

THE CITY OF AVENTURA, FLORIDA



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2006**



City of Aventura, Florida

Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2006

PREPARED BY

THE FINANCE SUPPORT SERVICES DEPARTMENT

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City of Aventura

Government Center
19200 West Country Club Drive
Aventura, Florida 33180

March 29, 2007

Honorable Mayor and
Members of the City Commission
City of Aventura
Aventura, Florida

SUSAN GOTTLIEB
MAYOR

COMMISSIONERS
ZEV AUERBACH
BOB DIAMOND
TERJ HOLZBERG
BILLY JOEL
MICHAEL STERN
LUIZ URBAEZ WEINBERG

ERIC M. SOROKA, ICMA-CM
CITY MANAGER

In accordance with Section 11.45, Florida Statutes, and Section 4.11 of the City Charter, submitted herewith is the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2006.

The financial statements included in this report conform to the generally accepted accounting principles in the United States (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The City is responsible for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. The financial statements have been audited by McGladrey & Pullen, LLP. The independent auditors have issued an unqualified opinion that this report fairly presents the financial position of the City and complies with all reporting standards noted above.

The CAFR is divided into four parts: Introductory Section, Financial Section, Statistical Section and Compliance Section.

The *Introductory Section* provides a summary of the contents of the entire report and general information about the reporting entity. The *Financial Section* includes the Auditors' Opinion, Management's Discussion and Analysis, the Basic Financial Statements, Notes to Financial Statements, Required Supplementary Information, and Combining Financial Statements. The *Statistical Section* includes a number of tables that provide historical, social, economic and financial trend data that offers an overview of the City's fiscal situation. This section is not included within the scope of the Auditor's opinion. The compliance Section includes reports of the independent auditors relating to State and/or Federal financial assistance and internal control and compliance matters and the Management Letter required by the Rules of Florida's Auditor General.

The independent audit of the City's financial statements was part of a federal and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards.

The contents of this report are aimed at compliance with GASB pronouncements, including Statement No. 34, requiring the preparation of government-wide financial statements on a full accrual basis of accounting for all funds, and including Management's Discussion and Analysis. Also included are additional and enhanced Statistical Tables required by GASB Statement No. 44.

THE REPORTING ENTITY AND ITS SERVICES

The City of Aventura was incorporated on November 7, 1995 and is a political subdivision of the State of Florida. The City operates under a commission-manager form of government and provides General Government, Public Safety and Community Services to its residents and business community. The Mayor and six City Commissioners are responsible for establishing policies for City Government. The Mayor and Commission appoint the City Manager who is the Chief Administrative Officer of the City and is responsible for implementing policies adopted by the Commission.

This report includes all of the funds for which the City of Aventura is financially accountable. Although the Miami-Dade Board of County Commissioners, Miami-Dade District School Board, South Florida Water Management District and Florida Inland Navigation District levy and collect taxes on property located within the corporate limits of the City of Aventura, financial information on these taxing authorities is not included in this report since each has a separate elected governing body, are legally separate and are fiscally independent of the City. Annual financial reports of these units of government are available upon request from each authority.

ECONOMIC CONDITIONS AND OUTLOOK

The City of Aventura serves an area of approximately 4 square miles with an estimated population of approximately 29,500 residents. Prior to incorporation, the City received services from Miami-Dade County as a part of their unincorporated municipal services taxing unit. The City received no real property, facilities or equipment from Miami-Dade County upon incorporation.

The City's combination of upscale residential and commercial developments results in a taxable value of \$ 6.6 billion with a land area of less than 4 square miles. This makes the City of Aventura's taxable value per capita of approximately \$ 203,000 among the highest in the County and State. The 2005/06 fiscal year was another active construction year for the City with a good combination of upscale housing and commercial projects. An analysis of projects in the various stages of the planning and development process indicates that building activity will continue to be geared toward similar type activities for two to three more years.

The gross taxable value for the 2006/07 fiscal year continued the recent rise and increased to nearly \$8.2 billion. However, this rosy economic outlook based on recent years must be tempered by recent actions taken by the Florida Legislature as discussed in the next paragraph.

The Florida Legislature, which began meeting in early March 2007 is currently exploring several provision which, if adopted would significantly restrict the ability of cities, counties and special districts to continue to levy ad valorem property taxes at the same rates as were levied in the 2005/06 and 2006/07 fiscal year. There is no way to predict the severity of the restrictions which will be adopted. However, virtually all predict that the Florida Legislature will significantly reduce the City's ability to levy ad valorem taxes beginning with the 2007/08 fiscal year. While this will have a devastating affect on all Florida local governments, because the City has a relatively high fund balance and has dedicated a large amount to capital expenditures in prior years, we believe that Aventura will be better able to adjust and take corrective actions than will most other Florida Cities.

MAJOR INITIATIVES

The establishment of a new municipal government structure to meet the needs of an existing City resident and business base has required the dedication of elected officials, the City Manager and all employees. The foundation on which to build the government structure has emphasized customer service, one-stop shopping and privatization where appropriate

During the first ten (10) years of the City's existence, the City has focused on the infrastructure needs of the community. In recent years, we have also directed our efforts to address the change in demographics toward a younger community.

Since its inception the City has acquired land and constructed three (3) public parks. During the 2005/06 year, we continued this commitment to expand recreational facilities by working to acquire land to substantially expand Waterways Park and by finalizing plans for the Park once the land acquisition is finalized. Land acquisition was finally completed in November 2006 and a constructions contract was awarded in March 2007.

The August 25, 2003 opening of Aventura Charter Elementary School (ACES) represented several milestones in the City's short history. The School was the first school within the City's boundaries and the first municipal sponsored charter school in Miami-Dade County.

The school has been well received and has been at full capacity since inception. In the 2005/06 school year, a sixth grade was added, with expansion to seventh in 2006/07 and to eighth in 2007/08. The school has obtained academic success receiving an "A" score on the FCAT tests for the past two years.

FINANCIAL INFORMATION

Internal Accounting Control

Management of the City is responsible for establishing and maintaining internal controls designed to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Control

In accordance with City Ordinance, appropriations are legally controlled at the Department level. Encumbrance accounting, under which purchase orders and other commitments for the expenditure of monies are recorded in the accounting records is utilized throughout the fiscal year.

Overview of Financial Activity

The accompanying financial statements reflect that the City has continued to expand its services to meet the demands of its residential and business communities. A summary of the major financial activities is included in the Management Discussion & Analysis Section of this report.

Fund Balances

Fund balances represent the accumulation of resources from prior years which are available to fund future years' budgets and for use as a reserve for unexpected events in the future. The unreserved fund balance at September 30, 2006 for the General Fund is approximately \$ 12.6 million, representing approximately 30% of the 2006/2007 budget. A major portion of the budget (\$13.5 million) is used to fund a capital reserve account in the 2006/2007 budget. The capital reserve account may be allocated by the City Commission to fund budget needs in the 2006/2007 or later fiscal years.

The fund balances in each special revenue, debt service and capital projects fund are designated for use for the specific legal purposes of each fund.

Retirement Programs

The City contributed to three defined contribution pension plans based on employee classifications created in accordance with Internal Revenue Code Section 401(a). The plans currently cover all full-time employees of the City. Under these plans, the City contributes between 13.5% and 18% of each employee's salary, depending on the employee classification. There are no employee contributions. Employer contributions for the fiscal year ended September 30, 2006 were approximately \$ 272,000.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments on those contributions, and forfeitures of other participant's benefits that may be reallocated to such participant's account.

