets of \$ 139,696, net of accumulated depreciation, invested in computer equipment, furniture, equipment and textbooks, and leasehold improvements, as compared to \$ 153,189 at June 30, 2015.

**Debt:** At June 30, 2016, the School had no outstanding debt.

### **Economic Factors**

Facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations of the School for fiscal year 2015-2016 include:

- The School was awarded the title of the most philosophical school in America during the Kids Philosophy Slam 2016, 2015, 2014, and 2013.
- The School continues to be a High Performing Charter School, which it has been since its inception.
- The School was State Champions in Science Olympiad for years 2016 and 2015. The School was also 1st in Civics EOC for 2016 and 2015.
- The School has also been recognized as a Blue Ribbon School since 2011 from the U.S. Department of Education.
- The School obtained "Advanced Ed" accreditation as a school and school district in 2016.

### **Requests for Information**

If you have any questions about this report or need additional information, please write to Mr. Dimitrios Bardoutsos at Archimedean Academy, Inc.; 12425 S.W. 72<sup>nd</sup> Street (Sunset Drive); Miami, Florida 33183.

BASIC  
FINANCIAL STATEMENTS

**Archimedean Middle Conservatory**  
**Statement of Net Position**  
**June 30, 2016**

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	<b>Governmental Activities</b>
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 106,681
Due from other governments	42,949
Due from other schools	372,245
Accounts receivable	4,977
Prepaid expenses	8,463
Deposits	<u>2,393</u>
Total current assets	537,708
<b>Noncurrent Assets:</b>	
Capital assets, net of accumulated depreciation	<u>139,696</u>
Total assets	<u>677,404</u>
<b>Current Liabilities:</b>	
Accounts payable	20,997
Accrued expenses	<u>206,356</u>
Total current liabilities	<u>227,353</u>
Total liabilities	<u>227,353</u>
<b>Net Position:</b>	
Net investment in capital assets	139,696
Unrestricted	<u>310,355</u>
Total net position	\$ <u><u>450,051</u></u>

The accompanying notes to basic financial statements are an integral part of these statements.

**Archimedean Middle Conservatory**  
**Statement of Activities**  
**For the Year Ended June 30, 2016**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Activities Net Revenue (Expense) and Change in Net Position</u>
<b>Functions/Programs:</b>					
Instruction:					
Regular instruction	\$ 1,550,438	\$ -	\$ -	\$ -	\$ (1,550,438)
Instructional support services:					
Pupil personnel services	45,882	-	-	-	(45,882)
Instructional staff training services	3,958	-	-	-	(3,958)
Instructional-related technology	2,692	-	-	-	(2,692)
School administration	140,772	-	-	-	(140,772)
Operation of plant	323,863	-	-	69,460	(254,403)
Maintenance of plant	91,682	-	-	-	(91,682)
Operation of non-instructional services:					
General administration	146,788	-	-	-	(146,788)
Board services	13,748	-	-	-	(13,748)
Fiscal services	40,391	-	-	-	(40,391)
Central services	16,491	-	-	-	(16,491)
Community services	58,093	-	-	-	(58,093)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total governmental activities	\$ <u>2,434,798</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>69,460</u>	<u>(2,365,338)</u>
General revenues:					
Grants and entitlements					2,216,061
Contributions and other					<u>206,032</u>
					<u>2,422,093</u>
					56,755
					<u>393,296</u>
					<u>\$ 450,051</u>

The accompanying notes to basic financial statements are an integral part of these statements.

