



AVENTURA CITY OF EXCELLENCE SCHOOL

*A Blended Component Unit
of the City of Aventura, Florida*



Special Purpose Financial Statements For the Fiscal Year Ended June 30, 2004





AVENTURA CHARTER ELEMENTARY SCHOOL
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Report Prepared by:
The Finance Support Services Department of the City of Aventura

**AVENTURA CITY OF
EXCELLENCE SCHOOL**

f/k/a

**AVENTURA CHARTER
ELEMENTARY SCHOOL**

(A Blended Component Unit of
the City of Aventura, Florida)

**SPECIAL PURPOSE FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

For the Year Ended June 30, 2004

AVENTURA CITY OF EXCELLENCE SCHOOL
 f/k/a
AVENTURA CHARTER ELEMENTARY SCHOOL
SPECIAL PURPOSE FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
TABLE OF CONTENTS
 For the Year Ended June 30, 2004

	<u>PAGES</u>
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-6

SPECIAL PURPOSE FINANCIAL STATEMENTS

Government-wide Special Purpose Financial Statements:

Statement of Net Assets	7
Statement of Activities	8

Fund Special Purpose Financial Statements:

Balance Sheet - Governmental Fund	9
Statement of Revenues, Expenditures and Change in Fund Balance - Governmental Fund	10

Notes to Special Purpose Financial Statements	11-15
---	-------

REQUIRED SUPPLEMENTAL INFORMATION

Budgetary Comparison Schedule	16-17
-------------------------------	-------

OTHER AUDITORS' REPORTS

Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	18-19
Independent Auditors' Report to the Board of Directors	20-21
Internal Control Comments and Recommendations	22



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Aventura City of Excellence School f/k/a Aventura Charter Elementary School
Miami, Florida

We have audited the accompanying special purpose financial statements of the governmental activities and the general fund of Aventura City of Excellence School f/k/a Aventura Charter Elementary School (a blended component unit of the City of Aventura, Florida) as of and for the year ended June 30, 2004, which collectively comprise the School's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Aventura City of Excellence School f/k/a Aventura Charter Elementary School's management. Our responsibility is to express an opinion 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 standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the general fund of Aventura City of Excellence School f/k/a Aventura Charter Elementary School as of June 30, 2004, 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 17, 2004, on our consideration of Aventura City of Excellence School f/k/a Aventura Charter Elementary School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Aventura City of Excellence School f/k/a Aventura Charter Elementary School

The management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 16 through 17, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Keefe, McCullough & Co., LLP
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
August 17, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

AVENTURA CITY OF EXCELLENCE SCHOOL

f/k/a

AVENTURA CHARTER ELEMENTARY SCHOOL MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2004

Our discussion and analysis of Aventura City of Excellence School f/k/a Aventura Charter Elementary School's (the School) financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2004 and 2003. Please read it in conjunction with the School's special purpose financial statements which immediately follow this discussion.

OVERVIEW OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS

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

Government-wide special purpose financial statements

The government-wide special purpose financial statements, which consists of the statement of net assets and the statement of activities, 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 assets presents information on all the School's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the year. All changes in net assets 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 special purpose financial statements can be found on pages 7-8 of this report.

Fund special purpose 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 only has one category of funds - governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide special purpose financial statements. However, unlike the government-wide special purpose financial statements, governmental fund special purpose 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 special purpose financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide special purpose 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 changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities, if applicable.

AVENTURA CITY OF EXCELLENCE SCHOOL

f/k/a

AVENTURA CHARTER ELEMENTARY SCHOOL MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2004

The governmental fund special purpose financial statements can be found on pages 9-10 of this report.

Notes to special purpose financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund special purpose financial statements. The notes to the special purpose financial statements can be found on pages 11-15 of this report.

Other information

In addition to the special purpose financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School's adopted budget to actual results. Required supplementary information can be found on pages 16 and 17 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statement of net assets. A comparative analysis of government-wide data is presented below.