In order to encourage employees to supplement the defined contribution plan, a deferred compensation program is also available to all full-time employees. Under this program, employees may voluntarily elect to defer a portion of their salary to future years. Both programs are administered by the ICMA Retirement Corporation under a trust agreement. The plan assets are separate and the City does not exercise any control or fiduciary responsibility over the assets. Therefore, the assets, liabilities and transactions are not included in the City's financial statements.

As discussed in the Notes to the Financial Statements, the City, through collective bargaining with the City's police officers agreed to establish a defined benefit retirement program covering all sworn officers. This program is funded by a combination of City and employee contributions and state insurance premium taxes. Please see Note 11 in the Notes to the Financial Statements for a detailed discussion of the retirement program.

Financing Programs and Debt Administration

The City currently has three outstanding long-term debt issues. At September 30, 2006, the principal balance outstanding totaled \$ 35,260,000

The Florida Municipal Loan Council loan is secured solely by a covenant to budget and appropriate the required debt service payments each year. The loan is structured the same as a serial bond issue with principal payments on April 1st and interest payments on April 1st and October 1st of each year with the final maturity on April 1, 2029. Debt service requirements average approximately \$ 1.35 million per year over the thirty-year life of the bonds. Interest rates range from 3.2% to 5.125% depending on maturity date.

The Series 2000 Revenue Bonds are bank qualified debt, secured solely by a covenant to budget and appropriate the required debt service each year. This loan is structured the same as a serial bond issue with annual principal payments due on October 1st of each year and semi-annual interest payments on April 1st and October 1st. Debt service requirements average approximately \$ 510,000 per year over the twenty year life of the obligation. The interest rate is 5.04%

The Series 2002 Revenue Bonds were financed through the Florida Intergovernmental Finance Commission. The loan is secured solely by the covenant to budget and appropriate the required debt service payments each year. This loan is structured the same as a serial bond issue with principal payments due August 1st and interest payments due on February 1st and August 1st of each year. Interest rates range from 2.5% to 5.0% during the 30 year term of the financing. Debt Service requirements are approximately \$440,000 per year.

Risk Management

The City is insured with the Florida Municipal Insurance Trust for liability, property and workers compensation coverage. The liability limit under the policy is \$ 5,000,000.

OTHER INFORMATION

Independent Audit

In accordance with Section 11.45(3)(a) (4), Florida Statutes, and Article I, Section 4.11 of the City Charter, the City engaged the firm of McGladrey Pullen, LLP to perform the independent audit of the City's accounts and records. The independent auditors' reports are included in the Financial section.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Aventura for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2005. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

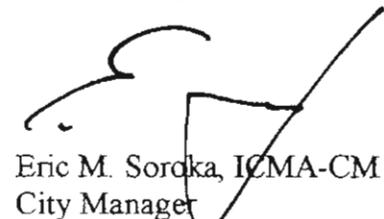
Acknowledgements

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Support Services Department. We express our appreciation to all members of the Department who assisted and contributed to its preparation. We also wish to thank the Mayor and City Commissioners for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Harry M. Kilgore, C.P.A.
Finance Support Services Director



Eric M. Soroka, ICMA-CM
City Manager

**CITY OF AVENTURA
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2006**

CITY COMMISSION

Mayor Susan Gottlieb
Commissioner Zev Auerbach
Commissioner Bob Diamond
Commissioner Teri Holzberg
Commissioner Billy Joel
Commissioner Michael Stern
Commissioner Luz Urbaez Weinberg

CITY MANAGER

Eric M. Soroka

DEPARTMENT DIRECTORS

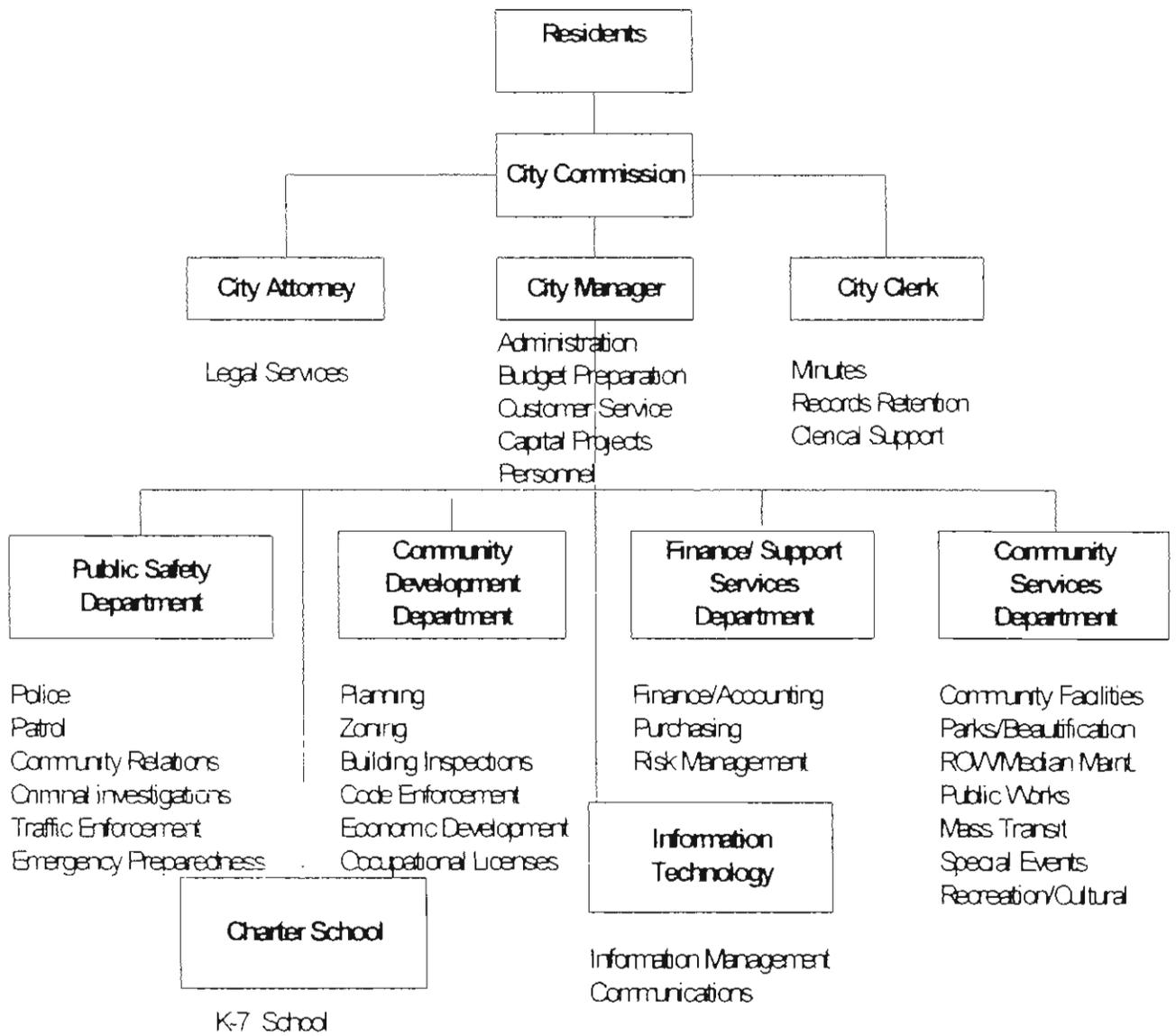
Harry M. Kilgore, Finance Support Services
Robert M. Sherman, Community Services
Teresa M. Soroka, City Clerk
Thomas Ribel, Police Chief
Joanne Carr, Planning Director
Mariano Fernandez, Building Director/Official
Karen J. Lanke, Information Technology Director

CITY ATTORNEYS

Weiss Serota Helfman Pastoriza Cole & Boniske, P.A., City Attorney

CITY AUDITORS

McGladrey & Pullen, LLP



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Aventura
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting



A handwritten signature in black ink, appearing to read "Thomas J. Blain".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Commission
Aventura, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Aventura, Florida (the "City"), as of and for the year ended September 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the City of Aventura Police Officers' Retirement Plan Pension Trust Fund which financial statements represent 62% of the total assets and 40% of the total revenues of the aggregate remaining fund information. The financial statements of the City of Aventura Police Officers' Retirement Plan pension Trust Fund were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Aventura Police Officers' Retirement Plan Pension Trust Fund, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above, present fairly, in all material respects, the respective financial positions of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of September 30, 2006, and the respective changes in financial position and where applicable, cash flows, thereof 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 a report dated March 9, 2007 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis, the budgetary comparison information, and the pension fund schedules of funding progress and employer contributions on pages 3 through 12, pages 44 through 46, and pages 47 through 49, 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, and the other auditors, have applied certain limited procedures, which consist 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, combining and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the basic financial statements. The combining and individual fund statements and schedules and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Fort Lauderdale, Florida
March 9, 2007

Management's Discussion and Analysis (Unaudited)

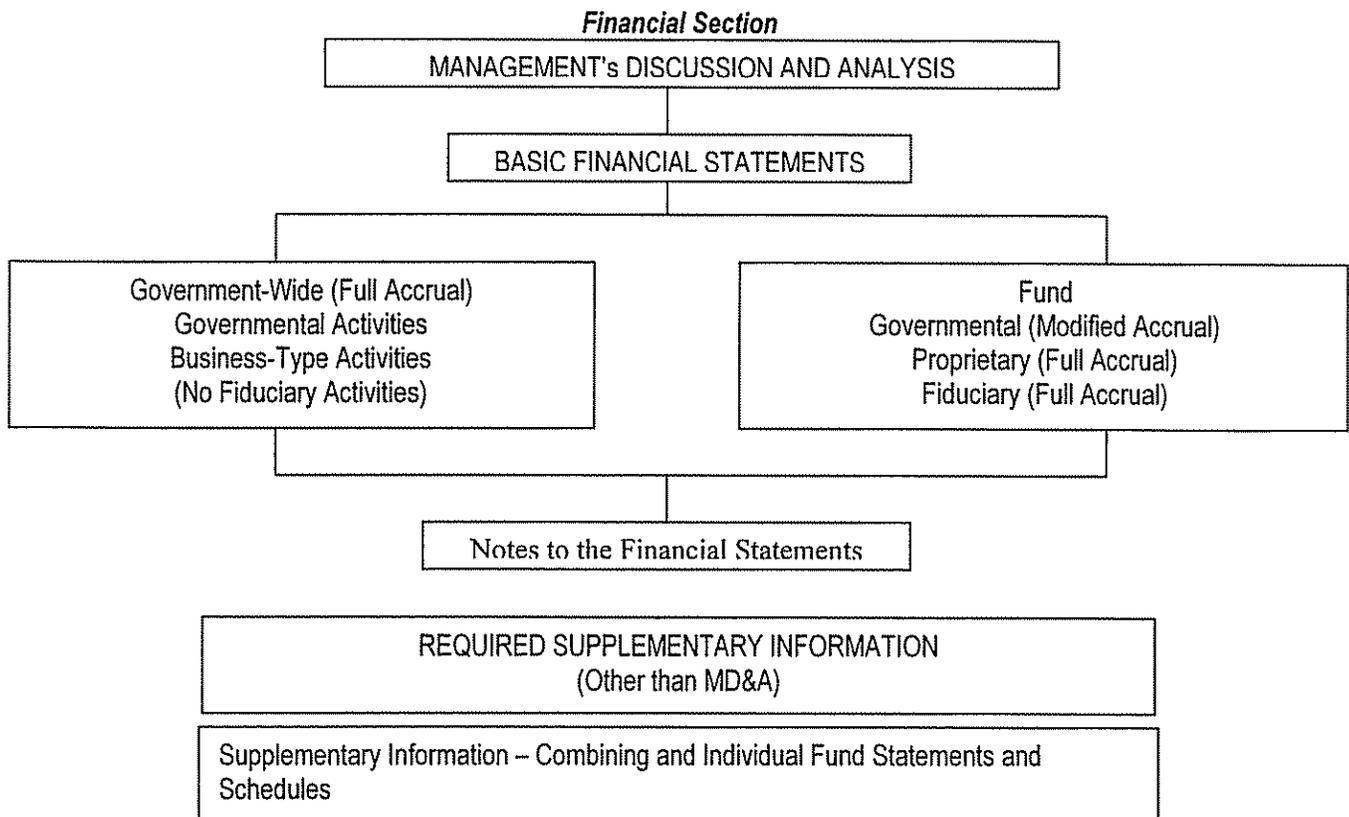
This section of the report presents our discussion and analysis of the City's performance during the fiscal year that ended September 30, 2006. Please read it in conjunction with the City's financial statements, which follow this section.

Financial Highlights

- The City's total net assets increased by \$7.5 million – over the course of this year's operations. Net assets of our business-type activities – increased by \$0.8 million, and the net assets of our governmental activities increased by \$6.7 million.
- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$ 56 million (net assets). Of this amount, \$20.4 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$12.6 million, or 46% of total general fund expenditures.

Overview of the Financial Statements

The financial section of this Annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and a supplementary information section that presents combining and individual fund statements and schedules.



Management's Discussion and Analysis (Unaudited)

Major Features of the Basic Financial Statements

	Government-Wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary activities)	Activities of the City that are not proprietary or fiduciary	Activities of the City that are operated similar to private business	Instances in which the City is the trustee or agent for someone else's resources
Required financial statements	* Statement of net assets * Statement of activities	* Balance sheet * Statement of revenue, expenditures, and changes in fund balances	* Statement of net assets * Statement of revenue expenses, and changes in net assets *Statement of cash flows	* Statement of fiduciary net assets * Statement of changes in fiduciary net assets
Accounting basis and measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter no capital assets and long term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term.

Basic Financial Statements

Government-wide financial statements. The focus of the *government-wide financial statements* is on the overall financial position and activities of the City. Reporting is similar to that of a private-sector business. The government-wide financial statements report information about the City as a whole and about its activities in a way that helps answer questions about the financial health of the City and whether the activities of the year contributed positively or negatively to that health.

The City's government-wide financial statements include the statement of net assets and statement of activities. As described below, these statements do not include the City's fiduciary activities because resources of these funds cannot be used to finance the City's activities. However, the financial statements of fiduciary activities are included in the City's fund financial statements, because the City is financially accountable for those resources, even though they belong to other parties.

Management's Discussion and Analysis (Unaudited)

- The *Statement of Net Assets* presents information on the assets held and liabilities owed by the City, both long- and short-term. Assets are reported when acquired by the City and liabilities are reported when they are incurred, regardless of the timing of the related cash flows to acquire these assets or liquidate such liabilities. For example, the City reports buildings and infrastructure as assets, even though they are not available to pay the obligations incurred by the City. On the other hand, the City reports liabilities, such as litigation claims, even though these liabilities might not be paid until several years into the future.

The difference between the City's total assets and total liabilities is *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Although the purpose of the City is not to accumulate net assets, in general, as this amount increases it indicates that the financial position of the city is improving over time.

- The *Statement of Activities* presents the revenues and expenses of the City. The items presented on the statement of activities are measured in a manner similar to the approach used in the private-sector in that revenues are recognized when earned and expenses are reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, community services and nondepartmental. The business-type activities include stormwater utility.