**Archimedean Middle Conservatory  
Balance Sheet - Governmental Funds  
June 30, 2016**

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	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 106,681	\$ -	\$ 106,681
Due from other governments	36,905	6,044	42,949
Due from other schools	372,245	-	372,245
Due from capital project fund	6,044	-	6,044
Accounts receivable	4,977	-	4,977
Prepaid expenditures	8,463	-	8,463
Deposits	2,393	-	2,393
	<u>537,708</u>	<u>6,044</u>	<u>543,752</u>
Total assets	\$ <u>537,708</u>	\$ <u>6,044</u>	\$ <u>543,752</u>
<b>Liabilities:</b>			
Accounts payable	\$ 20,997	\$ -	\$ 20,997
Accrued expenses	206,356	-	206,356
Due to general fund	-	6,044	6,044
	<u>227,353</u>	<u>6,044</u>	<u>233,397</u>
Total liabilities	<u>227,353</u>	<u>6,044</u>	<u>233,397</u>
<b>Fund Balances:</b>			
Nonspendable for prepaid expenditures and deposits	10,856	-	10,856
Unassigned	299,499	-	299,499
	<u>310,355</u>	<u>-</u>	<u>310,355</u>
Total fund balances	<u>310,355</u>	<u>-</u>	<u>310,355</u>
Total liabilities and fund balances	\$ <u>537,708</u>	\$ <u>6,044</u>	\$ <u>543,752</u>

The accompanying notes to basic financial statements are an integral part of these statements.

**Archimedean Middle Conservatory  
Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position  
June 30, 2016**

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**Total Fund Balances, Governmental Funds** \$ 310,355

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

The cost of capital assets acquired is reported as an expenditure in the governmental funds. The statement of net position includes those capital assets, net of accumulated depreciation, among the assets of the School as a whole.

Cost of capital assets	\$ 422,919	
Less accumulated depreciation	<u>(283,223)</u>	<u>139,696</u>

**Net Position of Governmental Activities** \$ 450,051

The accompanying notes to basic financial statements are an integral part of these statements.

**Archimedean Middle Conservatory  
Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2016**

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
<b>Revenues:</b>			
State sources	\$ 2,216,061	\$ 69,460	\$ 2,285,521
Local sources	206,032	-	206,032
Total revenues	<u>2,422,093</u>	<u>69,460</u>	<u>2,491,553</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular instruction	1,515,084	-	1,515,084
Instructional services:			
Pupil personnel services	45,882	-	45,882
Instructional staff training services	3,958	-	3,958
Instructional-related technology	2,692	-	2,692
School administration	131,068	-	131,068
Operation of plant	310,912	12,951	323,863
Maintenance of plant	76,442	-	76,442
Operation of noninstructional services:			
General administration	137,084	-	137,084
Board services	13,748	-	13,748
Fiscal services	40,391	-	40,391
Central services	16,491	-	16,491
Community services	58,093	-	58,093
Capital outlay:			
Equipment and improvements	-	56,509	56,509
Total expenditures	<u>2,351,845</u>	<u>69,460</u>	<u>2,421,305</u>
Net change in fund balances	70,248	-	70,248
<b>Fund Balances, July 1, 2015</b>	<u>240,107</u>	-	<u>240,107</u>
<b>Fund Balances, June 30, 2016</b>	<u>\$ 310,355</u>	<u>\$ -</u>	<u>\$ 310,355</u>

The accompanying notes to basic financial statements are an integral part of these statements.



**Archimedean Middle Conservatory  
 Reconciliation of the Statement of Revenues,  
 Expenditures and Changes in Fund Balances -  
 Governmental Funds to the Statement of Activities  
 For the Year Ended June 30, 2016**

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**Amounts Reported for Governmental Activities in the  
 Statement of Activities are Different Because:**

Change in fund balances, governmental funds \$ 70,248

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets are depreciated over their estimated useful lives.

Expenditures for capital assets	\$ 56,509	
Provision for depreciation	<u>(70,002)</u>	<u>(13,493)</u>

**Change in Net Position of Governmental Activities \$ 56,755**

The accompanying notes to basic financial statements are an integral part of these statements.

## **Note 1 - Organization and Operations**

Archimedean Middle Conservatory (the "School"), a department of Archimedean Academy, Inc. and a component unit of the School Board of Miami-Dade County, Florida, is established as a charter school for children from the sixth through eighth grade. As of June 30, 2016, approximately 330 students were enrolled in the school. The School is funded primarily through the School Board of Miami-Dade County.

The School was established in April 2005 when the School Board of Miami-Dade County granted Archimedean Academy, Inc. (the "Academy") a charter to operate a public middle school. The accompanying basic financial statements present the financial position of the School only. The School Board may terminate the charter before its expiration date based on various circumstances as defined in the charter agreement.