	Aventura City of Excellence School f/k/a <u>Aventura Charter Elementary School</u>		
	<u>2004</u>	<u>2003</u>	<u>Variance</u>
Current assets	\$ 605,082	\$ 241,950	\$ 363,132
Noncurrent assets	<u>31,476</u>	<u>-</u>	<u>31,476</u>
Total assets	\$ <u>636,558</u>	\$ <u>241,950</u>	\$ <u>394,608</u>
Liabilities	\$ 210,739	\$ 97,456	\$ 113,283
Net assets:			
Unrestricted	394,343	144,494	249,849
Invested in equipment	<u>31,476</u>	<u>-</u>	<u>31,476</u>
Total liabilities and net assets	\$ <u>636,558</u>	\$ <u>241,950</u>	\$ <u>394,608</u>

Resources that are subject to external restrictions on how they may be used are classified as restricted assets. As of June 30, 2004, the School had no restricted assets. The remaining unrestricted balance may be used to meet the School's ongoing operations.

AVENTURA CITY OF EXCELLENCE SCHOOL
f/k/a

**AVENTURA CHARTER ELEMENTARY SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2004**

Aventura City of Excellence School f/k/a Aventura
Charter Elementary School's Change in Net Assets

	<u>2004</u>	<u>2003</u>	<u>Variance</u>
Revenues:			
General revenues	\$ 3,307,541	\$ -	\$ 3,307,541
Program revenues			
Charges for services	184,854	-	184,854
Capital outlay	250,551	-	250,551
Operating grants and contributions	<u>191,948</u>	<u>71,819</u>	<u>120,129</u>
Total revenues	<u>3,934,894</u>	<u>71,819</u>	<u>3,863,075</u>
Expenses:			
Instruction	1,836,640	-	1,836,640
Instructional media	69,697	-	69,697
Operation of plant	677,546	60,746	616,800
School administration	466,756	40,724	426,032
Pupil transportation services	68,318	-	68,318
Community services	76,427	-	76,427
Facilities construction and acquisition	<u>-</u>	<u>25,349</u>	<u>(25,349)</u>
Total governmental activities	<u>3,195,384</u>	<u>126,819</u>	<u>3,068,565</u>
Change in net assets before transfers	739,510	(55,000)	794,510
Transfers	<u>(458,185)</u>	<u>199,494</u>	<u>(657,679)</u>
Change in net assets	<u>281,325</u>	<u>144,494</u>	<u>136,831</u>
Net assets at beginning of year	<u>144,494</u>	<u>-</u>	<u>144,494</u>
Net assets at end of year	\$ <u><u>425,819</u></u>	\$ <u><u>144,494</u></u>	\$ <u><u>281,325</u></u>

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As noted earlier, the School uses fund accounting to maintain control over resources that have been segregated for specific activities or objectives. 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, unreserved fund balance may serve as a useful measure of the School's net resources available for spending at the end of the fiscal year.

As of the end of the years 2004 and 2003, the School's governmental funds reported ending fund balance of \$ 394,343 and \$ 144,494, respectively. The total fund balance is unreserved and is available for spending at the School's discretion.

AVENTURA CITY OF EXCELLENCE SCHOOL

f/k/a

AVENTURA CHARTER ELEMENTARY SCHOOL MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2004

The General Fund is the main operating fund of the School. At the end of fiscal years 2004 and 2003, unreserved fund balance of the General Fund was \$ 394,343 and \$ 144,494, respectively. This balance is a result of transfers from the City of Aventura that have not been used as of June 30, 2004. These funds will be used for the School's operations in the following fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original and final adopted budget resulted from unanticipated grant funding, implementation of the free and reduced lunch program and greater than anticipated fundraising activities. Expenditures were increased by like amounts to cover the costs associated with these programs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The School had an investment in property and equipment, net of accumulated depreciation of \$ 3,633, during the year ended June 30, 2004 of \$ 31,476.