Fund financial statements. Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the City rather than the City as a whole. Except for the General Fund, separate funds are established to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Financial statements consist of a balance sheet and a statement of revenue, expenditures, and change in fund balances. These statements are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted to cash. For example, amounts reported on the balance sheet include items such as cash and receivables but do not include capital assets such as land and buildings. The difference between a fund's total assets and total liabilities is the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's activities. The operating statement for governmental funds reports only those revenue that were collected during the current period or very shortly after the end of the year. Expenditures are recorded when incurred.

Management's Discussion and Analysis (Unaudited)

For the most part, the balances and activities accounted for in governmental funds are also reported in the governmental activities columns of the government-wide financial statements. However, because different accounting basis are used to prepare governmental fund financial statements and government-wide financial statements, there are often significant differences between the totals presented. For this reason, there is an analysis after the governmental funds balance sheet that reconciles the total fund balances for all governmental funds to the amount of net assets presented in the governmental activities column on the statement of net assets. Also, there is an analysis after the statement of revenue, expenditures and changes in fund balances that reconciles the total change in fund balances for all governmental funds to the change in net assets as reported in the governmental activities column in the statement of activities.

Proprietary funds. Financial statements consist of a statement of net assets, statement of revenue, expenses, and changes in fund net assets and statement of cash flows. These statements are prepared on an accounting basis that is similar to the basis used to prepare the government-wide financial statements. For financial reporting purposes, proprietary funds are grouped into Enterprise Funds and Internal Service Funds.

The City uses Enterprise Funds to account for business-type activities that charge fees to customers for the use of specific goods or services. These funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal Service funds are used to account for services provided and billed on an internal basis. The City does not have any internal service funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City has one major enterprise fund, the Stormwater Utility fund. A statement of cash flows is presented at the fund financial statement level for proprietary funds, but no equivalent statement is presented in the government-wide financial statements for either governmental activities or business-type activities.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. Fiduciary financial statements consist of a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning various issues such as a comparison between the City's adopted and final budget and actual financial results for its General Fund and major special revenue fund. The City adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the general fund and major special revenue funds to demonstrate compliance with this budget. Required supplementary information is also presented for the City's pension plan including a schedule of funding progress and schedule of employer contributions.

City of Aventura, Florida

Management's Discussion and Analysis (Unaudited)

Combining and Individual Fund Statements and Schedules

Combining statements referred to earlier in connection with nonmajor governmental, internal service and fiduciary funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

The table below presents a summary of net assets as of September 30, 2006 and 2005, derived from the government-wide Statement of Net Assets:

	Net Assets (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 27,791	\$ 23,580	\$ 305	\$ (239)	\$ 28,096	\$ 23,341
Capital assets	61,412	60,121	6,417	6,161	67,829	66,282
Total assets	89,203	83,701	6,722	5,922	95,925	89,623
Long-term liabilities	36,728	37,496	-	-	36,728	37,496
Other liabilities	3,156	3,521	18	40	3,174	3,561
Total liabilities	39,884	41,017	18	40	39,902	41,057
Net assets:						
Invested in capital assets, net of related debt	26,152	23,896	6,417	6,161	32,569	30,057
Restricted	3,047	2,944	-	-	3,047	2,944
Unrestricted (deficit)	20,120	15,844	287	(279)	20,407	15,565
Total net assets	\$ 49,319	\$ 42,684	\$ 6,704	\$ 5,882	\$ 56,023	\$ 48,566

City of Aventura, Florida

Management's Discussion and Analysis (Unaudited)

As noted earlier, net assets may serve, over time as a useful indication of a government's financial position. At the close of the most recent fiscal year, the City's assets exceeded liabilities by \$56 million.

The largest portion of the City's net assets is net assets invested in capital assets net of related debt and is 53.1% of total net assets. This category reflects its investment in capital assets net of any outstanding related debt used to acquire these assets. The City uses these capital assets to provide services to the citizens of the City; consequently these net assets are not available for future spending. Although the capital assets are shown net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources. The next largest portion of the City's net assets is unrestricted and is 41% of total net assets. Unrestricted net assets represent resources that are available for spending. Restricted net assets represent 6.2% of total net assets. Restricted net assets represent resources that are subject to external restrictions on how they can be used.

Capital assets increased in the governmental activities due primarily to the completion of the construction for infrastructure improvements in the amount of \$1.9 million. Capital assets in the business type activities increased due to stormwater drainage improvement projects. Current and other assets in governmental activities increased by \$5.5 million due to the increase in cash due to the increase in total fund balance, a portion of which will be used to pay for projects budgeted for 2005/06 which will be paid in 2006/07.

Over time, increases and decreases in net assets measure whether the City's financial position is improving or deteriorating. During this fiscal year, the net assets of the governmental activities increased by \$6.6 million or 15%, and the net assets of the business-type activities increased by \$.8 million or 14%.

Property taxes increased \$2.3 million due to new construction and increases in assessed value of existing property. Operating grants and contributions increased by \$0.8 million due primarily to FEMA grants for Hurricane Wilma. Other revenues increased \$1.1 million due primarily to increased interest earnings due to increased cash balances and an increase in interest rates. Franchise fees increased by \$1.0 million because Aventura and other recently incorporated cities successfully negotiated with Miami-Dade County to receive a greater portion of Florida Power and Light franchise fees.

Public Safety expenses increased by \$1.4 million as a result of payroll and benefits increases and to overtime relating to Hurricane Wilma. Community Services increased by \$1.1 million primarily because of costs relating to the addition of the sixth grade to Aventura City of Excellence School. Nondepartmental expenses increased by \$3.5 million primarily due to expenses relating of preparing for, debris removal, repairs and tree replacements after Hurricane Wilma.

City of Aventura, Florida

Management's Discussion and Analysis (Unaudited)

The table below presents a Summary of changes in net assets for the years ended September 30, 2006 and 2005, as derived from the government-wide Statement of Activities:

	Changes in Net Assets (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 5,825	\$ 4,796	\$ 816	\$ 820	\$ 6,641	\$ 5,616
Operating grants and contributions	7,302	5,212	-	-	7,302	5,212
Capital grants and contributions	420	9	415	-	835	9
General revenues:						
Property taxes	14,089	11,843	-	-	14,089	11,843
Other taxes	6,015	5,720	-	-	6,015	5,720
Franchise fees	3,359	2,331	-	-	3,359	2,331
Intergovernmental revenues	3,004	3,428	-	-	3,004	3,428
Other revenues	1,526	1,811	3	2	1,529	1,813
Total revenues	41,540	35,150	1,234	822	42,774	35,972
Expenses:						
General government	2,977	3,139	-	-	2,977	3,139
Public safety	14,480	13,042	-	-	14,480	13,042
Community services	10,057	8,959	-	-	10,057	8,959
Nondepartmental	5,637	2,096	-	-	5,637	2,096
Interest on long-term debt	1,805	1,777	-	-	1,805	1,777
Stormwater utility	-	-	361	250	361	250
Total expenses	34,956	29,013	361	250	35,317	29,263
Increase in net assets before transfers	6,584	6,137	873	572	7,457	6,709
Transfers	51	103	(51)	(103)	-	-
Change in net assets	6,635	6,240	822	469	7,457	6,709
Net assets, beginning	42,684	36,444	5,882	5,413	48,566	41,857
Net assets, ending	\$ 49,319	\$ 42,684	\$ 6,704	\$ 5,882	\$ 56,023	\$ 48,566

City of Aventura, Florida

Management's Discussion and Analysis (Unaudited)

Financial Analysis of the City of Aventura's Funds

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

Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund* balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City. At end of the current fiscal year, unreserved fund balance of the General Fund was \$12.6 million while the total fund balance reached \$16.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total general fund expenditures. Unreserved fund balance represents 46% of total general fund expenditures, while total fund balance represents 60% of that same amount.