The financial statements of the School present only the balances, activity, and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of Archimedean Academy, Inc. as of June 30, 2016 and its change in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Note 2 - Summary of Significant Accounting Policies**

**Reporting entity:** The School operates under a charter granted by the sponsoring School Board, the School Board of Miami-Dade County, Florida. The current charter is effective until June 30, 2030, and may be renewed for an additional five years by mutual written agreement between the School and the Sponsor. At the end of the term of the charter, the Board may choose not to renew the charter under grounds specified in the charter, in which case the Board is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the Board may also terminate the charter if good cause is shown. Archimedean Middle Conservatory is considered a component unit of the School Board of Miami-Dade County, Florida.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable, which would require inclusion in the School's basic financial statements.

**Basis of presentation:** Based on the guidance presented in the American Institute of Certified Public Accountants Audit and Accounting Guide – Not-for-Profit Organizations and provisions of Section 228.056(9), Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

**Government-wide basic financial statements:** The School's basic financial statements include both government-wide (reporting the School as a whole) and fund basic financial statements (reporting the School's individual funds). Both the government-wide and fund basic financial statements categorize primary activities as either governmental or business-type. All of the School's activities are classified as governmental activities.

## Note 2 - Summary of Significant Accounting Policies (continued)

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full accrual economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations.

**Fund basic financial statements:** The accounts of the School are organized on the basis of 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 and capital projects, are reported as separate columns in the fund financial statements.

The School reports the following major governmental funds:

**General fund** – This fund is used to account for all operating activities of the School except those required to be accounted for in another fund.

**Capital Project fund** – This fund is used to account for state capital outlay funding that is legally restricted to expenditures for particular purposes.

**Measurement focus and basis of accounting:** Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the basic financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds used the current financial resources measurement focus and the government-wide statement uses the economic resources measurement focus.

Governmental activity in the government-wide basic financial statements is presented on the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental fund basic financial statements are presented 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. 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 and cash equivalents:** Cash and cash equivalents are defined as demand deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition.

**Due from other governments:** 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.

**Due to/from other funds:** Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Prepaid expenses/expenditures:** Certain payments to vendors reflect costs applicable to a future accounting period and are recorded as prepaid items in both government-wide and fund basic financial statements.

**Capital assets:** Property and equipment purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with an initial cost of \$ 500 and useful life of over one year. Donated property and equipment assets are valued at the estimated fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related fixed assets. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight-line basis over the estimated useful lives as follows:

Furniture, equipment, and textbooks	5 - 10 years
Computer equipment	5 years
Leasehold improvements	10 years

**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 that time. The School does not have any items that qualify for reporting in this category.

**Unearned revenue:** Unearned revenue arises when the School receives resources before it has a legal claim to them.

**Net position:** Net position is classified in three categories. The general meaning of each is as follows:

- Net investment in capital assets - represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.
- Restricted – consists of net position with constraints placed on their use either by 1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - indicates that portion of net position that can be used for future operations.

**Fund balance:** The School has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance classifications to report on the nature and extent to which the School is bound to have constraints on the specific purposes for which amounts in those funds can be spent.

**Note 2 - Summary of Significant Accounting Policies (continued)**

The following classifications describe the relative strength of the spending constraints:

- **Nonspendable** – amounts that are not in spendable form (such as prepaid items and deposits) or are legally or contractually required to be maintained intact.
- **Restricted** – amounts constrained to specific purposes by external providers (such as grantors) or imposed by law through constitutional provisions, or by enabling legislation.
- **Committed** – amounts constrained to specific purposes by formal action of the School itself, using its highest level of decision making authority (i.e., the School Board) through Resolution. To be reported as committed, amounts cannot be used for any other purpose unless the School Board takes the same highest level action (i.e., Resolution) to remove or change the constraint.
- **Assigned** – amounts the School intends to use for a specific purpose but are neither restricted nor committed. Assignments can be made by the Executive Committee or by an official or body which the School Board delegated the authority at their direction.
- **Unassigned** – amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the General Fund.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the School considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the School Board or its delegated official or body has provided otherwise in its commitment or assignment actions

**Revenue sources:** Revenues for operations are received primarily from the Miami-Dade County District School Board pursuant to the funding provisions included in the School's charter. Funding for the School's student population is adjusted during the year to reflect the revised calculations by the Florida Department of Education 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. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of school facilities.