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 in fiscal year 2004/2005 include the following:

A referendum was approved in 2002 amending the Florida Constitution to require a reduction in class sizes in grades K-12 over the next several years, so that in FY 2008/09, class sizes will not exceed the constitutional limit of eighteen students in grades K-3, twenty-two students in grades 4-8 and twenty-five students in grades 9-12. Implementation will require significant new revenues to be used to hire more teachers. This is a statewide problem which affects all school districts and charter schools in Florida and which will require a statewide solution.

Additionally, revenues will be enhanced by further development of strong business community and parental participation in school fundraising activities.

**SPECIAL PURPOSE
FINANCIAL STATEMENTS**

AVENTURA CITY OF EXCELLENCE SCHOOL
 f/k/a
AVENTURA CHARTER ELEMENTARY SCHOOL
STATEMENT OF NET ASSETS
 June 30, 2004

A S S E T S

CURRENT ASSETS:	
Pooled cash and cash equivalents	\$ 532,887
Accounts receivable	<u>72,195</u>
Total current assets	605,082
 NONCURRENT ASSETS:	
Equipment	35,109
Less: accumulated depreciation	<u>(3,633)</u>
Total noncurrent assets	<u>31,476</u>
Total assets	\$ <u><u>636,558</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES:	
Accounts payable	\$ 13,962
Accrued expenses	<u>196,777</u>
Total liabilities	<u>210,739</u>
 NET ASSETS:	
Unrestricted	394,343
Invested in equipment	<u>31,476</u>
Total net assets	<u>425,819</u>
Total liabilities and net assets	\$ <u><u>636,558</u></u>

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

AVENTURA CITY OF EXCELLENCE SCHOOL

f/k/a

AVENTURA CHARTER ELEMENTARY SCHOOL

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2004

	Program Revenues			Activities	
Expenses	Charges for Services	Capital Outlay Funds	Operating Grants and Contributions	Net Revenue (Expense) and Change in Net Assets	
FUNCTIONS/PROGRAMS:					
Governmental activities:					
Instruction	\$ 1,836,640	\$ -	\$ -	\$ 145,514	\$ (1,691,126)
Instructional media services	69,697	-	-	-	(69,697)
Operation of plant	677,546	44,694	250,551	-	(382,301)
School administration	466,756	-	-	-	(466,756)
Pupil transportation services	68,318	-	-	46,434	(21,884)
Community services	<u>76,427</u>	<u>140,160</u>	<u>-</u>	<u>-</u>	<u>63,733</u>
 Total governmental activities	 \$ <u>3,195,384</u>	 \$ <u>184,854</u>	 \$ <u>250,551</u>	 \$ <u>191,948</u>	 (2,568,031)
 General revenues:					
FTE nonspecific revenues					3,165,714
Investment earnings					6,809
Miscellaneous income					135,018
 Transfers					 <u>(458,185)</u>
 Total general revenues and transfers					 <u>2,849,356</u>
 Change in net assets					 281,325
 Net assets:					
July 1, 2003					<u>144,494</u>
June 30, 2004					\$ <u><u>425,819</u></u>

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

AVENTURA CITY OF EXCELLENCE SCHOOL
f/k/a
AVENTURA CHARTER ELEMENTARY SCHOOL
BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2004

		General Fund
A S S E T S		
ASSETS:		
Pooled cash and cash equivalents	\$	532,887
Accounts receivable		72,195
Total assets	\$	605,082
L I A B I L I T I E S A N D F U N D B A L A N C E		
LIABILITIES:		
Accounts payable	\$	13,962
Accrued expenses		196,777
Total liabilities		210,739
FUND BALANCE:		
Unreserved and undesignated		394,343
Total liabilities and fund balance	\$	605,082
Reconciliation of the governmental fund balance sheet to the statement of net assets:		
GOVERNMENTAL FUND BALANCE	\$	394,343
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.		
The cost of equipment is	\$	35,109
Accumulated depreciation is		(3,633)
Net assets of governmental activities	\$	425,819

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

AVENTURA CITY OF EXCELLENCE SCHOOL
 f/k/a
AVENTURA CHARTER ELEMENTARY SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - GOVERNMENTAL FUND
 For the Year Ended June 30, 2004