The fund balance of the City's General Fund increased by \$5.1 million during the current fiscal year. Key factors of this increase are as follows:

- An increase in property taxes of \$2.3 million resulting from continued growth and increased assessed values.
- An increase in Franchise fees of \$1.0 million because Aventura and other recently incorporated cities successfully negotiated with Miami-Dade County to receive a greater portion of Florida Power and Light franchise fees.
- \$1.4 million increase in Public Safety expenses primarily due to payroll benefits increases and additional hurricane-related personnel costs.
- Capital outlay decreased \$3 million primarily because several projects budgeted in 2005/06 fiscal year were still in process at the end of the year. Nondepartmental expenses increased by \$1.4 million primarily because of Hurricane Wilma related expenses.

The Charter School fund is used to record the operations of the Aventura City of Excellence School. Intergovernmental revenues for the school increased by \$1 million primarily due to the addition of the sixth grade with 100 new students. Debt Service Fund 2000 Series is used to record principal retirement and did not have any significant changes from the prior year.

The fund balance of the Series 2000 Capital Construction fund increased by \$0.1 million during the current year. This increase was due to investment earnings on available cash balances.

Proprietary Fund

The proprietary fund showed a \$0.8 million increase in net assets from the prior year. Operating income increased \$0.4 million primarily due to the receipt of a State grant. Intergovernmental Revenues increased by \$2.7 million primarily because revenues were recognized for Hurricanes Katrina and Wilma and the William Lehman Causeway project in the 2005/06 fiscal year.

City of Aventura, Florida

Management's Discussion and Analysis (Unaudited)

General Fund Budgetary Highlights

The original budget was amended and revenues were increased by \$4 million during the year. The increased revenues were caused by a \$1.5 million increase due to federal, state and local grants which were not budgeted until awarded, and an increase of \$1.1 million in building permits due to new construction. Furthermore, \$0.8 million of Franchise fees from FPL was also added to the budget and Police and recreation charges for services were also added in the amount of \$0.6 million.

Expenditure budgeted for public safety was increased by \$1.8 million due to building permits, inspection costs and payroll and benefits increases. Community services expenditures increased by \$1.7 million primarily due to increased capital improvements relating to replacement trees after Hurricane Wilma. Nondepartmental operating expenditure budget was increased by \$1.7 million to pay expenses of Hurricane Wilma pre and post storm costs.

During the year, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, resulting in an increase in fund balance of \$5.1 million. However, \$3.2 million of this amount was reserved for encumbrances for projects in progress at year end. Interest income exceeded budget by \$ 0.7 million due to better than expected market performance and a greater than projected cash balance. Nondepartmental capital outlay was \$10.5 million less than budgeted because the City budgets a reserve for future capital expenditures.

Capital Assets and Debt Administration

Capital Assets

As of September 30, 2006 and 2005, the City had \$67.8 and \$66.3 million, respectively, invested in a variety of capital assets, as reflected in the following schedule:

	Capital Assets (in thousands, net of depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 14,675	\$ 14,592	\$ -	\$ -	\$ 14,675	\$ 14,592
Buildings	29,381	30,146	-	-	29,381	30,146
Improvements other than buildings	3,934	4,018	-	-	3,934	4,018
Furniture, machinery and equipment	4,097	3,783	-	-	4,097	3,783
Infrastructure	9,219	7,582	6,417	6,161	15,636	13,743
Construction in progress	106	-	-	-	106	-
Total	\$ 61,412	\$ 60,121	\$ 6,417	\$ 6,161	\$ 67,829	\$ 66,282

Major capital asset events during the year included:

- Infrastructure improvements of \$1.9 million was constructed during the year.
- Furniture, fixture and equipment totaling \$1.3 million was acquired during the year.
- Stormwater drainage of \$0.5 million was constructed during the year.

City of Aventura, Florida

Management's Discussion and Analysis (Unaudited)

Additional information can be found in Note 6 – Capital Assets.

Debt Administration

As of year-end, the City had \$35.2 million in debt outstanding compared to the \$36.2 million last year, a 3% decrease. All debt is secured only by a covenant budget and appropriate.

The debt position of the City is summarized below and is more fully explained in Note 8:

	Bonded Debt and Notes Payable (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Non-Ad Valorem bonds	\$ 35,260	\$ 36,225	\$ -	\$ -	\$ 35,260	\$ 36,225

Economic Factors and Next Year's Budgets and Rates

The State of Florida, by constitution, does not have a state personal income tax and therefore the State operates primarily using sales, gasoline and corporate income taxes. Local governments (cities, counties, school boards) primarily rely on property and a limited array of permitted other taxes (utility taxes, franchise fees and occupational licenses) as well as intergovernmental revenues for their governmental activities. For business-type activities and certain governmental activities (construction services and recreational programs), the user pays a related fee or charge associated with the service.

The adopted operating budget for fiscal year 2006/07 totals \$48.6 million, 1% higher than the final operating budget for fiscal year 2005/06.

The Florida Legislature, which began meetings in early March 2007 are currently exploring several provision which, if adopted, would significantly restrict the ability of cities, counties and special districts to continue to levy ad valorem property taxes at the same rates as were levied in the 2005/06 and 2006/07 fiscal year. There is no way to predict the severity of the restrictions which will be adopted. However, virtually all predict that the Florida Legislature will significantly reduce the City's ability to levy ad valorem taxes beginning with the 2007/08 fiscal year. While this will have a devastating affect on all Florida local governments, because the City has a relatively high fund balance and has dedicated a large amount to capital expenditures in prior years, we believe that Aventura will be better able to adjust and take corrective actions than will most other Florida cities.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about this report or need additional information, contact the Finance Support Services Director, City of Aventura, Florida.

City of Aventura, Florida

Statement of Net Assets
September 30, 2006

Assets	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 20,371,718	\$ 338,396	\$ 20,710,114
Receivables (net of allowance for uncollectibles)	414,414	-	414,414
Due from other governments	845,392	335,665	1,181,057
Prepaid expenses	616,378	-	616,378
Deposits	210,000	-	210,000
Inventories	12,478	-	12,478
Internal balances	368,903	(368,903)	-
Bond issuance costs (net)	409,280	-	409,280
Restricted cash, cash equivalents and investments	4,542,245	-	4,542,245
Capital assets:			
Nondepreciable	14,781,720	-	14,781,720
Depreciable (net of accumulated depreciation)	46,629,988	6,417,218	53,047,206
Total assets	89,202,516	6,722,376	95,924,892
Liabilities			
Accounts payable	1,197,104	17,678	1,214,782
Accrued liabilities	1,152,190	-	1,152,190
Retainage payable	43,034	-	43,034
Due to other governments	10,914	-	10,914
Unearned revenues	506,183	-	506,183
Accrued interest payable	115,017	-	115,017
Net pension obligation	130,994	-	130,994
Due within one year:			
Compensated absences payable	146,814	-	146,814
Bonds payable	1,005,000	-	1,005,000
Due in more than one year:			
Compensated absences payable	1,321,326	-	1,321,326
Bonds payable	34,255,000	-	34,255,000
Total liabilities	39,883,576	17,678	39,901,254
Commitments and Contingencies			
Net assets:			
Invested in capital assets, net of related debt	26,151,708	6,417,218	32,568,926
Restricted for:			
Police purposes	658,595	-	658,595
Capital improvements	2,388,862	-	2,388,862
Unrestricted	20,119,775	287,480	20,407,255
Total net assets	\$ 49,318,940	\$ 6,704,698	\$ 56,023,638

See Notes to Financial Statements.