**Donated goods and services:** The School receives donated teaching services from the Greek government, as well as donated goods, which are Greek textbooks. These donated services are recorded as contributions and a corresponding expense account at their estimated fair value, while the donated goods are recorded as contributions and their estimated fair value is capitalized. For the year ended June 30, 2016, the School received \$ 97,279 in donated teachers' salaries.

**Income taxes:** The School is a department of a nonprofit corporation whose revenue is derived primarily from other governmental entities. The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these basic financial statements.

**Use of estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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/expenses during the reporting period. Actual results could differ from those estimates.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Date of management review:** Subsequent events are evaluated by management through August 30, 2016, which is the date the financial statements were available for issuance.

**Note 3 - Deposits**

At June 30, 2016, the carrying amount of the School's deposits and cash on hand totaled \$ 106,681 with a bank balance of \$ 120,846.

State statutes require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public entity at June 30, 2016.

**Note 4 - Due from Other Governments**

Due from other governments is comprised of amounts due from the School Board of Miami-Dade County, Florida and other governments as follows:

School recognition award	\$	30,350
Teacher lead stipend		6,555
Capital outlay		<u>6,044</u>
	\$	<u><u>42,949</u></u>

**Note 5 - Capital Assets**

Capital asset balances and activity for the year ended June 30, 2016 are as follows:

	Balance at July 1, 2015	Additions	Retirements	Balance at June 30, 2016
Capital assets, being depreciated:				
Furniture, equipment and textbooks	\$ 203,938	\$ 43,447	\$ (25,182)	\$ 222,203
Computer equipment	120,657	13,062	(9,200)	124,519
Leasehold improvements	<u>85,886</u>	<u>-</u>	<u>(9,689)</u>	<u>76,197</u>
Total capital assets, being depreciated	<u>410,481</u>	<u>56,509</u>	<u>(44,071)</u>	<u>422,919</u>

**Archimedean Middle Conservatory  
Notes to Basic Financial Statements  
June 30, 2016**

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**Note 5 - Capital Assets (continued)**

	Balance at July 1, 2015	Additions	Retirements	Balance at June 30, 2016
Accumulated depreciation:				
Furniture, equipment and textbooks	(134,045)	(30,576)	25,182	(139,439)
Computer equipment	(55,362)	(24,186)	9,200	(70,348)
Leasehold improvements	<u>(67,885)</u>	<u>(15,240)</u>	<u>9,689</u>	<u>(73,436)</u>
Total accumulated depreciation	<u>(257,292)</u>	<u>(70,002)</u>	<u>44,071</u>	<u>(283,223)</u>
Net capital assets	\$ <u>153,189</u>	\$ <u>(13,493)</u>	\$ <u>-</u>	\$ <u>139,696</u>

Provision for depreciation was charged to governmental activities as follows:

Instruction - regular	\$ 35,354
Instructional support services - plant maintenance	15,240
Instructional support services - school administration	9,704
Operation of no instructional services - general administration	<u>9,704</u>
	\$ <u>70,002</u>

**Note 6 – Related Parties**

As mentioned in Note 1 to the financial statements, the School is a department of Archimedean Academy, Inc. (the "Corporation") and is affiliated with Archimedean Academy (the "Academy") and Archimedean Upper Conservatory (the "Upper"), other schools operating as departments of the Corporation. The three schools share various costs inherent with operating out of the same facility. In addition, the schools may also advance monies on an interim basis to one another. As a result of these transactions, there remains a net receivable from the Academy of \$ 349,360 and a net receivable from the Upper of \$ 22,885 as of June 30, 2016. This amount is shown as due from other schools in the amount of \$ 372,245 in the accompanying financial statements.

In addition, the Academy purchased a minority share of Archimedean Properties, LLC (Note 8) which owns the primary facility of the School. At June 30, 2016 the Academy owned approximately 17% of Archimedean Properties, LLC.