	<u>General Fund</u>
REVENUES:	
Federal sources	\$ 145,514
State sources	3,416,265
Local sources	<u>373,115</u>
Total revenues	<u>3,934,894</u>
 EXPENDITURES:	
Current -	
Instruction	1,868,115
Instructional media services	69,697
Operations of plant	1,135,732
School administration	466,756
Pupil transportation services	68,318
Community services	<u>76,427</u>
Total expenditures	<u>3,685,045</u>
Excess revenues over expenditures	249,849
FUND BALANCE, July 1, 2003	<u>144,494</u>
FUND BALANCE, June 30, 2004	\$ <u><u>394,343</u></u>
 NET INCREASE IN FUND BALANCE - GOVERNMENTAL FUND	 \$ 249,849
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p style="margin-left: 40px;">Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as provision for depreciation.</p>	
The cost of equipment purchased	\$ 35,109
Provision for depreciation	<u>(3,633)</u>
	<u>31,476</u>
CHANGE IN NET ASSETS ON THE STATEMENT OF ACTIVITIES	 \$ <u><u>281,325</u></u>

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

AVENTURA CITY OF EXCELLENCE SCHOOL
f/k/a
AVENTURA CHARTER ELEMENTARY SCHOOL
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
June 30, 2004

NOTE 1 - ORGANIZATION AND OPERATIONS

Aventura City of Excellence School f/k/a Aventura Charter Elementary School (the School), is a blended component unit of the City of Aventura, Florida. The School commenced operations in August, 2003 in the City of Aventura and offers classes for grades kindergarten through fifth.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity:

The School operates under a charter granted by the sponsoring school district, the Miami-Dade County Public School District. The current charter is effective until June 20, 2018. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown.

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 special purpose 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 special purpose financial statements.

Basis of presentation:

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (the Statement). Certain of the significant items in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the School's overall financial position and results of operations
- Special purpose financial statements are prepared using full accrual accounting for all of the School's activities.
- A change in the fund special purpose financial statements to focus on the major funds, if applicable.

These and other disclosures are reflected in the accompanying special purpose financial statements (including notes to special purpose financial statements). The School has elected to implement all provisions of the Statement this year.

AVENTURA CITY OF EXCELLENCE SCHOOL
f/k/a
AVENTURA CHARTER ELEMENTARY SCHOOL
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
 June 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Special purpose financial statements - government-wide statements:

The School's special purpose financial statements include both government-wide (reporting the School as a whole) and fund special purpose financial statements (reporting the School's major fund). Both the government-wide and fund special purpose financial statements categorize primary activities as either governmental or business type. All of the School's activities are classified as governmental activities.

In the government-wide statement of net assets, 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. The School's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. As of the year ended June 30, 2004, all of the School's net assets were classified as follows:

Unrestricted	\$	394,343
Invested in equipment		<u>31,476</u>
	\$	<u>425,819</u>

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The net costs, by function, are also supported by general revenues. The statement of activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column, if applicable, reflects capital-specific grants.

This government-wide focus is more on the ability to sustain the School as an entity and the change in the School's net assets resulting from the current year's activities.

Special purpose financial statements - fund special purpose financial statements:

The accounts of the School are organized on the basis of funds. The operations of the sole fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures.

The General Fund is employed in accounting for the financial activities of the School. It is a governmental fund type and is used to account for all financial transactions.

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 special purpose financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the governmental-wide statement uses the economic resources measurement focus.

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

AVENTURA CITY OF EXCELLENCE SCHOOL
f/k/a
AVENTURA CHARTER ELEMENTARY SCHOOL
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
June 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The governmental funds special purpose financial statements are presented on the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within one year of the end of the current fiscal year.

Equipment:

Equipment purchased or acquired is capitalized at historical cost or estimated historical cost. Donated equipment is 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 the straight-line basis over the estimated useful lives as follows:

Equipment	3-5 years
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Encumbrances:

Encumbrances represent commitments relating to unperformed contracts for goods or services. At June 30, 2004, there were no encumbrances outstanding.