City of Aventura, Florida

Statement of Activities
Year Ended September 30, 2006

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services			Operating Grants and Contributions		Capital Grants and Contributions		Primary Government	
	Expenses					Governmental Activities	Business-type Activities	Total	
Primary government									
Governmental activities:									
General government	\$ 2,976,861	\$ 91,522	\$ -	\$ -	\$ -	\$ (2,885,339)	\$ -	\$ (2,885,339)	
Public safety	14,480,174	4,788,890	42,416	107,027	107,027	(9,541,841)	-	(9,541,841)	
Community services	10,057,441	944,724	5,770,088	313,466	313,466	(3,029,163)	-	(3,029,163)	
Nondepartmental	5,637,308	-	1,489,956	-	-	(4,147,352)	-	(4,147,352)	
Interest and fiscal charges	1,804,438	-	-	-	-	(1,804,438)	-	(1,804,438)	
Total governmental activities	34,956,222	5,825,136	7,302,460	420,493	420,493	(21,408,133)	-	(21,408,133)	
Business-type activities:									
Stormwater utility	360,712	815,454	-	415,000	-	-	869,742	869,742	
Total primary government	\$ 35,316,934	\$ 6,640,590	\$ 7,302,460	\$ 835,493	\$ 835,493	\$ (21,408,133)	\$ 869,742	\$ (20,538,391)	
General revenue:									
Taxes:									
Ad valorem taxes						\$ 14,089,388	\$ -	\$ 14,089,388	
Utility service taxes						6,015,016	-	6,015,016	
Franchise fees						3,359,261	-	3,359,261	
Intergovernmental, not restricted for specific purposes						3,003,546	-	3,003,546	
Interest income						1,159,778	3,202	1,162,980	
Miscellaneous						365,705	-	365,705	
Transfers						50,742	(50,742)	-	
Total general revenues and transfers						28,043,436	(47,540)	27,995,896	
Change in net assets						6,635,303	822,202	7,457,505	
Net assets, beginning						42,683,637	5,882,496	48,566,133	
Net assets, ending						\$ 49,318,940	\$ 6,704,698	\$ 56,023,638	

See Notes to Financial Statements.

City of Aventura, Florida

Balance Sheet
Governmental Funds
September 30, 2006

Assets	General Fund	Charter School Fund	Debt	Capital	Nonmajor Governmental Funds	Total
			Service Fund 2000 Series	Construction Fund 2000 Series		Governmental Funds
Current assets:						
Cash and cash equivalents	\$ 16,412,857	\$ 724,132	\$ 8,670	\$ -	\$ 3,226,059	\$ 20,371,718
Restricted cash, cash equivalents and investments	-	-	500,533	4,036,499	5,213	4,542,245
Accounts receivable	403,614	10,800	-	-	-	414,414
Deposits	-	-	-	210,000	-	210,000
Inventories	12,478	-	-	-	-	12,478
Due from other funds	505,153	-	-	-	-	505,153
Due from other governments	596,728	130,680	-	-	117,984	845,392
Prepaid expenditures	615,128	-	-	-	1,250	616,378
Total assets	\$ 18,545,958	\$ 865,612	\$ 509,203	\$ 4,246,499	\$ 3,350,506	\$ 27,517,778
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 905,119	\$ 166,912	\$ -	\$ 2,665	\$ 122,408	\$ 1,197,104
Accrued liabilities	646,629	131,583	373,978	-	-	1,152,190
Retainage payable	43,034	-	-	-	-	43,034
Due to other governments	10,914	-	-	-	-	10,914
Deferred and unearned revenue	506,183	126,210	-	-	-	632,393
Due to other funds	-	-	131,664	-	4,586	136,250
Total liabilities	2,111,879	424,705	505,642	2,665	126,994	3,171,885
Fund balances:						
Reserved for:						
Debt service	-	-	3,561	-	25,242	28,803
Encumbrances	3,171,395	-	-	280,629	895,491	4,347,515
Inventory	12,478	-	-	-	-	12,478
Prepaid expenditures	615,128	-	-	-	1,250	616,378
Unreserved:						
Designated for subsequent year expenditures in:						
General Fund	12,635,078	-	-	-	-	12,635,078
Special Revenue Funds	-	440,907	-	-	-	440,907
Capital Projects Funds	-	-	-	3,963,205	-	3,963,205
Undesignated, reported in:						
Special Revenue Funds	-	-	-	-	2,305,897	2,305,897
Debt Service Funds	-	-	-	-	(4,525)	(4,525)
Capital Projects Funds	-	-	-	-	157	157
Total fund balances	16,434,079	440,907	3,561	4,243,834	3,223,512	24,345,893
Total liabilities and fund balances	\$ 18,545,958	\$ 865,612	\$ 509,203	\$ 4,246,499	\$ 3,350,506	\$ 27,517,778

See Notes to Financial Statements.

City of Aventura, Florida

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended September 30, 2006

	General Fund	Charter School Fund	Debt Service Fund 2000 Series	Capital Construction Fund 2000 Series	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Ad valorem taxes	\$ 14,089,388	\$ -	\$ -	\$ -	\$ -	\$ 14,089,388
Utility service taxes	6,015,016	-	-	-	-	6,015,016
Franchise fees	3,359,261	-	-	-	-	3,359,261
Intergovernmental	4,904,392	4,437,720	-	-	1,563,773	10,905,885
Licenses and permits	3,277,960	-	-	-	-	3,277,960
Charges for services	1,528,549	376,192	-	-	-	1,904,741
Fines and forfeitures	261,615	-	-	-	339,724	601,339
Impact fees	-	-	-	-	398,436	398,436
Interest income	795,994	33,546	25,170	171,042	134,026	1,159,778
Miscellaneous	342,515	266,774	-	-	1,295	610,584
Total revenues	34,574,690	5,114,232	25,170	171,042	2,437,254	42,322,388
Expenditures:						
Current:						
General government	2,668,284	-	-	-	-	2,668,284
Public safety	13,771,086	-	-	-	10,449	13,781,535
Community services	4,432,614	4,443,544	-	-	143,071	9,019,229
Nondepartmental	2,978,900	-	-	-	-	2,978,900
Capital outlay	3,487,345	60,469	-	82,413	2,170,147	5,800,374
Debt service:						
Principal retirement	-	-	235,000	-	730,000	965,000
Interest	-	-	277,956	-	1,441,436	1,719,392
Trustee fees and other	-	-	-	-	25,817	25,817
Total expenditures	27,338,229	4,504,013	512,956	82,413	4,520,920	36,958,531
Excess (deficiency) of revenues over expenditures	7,236,461	610,219	(487,786)	88,629	(2,083,666)	5,363,857
Other financing sources (uses):						
Transfers in	80,742	-	487,000	-	2,173,108	2,740,850
Transfers out	(2,217,523)	(472,585)	-	-	-	(2,690,108)
Total other financing sources (uses)	(2,136,781)	(472,585)	487,000	-	2,173,108	50,742
Net change in fund balances	5,099,680	137,634	(786)	88,629	89,442	5,414,599
Fund balances, beginning	11,334,399	303,273	4,347	4,155,205	3,134,070	18,931,294
Fund balances, ending	\$ 16,434,079	\$ 440,907	\$ 3,561	\$ 4,243,834	\$ 3,223,512	\$ 24,345,893

See Notes to Financial Statements.

City of Aventura, Florida

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Year Ended September 30, 2006

Net change in fund balances – total governmental funds		\$	5,414,599
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures.			
However, in the statement of activities the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which capitalized capital outlays exceeded depreciation in the current period:			
Expenditures for capital assets	3,778,963		
Less: current year's depreciation	<u>(2,488,091)</u>		1,290,872
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.			965,000
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds:			
Net pension obligation			1,272
Interest			(43,460)
Amortization of bond issuance costs			(15,769)
Compensated absences			(196,878)
Revenues that were previously recognized in the statement of activities that are available in the fund financial statements.			<u>(780,333)</u>
Change in net assets of governmental activities		\$	<u>6,635,303</u>

See Notes to Financial Statements.