**Note 7 - Contingencies**

**Grants and awards:** The School received financial assistance from Federal and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. In accordance with Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the Florida Single Audit Act, the School is not required to conduct "single audits" since the required threshold for federal awards and state financial assistance is currently \$ 750,000 and \$ 500,000, respectively and the School did not exceed either threshold.

**Note 7 – Contingencies (continued)**

**Donated goods and services:** The School receives a significant in-kind contribution in the form of teachers and textbooks from the Greek government. These contributions are relied upon by the School to help maintain their operational effectiveness. A reduction in donated goods and services could have a significant impact on the operations of the School.

**Post-retirement benefits:** The School does not provide post-retirement benefits to retired employees.

**Note 8 - Leases**

The School leases its campus from Archimedean Properties, LLC (Note 6) which is to expire in June 2035. The School shares its facilities with the Academy and the Upper Schools and lease payments are allocated 25% to the School, 50% to the Academy, and 25% to the Upper (Note 6). Monthly lease payments are approximately \$ 11,700 an increase to approximately \$ 22,380 in July 2016 through the expiration of the lease. The School is also responsible to pay the owners’ taxes and insurance costs.

Total rent expense for the year ended June 30, 2016 was approximately \$ 140,300. Future minimum payments required under the operating leases are approximately as follows:

<u>Year Ending June 30,</u>	<u>School Premises Leases</u>
2017	\$ 268,600
2018	\$ 268,600
2019	\$ 268,600
2020	\$ 268,600
2021	\$ 268,600
2022-2026	\$ 1,342,800
2027-2031	\$ 1,342,800
2032-2035	\$ 989,900

**Note 9 - Risk Financing**

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School places all insurance risk, less nominal deductibles, in the hands of commercial carriers. At the present time, management believes that any claims the School may have are insured and that any expense associated with them will not materially affect the financial position of the School.



REQUIRED SUPPLEMENTARY  
INFORMATION

**Archimedean Middle Conservatory  
Statement of Revenues and Expenditures -  
Budget and Actual - General Fund  
For the Year Ended June 30, 2016**

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
State sources	\$ 2,213,613	\$ 2,216,061	\$ 2,448
Local sources	110,940	206,032	95,092
	<u>2,324,553</u>	<u>2,422,093</u>	<u>97,540</u>
Total revenues			
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular instruction	1,539,949	1,515,084	24,865
Instructional services:			
Pupil personnel services	24,981	45,882	(20,901)
Instructional staff services	1,171	3,958	(2,787)
Instructional-related technology	3,088	2,692	396
School administration	115,954	131,068	(15,114)
Operation of plant	233,897	310,912	(77,015)
Maintenance of plant	66,932	76,442	(9,510)
Operation of noninstructional services:			
General administration	150,729	137,084	13,645
Board services	13,805	13,748	57
Fiscal services	32,508	40,391	(7,883)
Central services	16,542	16,491	51
Community services	-	58,093	(58,093)
	<u>2,199,556</u>	<u>2,351,845</u>	<u>(152,289)</u>
Total expenditures			
Net change in fund balance	\$ <u><u>124,997</u></u>	\$ <u><u>70,248</u></u>	\$ <u><u>(54,749)</u></u>

**OTHER INDEPENDENT  
AUDITOR'S REPORTS**

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Archimedean Middle Conservatory  
A Department of Archimedean Academy, Inc.  
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the 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 Archimedean Middle Conservatory (the "School") a department of Archimedean Academy, Inc. and a component unit of the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 30, 2016.

**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.

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
August 30, 2016

## INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors  
Archimedean Middle Conservatory  
A Department of Archimedean Academy, Inc.  
Miami, Florida

### Report on the Financial Statements

We have audited the financial statements of Archimedean Middle Conservatory (the "School"), a department of Archimedean Academy, Inc. and a component unit of the School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated August 30, 2016.

### Auditor's Responsibility

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

### Other Report

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated August 30, 2016, 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 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. The official title of the entity is Archimedean Middle Conservatory.

### Financial Condition

Section 10.854(1)(e)2., Rules of the Auditor General, requires that we report the results of our determination 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, 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.

**Transparency**

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

**Other Matters**

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

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

**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 is not intended to be and should not be used by anyone other than these specified parties.

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
August 30, 2016