Grant and contract revenue:

Grant and contract revenue is recognized when the allowable costs as defined by the individual grant or contract are incurred. Monies received in advance for which no costs have been incurred are recorded as deferred revenue until allowable costs attributable to such monies are incurred.

Deposits and Investments

The School's cash and cash equivalents are maintained by the City in a pooled cash account for all funds. This enables the City to invest large amounts of idle cash for short periods of time and to optimize earnings potential. Cash and cash equivalents represents the amount owned by each fund of the City.

Cash and cash equivalents, which consist of cash and short-term investments with original maturities of three months or less when purchased, include cash on hand, demand deposits, and investments with the State Board of Administration Investment Pool.

Post retirement benefits

The School provides no post-retirement benefits to employees.

AVENTURA CITY OF EXCELLENCE SCHOOL
f/k/a
AVENTURA CHARTER ELEMENTARY SCHOOL
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
June 30, 2004

NOTE 3 - BUDGET

The School formally adopted a budget for the year ended June 30, 2004. The budget has been prepared in accordance with generally accepted accounting principles. A comparison of actual results of operations to the budgeted amounts for the General Fund is presented as required supplemental information.

NOTE 4 - DEPOSITS AND INVESTMENTS

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as cash and cash equivalents are deemed as insured or collateralized and are, therefore, not subject to classification by credit risk category under the provisions of GASB Statement No. 3. Deposits at June 30, 2004 were \$ 532,887.

NOTE 5 - CAPITAL ASSETS

A summary of changes in governmental equipment is as follows:

	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2004</u>
Equipment	\$ -	\$ 35,109	\$ -	\$ 35,109
Accumulated depreciation	<u>-</u>	<u>3,633</u>	<u>-</u>	<u>3,633</u>
	\$ <u>-</u>	\$ <u>31,476</u>	\$ <u>-</u>	\$ <u>31,476</u>

Depreciation for the year ended June 30, 2004 amounted to \$ 3,633. The School allocated depreciation to instructional services.

NOTE 6 - CONTINGENCIES AND COMMITMENTS

The City of Aventura has entered into a contract for administrative and management services for the operations of the School. The contract expires in June, 2008 and provides for a fee based on the revenues of the School in the following amounts:

<u>Year</u>	<u>Percentage of Revenues</u>
1	12-13%
2-3	11%
4-5	10%

AVENTURA CITY OF EXCELLENCE SCHOOL
f/k/a
AVENTURA CHARTER ELEMENTARY SCHOOL
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
June 30, 2004

NOTE 6 - CONTINGENCIES AND COMMITMENTS (continued)

The contract also provides for the subordination of the above fees based on the School's ability to pay operating and facility costs. The maximum subordinated fee percentages are as follows:

<u>Year</u>	<u>Subordination Percentage</u>
1-2	2%
3	3%
4-5	4%

Additionally, certain other revenues that are attributable to the efforts of the management company will be compensated at a rate of ten percent. Other incentive fees provided for by the contract are based on financial and education performance goals.

The School's operations are located at a facility that is owned by the City of Aventura. In September, 2002, the City entered into a bond indenture agreement with the Florida Intergovernmental Finance Commission through an interlocal governmental agreement. As a result, the City issued \$ 12,610,000 in Series 2002 Revenue bonds to finance the acquisition of land and construction of a charter school as well as the construction of a community center of which approximately \$ 6,651,100 related to the land and construction of the School facility. The School is committed to reimburse the annual debt service on the debt, including interest and principal, that is incurred by the City in the following amounts:

<u>Year ending June 30</u>	
2005	\$ 441,500
2006	\$ 441,000
2007	\$ 442,400
2008	\$ 440,700
2009	\$ 441,000
Thereafter	\$ 9,500,000

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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the School is not required to conduct a "single audit" since the required threshold of Federal money is currently \$ 500,000 and the School did not exceed such threshold.