City of Aventura, Florida

Statement of Net Assets
Proprietary Fund
September 30, 2006

Assets:	
Current assets:	
Cash and cash equivalents	\$ 338,396
Due from other governments	335,665
Noncurrent assets:	
Capital assets (net of accumulated depreciation)	6,417,218
Total assets	<u>7,091,279</u>
Liabilities:	
Current liabilities:	
Accounts payable	17,678
Due to other funds	368,903
Total liabilities	<u>386,581</u>
Net Assets:	
Invested in capital assets, net of related debt	6,417,218
Unrestricted	287,480
Total net assets	<u>\$ 6,704,698</u>

See Notes to Financial Statements.

City of Aventura, Florida

Statement of Operating Revenues, Expenses and Change in Fund Net Assets
Proprietary Fund
For the Year Ended September 30, 2006

<hr/>	
Operating revenues:	
Charges for services	\$ 815,454
Operating expenses:	
Cost of sales and services	161,612
Depreciation expense	199,100
Total operating expenses	<hr/> 360,712
Operating income	<hr/> 454,742
Nonoperating revenues:	
Interest income	3,202
Income before contributions and transfers	<hr/> 457,944
Capital contributions	415,000
Transfers out	<hr/> (50,742)
Change in net assets	822,202
Net assets, beginning	5,882,496
Net assets, ending	<hr/> <hr/> \$ 6,704,698

See Notes to Financial Statements.

City of Aventura, Florida

Statement of Cash Flows

Proprietary Fund

Year Ended September 30, 2006

<hr/>	
Cash Flows From Operating Activities	
Cash received from customers, users and other	\$ 609,593
Cash paid to suppliers	(183,347)
Net cash provided by operating activities	<u>426,246</u>
Cash Flows Used In Noncapital Financing Activities	
Transfers out to other fund	(50,742)
Cash Flows Used In Capital and Related Financing Activities	
Capital contributions	415,000
Purchase of capital assets	(455,310)
Net cash used by capital and related financing activities	<u>(40,310)</u>
Cash Flows Provided By Investing Activities	
Interest received	3,202
Net increase in cash and cash equivalents	<u>338,396</u>
Cash and cash equivalents, beginning	-
Cash and cash equivalents, ending	<u>\$ 338,396</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities	
Operating income	\$ 454,742
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	199,100
Changes in assets and liabilities:	
Increase in due from other governments	(205,861)
Increase in accounts payable	(21,735)
Total adjustments	<u>(28,496)</u>
Net cash provided by operating activities	<u>\$ 426,246</u>

See Notes to Financial Statements.

City of Aventura, Florida

Statement of Fiduciary Net Assets
Police Officers' Retirement Plan Fund
September 30, 2006

Assets:	
Investments	\$ 5,340,147
Contributions receivable:	
Employer	29,987
Employees	13,205
Accrued interest	21,731
Total assets	<u>5,405,070</u>
Liabilities:	
Accrued expenses	1,750
Net assets held in trust for pension benefits	<u>\$ 5,403,320</u>

See Notes to Financial Statements.

City of Aventura, Florida

Statement of Fiduciary Net Assets
Police Officers' Retirement Plan Fund
Year Ended September 30, 2006

Additions:	
Contributions:	
Employer	\$ 857,184
Employees	377,356
State of Florida, premium tax	149,567
Total contributions	<u>1,384,107</u>
Investment earnings:	
Net appreciation in fair value of investments	173,260
Interest income	126,960
Total investment income	<u>300,220</u>
Less investment expense	(45,038)
Net investment income	<u>255,182</u>
Total additions	<u>1,639,289</u>
Deductions:	
Administrative expenses	43,711
Employee contribution refunds	12,379
Total deductions	<u>56,090</u>
Change in net assets	<u>1,583,199</u>
Net assets held in trust for pension benefits, beginning	3,820,121
Net assets held in trust for pension benefits, ending	<u>\$ 5,403,320</u>

See Notes to Financial Statements.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The City of Aventura, Florida (the "City") was incorporated in November 1995. The City operates under a Commission-Manager form of government and provides the following services as authorized by its charter: public safety, highways and streets, culture and recreation, public works and stormwater management.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to state and local governmental units, which are promulgated by the Governmental Accounting Standards Board ("GASB"). Significant accounting and reporting policies and practices used by the City are described below:

A. Financial Reporting Entity

Accounting principles generally accepted in the United States of America require that the reporting entity include: (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Section 2100 of the Codification of Government Accounting and Financial Reporting Standards have been considered and there are no agencies or entities which should be presented with the City.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those expenses that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Ad valorem taxes, when levied for, franchise fees, utility taxes, charges for services, intergovernmental revenues when eligibility requirements are met and interest associated with the current fiscal period are all considered to be measurable and so have been recognized as revenues, if available, of the current fiscal period. All other revenue items such as fines and forfeitures and licenses and permits are considered to be measurable only when cash is received by the City.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expense generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary fund are charges to customers for sales and services. Operating expenses for proprietary funds include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses that do not meet this definition are reported as nonoperating revenues or expenses.

The City reports the following major governmental funds:

The **General Fund** is the principal operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund.

The **Charter School Fund** is used to account for revenues and expenditures from the operations of the Aventura City of Excellence School, a special revenue fund of the City.

The **Debt Service Fund 2000 Series** is used to account for the payment of principal, interest and other expenditures associated with the Series 2000 Revenue bonds.

The **Capital Construction Fund 2000 Series** is used to fund capital improvements from the proceeds of the Series 2000 Revenue bonds.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The City reports the following major proprietary fund:

The ***Stormwater Utility Fund*** accounts for the operation of the City's stormwater system.

Additionally, the government reports the following fiduciary fund type:

The ***Pension Trust Fund*** accounts for the activities of the Police Officers' Retirement Plan that accumulates resources for pension benefits to qualifying police officers.

The private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type and enterprise funds, subject to the same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, and fines and forfeitures, 2) operating grants and contributions and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

1. **Cash, cash equivalents and investments** – 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 Florida State Board of Administration Local Government Surplus Funds Trust Fund.

The City maintains 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. Interest earned on pooled cash and investments is allocated monthly based on cash balances of the respective funds. Investments are reported at their fair value based on the closing sale price as reported by recognized security exchanges. The reported value of the SBA investment pool is the same as the fair value of the pool shares, which is recorded at amortized cost.

The pension plans investments in common stocks, corporate bonds and government securities are valued is quoted market price. Investments in money market funds are valued at cost.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

2. **Receivables and payables** – Transactions between funds that are representative of lending/borrowing arrangement outstanding at the end of the year are referred to as either "interfund receivables/payables." Any residual outstanding balances between the governmental activities and business-type activities at year end are reported in the government-wide financial statements as internal balances.
3. **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 financial statements.
4. **Inventories** – Inventories are valued at the lower of cost (last-in, first-out) or market. These amounts are reserved in governmental fund financial statements.
5. **Capital assets** – Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

	Years
Buildings	25
Improvements other than buildings	20 – 30
Infrastructure	20 – 40
Furniture, machinery and equipment	3 – 20

GASB No. 34 requires the City to report and depreciate new infrastructure assets effective with the September 30, 2003 fiscal year. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2006. The City will implement the retroactive infrastructure provisions by the fiscal year ending September 30, 2007.