**REQUIRED SUPPLEMENTAL
INFORMATION**

AVENTURA CITY OF EXCELLENCE SCHOOL

f/k/a

AVENTURA CHARTER ELEMENTARY SCHOOL

BUDGETARY COMPARISON SCHEDULE

June 30, 2004

	BUDGETED AMOUNTS		ACTUAL AMOUNTS, BUDGETARY BASIS	BUDGET TO GAAP DIFFERENCES OVER (UNDER)	ACTUAL AMOUNTS GAAP BASIS
	ORIGINAL	FINAL			
REVENUES:					
FTE revenues	\$ 3,043,280	\$ 3,043,280	\$ 3,165,714	\$ -	\$ 3,165,714
Operating grants and contributions	128,181	147,181	145,514	-	145,514
Transportation funds	39,240	39,240	46,434	-	46,434
Capital outlay funds	240,822	240,822	250,551	-	250,551
Charges for services	155,340	205,340	178,095	-	178,095
Investment earnings	-	-	6,809	-	6,809
Field trip revenue	-	-	6,759	-	6,759
Miscellaneous income	<u>10,000</u>	<u>47,604</u>	<u>135,018</u>	<u>-</u>	<u>135,018</u>
Total revenues	<u>3,616,863</u>	<u>3,723,467</u>	<u>3,934,894</u>	<u>-</u>	<u>3,934,894</u>
EXPENDITURES:					
Salaries	1,677,229	1,755,229	1,669,506	-	1,669,506
Stipends	8,400	8,400	2,000	-	2,000
Professional services	366,170	386,374	401,570	-	401,570
Sick day buyout	13,320	13,320	-	-	-
Administrative	151,300	151,300	168,257	-	168,257
Social security	145,558	145,558	123,456	-	123,456
Pension expense	23,252	23,252	15,714	-	15,714
Employee insurance	91,089	91,089	98,997	-	98,997
Unemployment compensation	17,408	17,408	17,833	-	17,833
Utilities	67,500	67,500	73,384	-	73,384
Telephone	9,000	9,000	20,027	-	20,027
Insurance	22,000	22,000	3,439	-	3,439
Supplies	165,300	168,300	154,502	-	154,502
Textbooks	257,000	260,800	259,432	-	259,432
Repairs and maintenance	97,300	83,300	89,834	-	89,834
Workers' compensation	3,516	3,516	3,336	-	3,336
Provision for depreciation changes	-	-	-	(1) (3,633)	3,633
Dues and fees	3,251	3,251	1,974	-	1,974
Field trips	-	-	29,567	-	29,567
Travel	13,460	13,460	9,412	-	9,412
Food services	65,279	65,279	48,097	-	48,097
Advertising	7,500	7,500	1,414	-	1,414
Transfers	442,585	458,185	458,185	-	458,185
Contingency	78,940	78,940	-	-	-
Capital outlay	<u>35,000</u>	<u>35,000</u>	<u>35,109</u>	(1) <u>35,109</u>	<u>-</u>
Total expenditures	<u>3,761,357</u>	<u>3,867,961</u>	<u>3,685,045</u>	<u>31,476</u>	<u>3,653,569</u>
Excess of revenue over (under) expenditures	(144,494)	(144,494)	249,849	31,476	281,325

AVENTURA CITY OF EXCELLENCE SCHOOL

f/k/a

AVENTURA CHARTER ELEMENTARY SCHOOL
BUDGETARY COMPARISON SCHEDULE

(continued)
June 30, 2004

	BUDGETED AMOUNTS		ACTUAL AMOUNTS, BUDGETARY BASIS	BUDGET TO GAAP DIFFERENCES OVER (UNDER)	ACTUAL AMOUNTS GAAP BASIS
	ORIGINAL	FINAL			
FUND BALANCE, July 1, 2003	144,494	144,494	144,494	-	144,494
FUND BALANCE, June 30, 2004	\$ -	\$ -	\$ 394,343	\$ 31,476	\$ 425,819

EXPLANATION OF DIFFERENCES:

- (1) 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 a provision for depreciation. This is the amount by which the provision for depreciation exceeds capital outlays in the current period.

\$ 31,476

OTHER AUDITORS' REPORTS



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

The Board of Directors
Aventura City of Excellence School f/k/a Aventura Charter Elementary School
Aventura, Florida

We have audited the special purpose financial statements of Aventura City of Excellence School f/k/a Aventura Charter Elementary School, (a blended component unit of the City of Aventura, Florida) as of and for the year ended June 30, 2004, and have issued our report thereon dated August 17, 2004. 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.

Compliance

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

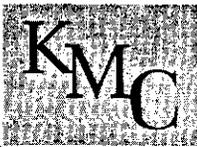
Internal Control over Financial Reporting

In planning and performing our audit, we considered Aventura City of Excellence School f/k/a Aventura Charter Elementary School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we did note an instance involving the internal control over financial reporting we considered to be immaterial as noted on the schedule of internal control comments and recommendations on page 22.

This report is intended solely for the information of School management, the Board of Directors and various other governmental agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Keefe, McCullough & Co., LLP
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
August 17, 2004



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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS

The Board of Directors
Aventura City of Excellence School f/k/a Aventura Charter Elementary School
Aventura, Florida

This letter is written in connection with our audit of the special purpose financial statements of Aventura City of Excellence School f/k/a Aventura Charter Elementary School, (a blended component unit of the City of Aventura School District) as of and for the year ended June 30, 2004. The purpose of this letter is to communicate to you any comments and recommendations, and to comply with the requirements of Chapter 10.850 Rules of the Auditor General, Charter School Audits which requires that this report specifically address but not limit to the matters outlined in Rule 10.854(i)(d).

The following statements relate to requirements of the Auditor General:

1. There were no inaccuracies, irregularities, shortages, defalcations and/or violations of laws, rules, regulations or contractual provisions reported for the preceding audit.
2. There were no recommendations made relating to the preceding audit.
3. There were recommendations to improve the School's financial management. Recommendations to improve accounting procedures and internal controls were communicated in and disclosed on the schedule of internal control comments and recommendations on page 22.
4. There were no violations of laws, rules, regulations or contractual provisions discovered during our audit.
5. There were no illegal or improper expenditures discovered during our audit.
6. There were no other matters requiring correction discovered during our audit, relating to improper or inadequate accounting procedures, improperly recorded transactions, fraud or other reportable conditions.
7. The Charter School is operated by the City which was created by Resolution No. R-1104-95 of the Miami-Dade County Commission on July 25, 1995.

Aventura City of Excellence School f/k/a Aventura Charter Elementary School

This report is intended solely for the information and use of the Board of Directors, management, the Auditor General of the State of Florida and the Miami-Dade County District School Board and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Keefe, McCullough & Co., LLP
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
August 17, 2004

AVENTURA CITY OF EXCELLENCE SCHOOL
f/k/a
AVENTURA CHARTER ELEMENTARY SCHOOL
INTERNAL CONTROL COMMENTS AND RECOMMENDATIONS
June 30, 2004

PRIOR YEAR COMMENTS AND RECOMMENDATIONS

NONE

CURRENT YEAR COMMENTS AND RECOMMENDATIONS

FINDING:

During our testing of revenue of Aventura City of Excellence School f/k/a Aventura Charter Elementary School, there were a couple of items that the client could not locate supporting documentation such as a check copy or validated deposit slip.

RECOMMENDATION:

We recommend that Aventura City of Excellence School f/k/a Aventura Charter Elementary School ensures that all revenue received has the proper documentation such as copies of the cash or checks received and the validated deposit slip to support the receipt.

RESPONSE:

The Aventura City of Excellence School f/k/a Aventura Charter Elementary School receives a large number of small dollar checks on a regular basis from parents and/or legal guardians. Therefore, copying all revenue received would not be cost efficient. However, it should be noted that the School's Office Manager is now required and does maintain a detailed subsidiary ledger, by type, of all revenue received. Management believes the maintenance of the detailed subsidiary ledgers provides adequate internal control.