Within governmental funds, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported within the governmental fund financial statements.

6. **Unearned/ Deferred revenues** – Unearned revenues at the government-wide level, governmental funds and proprietary funds are reported when the City receives resources before it has earned the revenues. Furthermore, governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

7. **Compensated absences payable** – The City's sick leave policy permits employees to accumulate earned but unused sick pay benefits. Upon termination, sick pay is paid out between 10-50% based on length of service.

The City's vacation policy is that earned vacation is cumulative although limited to certain maximums based on length of service.

Accumulated compensated absences are recorded in the government-wide and proprietary fund financial statements when earned. Expenditures for accumulated compensated absences have been recorded in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Payments are generally paid out of the General Fund.

8. **Long-term obligations** – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums, discounts and issue costs are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premiums and discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issue costs in year of issuance. Bond proceeds and premiums are reported at par as an other financing source. Issue costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. Bond principal payments and discounts are reported as an expenditure.

9. **Equity classifications**

Government-wide and Proprietary Fund Statements:

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

- a. Invested in capital assets, net of related debt – consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets.
- b. Restricted net assets – consists of net assets with constraints placed on the 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.
- c. Unrestricted net assets – all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund statements:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. **Encumbrances** – Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds.

Encumbrances are recorded at the time a purchase order or other commitment is entered into. Encumbrances outstanding at year-end represent the estimated amount of expenditures which would result if unperformed purchase orders and other commitments at year end are completed. Appropriations lapse at year-end; however, the City generally intends to honor purchase orders and other commitments in process. As a result, encumbrances outstanding at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities of the current period.

11. **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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2. Property Taxes

Property taxes are assessed as of January 1 each year and are first billed (levied) and due the following November 1.

Under the Florida law, the assessment of all properties and the collection of all county, municipal school board and special district property taxes are consolidated in the Offices of the County Property Appraiser and County Tax Collector. The laws for the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The millage rate assessed by the City for the year ended September 30, 2006 was 2.2270 mills.

The tax levy of the City is established by the City Commission prior to October 1 of each year, and the County Property Appraiser incorporates the millage into the total tax levy, which includes Miami-Dade County, Miami-Dade County School Board and certain other special taxing districts.

All property is reassessed according to its fair market value as of January 1 each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes.

Notes to Financial Statements

Note 2. Property Taxes (Continued)

All real and tangible personal property taxes are due and payable on November 1 each year or as soon as practicable thereafter as the assessment roll is certified by the County Property Appraiser. Miami-Dade County mails each property owner on the assessment roll a notice of the taxes due and collects the taxes for the City. Taxes may be paid upon receipt of the notice from Miami-Dade County, with discounts at the rate of 4% if paid in the month of November, 3% if paid in the month of December, 2% if paid in the month of January and 1% if paid in the month of February. Taxes paid during the month of March are without discount, and all unpaid taxes on real and tangible personal property become delinquent and liens are placed on April 1 of the year following the year in which the taxes were assessed. Procedures for the collection of delinquent taxes by Miami-Dade County are provided for in the laws of Florida. There were no material delinquent property taxes as of September 30, 2006.

Note 3. Deposits and Investments

Deposits: The City's custodial credit risk policy is in accordance with Florida Statutes. Florida Statutes authorize the deposit of City funds in demand deposits or time deposits of financial institutions approved by the State Treasurer. These are defined as public deposits. All City public deposits are held in qualified public depositories pursuant to Chapter 280, Florida Statutes, "Florida Security for Public Deposits Act." Under the act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The collateral pledging level may range from 50% to 125% depending upon the depository's financial condition and the length of time that the depository has been established. All collateral must be deposited with the State Treasurer. Any losses to public depositories resulting from insolvency are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessment against other qualified public depositories of the same type as the depository in default. The City's bank balances were insured either by the federal depository insurance or collateralized in the bank's participation in the Florida Security for Public Deposits Act.

The Florida State Board of Administration Local Government Surplus Funds Trust Fund ("SBA") is not a registrant with the Securities and Exchange Commission ("SEC"); however, its board has adopted operating procedures consistent with the requirements for a 2a-7 fund. In accordance with these requirements, the method used to determine the participants' shares sold and redeemed is the amortized cost method. The amortized cost method is the same method used to report investments. Amortized cost includes accrued income and is a method of calculating an investment's value by adjusting its acquisition cost for the amortization of discount or premium over the period from purchase to maturity. Thus, the City's account balance in the SBA is its amortized cost. The SBA is governed by Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of the SBA. Additionally, the Office of the Auditor General of the State of Florida performs the operational audit of the activities and investment of the SBA. The SBA accounts are not subject to custodial credit risk as these investments are not evidenced by securities that exist in physical or bank entry form.

Investments: The City's policy for investments other than pension plan investments is summarized below. The Finance Support Services Director has responsibility for the type of investments the City makes. The City's policy allows them to invest, but is not limited to the following: (1) obligations of the United States and its agencies; (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open-end money market mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations; and (4) commercial paper with a rating of at least A1/P1.

Notes to Financial Statements

Note 3. Deposits and Investments (Continued)

The City policy for pension investments is under the oversight of the Board of Trustees. The Board contracts with an investment advisory firm and approves any new investment vehicles presented by the consultant. The Board follows all applicable state statutes. State law limits investments in corporate bonds and commercial paper to the top three ratings issued by nationally recognized statistical rating organizations.

Interest rate risk: The City does not have a formal investment policy for its pension funds that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's practice is to limit its exposure to fair value losses arising from changes in interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

Concentrations: The City's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific issuer. The pension fund limits investments that may be invested in any one issuer to no more than 5% of plan net assets, other than those issued by the U.S. Government or its Agencies. More than 5% of the pension fund's plan net assets are invested in debt securities issued by the Federal National Mortgage Association. This investment represented 6.4% of plan net assets as of September 30, 2006.

Custodial credit risk:

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City does not have a formal custodial credit risk policy, but its practice is to ensure that all investments are registered in the City's name and held by the counterparty.

As of September 30, 2006, the City's cash and investments were as follows:

Cash and cash equivalents	
Deposits with financial institutions	\$ 2,111,967
SBA	23,140,392
	<u>25,252,359</u>
 Fiduciary Fund investments:	
Common stocks	3,222,304
Government securities	893,726
Corporate bonds	917,727
Money market funds	306,390
Total fiduciary fund investments	<u>5,340,147</u>
Total cash, cash equivalents and investments	<u>\$ 30,592,506</u>

City of Aventura, Florida

Notes to Financial Statements

Note 3. Deposits and Investments (Continued)

Cash and investments are classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 20,710,114
Restricted cash, cash equivalents and investments	4,542,245
	<u>25,252,359</u>

Statement of Fiduciary Net Assets:

Common stocks	3,222,304
Government securities	893,726
Corporate bonds	917,727
Money market funds	306,390
Total fiduciary fund investments	<u>5,340,147</u>
Total cash and investments	<u>\$ 30,592,506</u>

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the entity's debt-type investments to this risk using the segmented time distribution model is as follows:

Summary of Investments and Interest Rate Risk	Investment Maturities (in Years)				
	Fair Value	Less Than 1 Year	1 – 5 Years	6 – 10 Years	Greater Than 10 Years
Corporate Bonds	\$ 917,727	\$ 180,637	\$ 609,395	\$ 127,695	\$ -
U.S. Treasuries	530,749	-	373,587	157,162	-
U.S. Agencies	362,977	94,971	170,600	97,406	-
Money Market Funds	306,390	306,390	-	-	-
SBA	23,140,392	23,140,392	-	-	-
Total	<u>\$ 25,258,235</u>	<u>\$ 23,722,390</u>	<u>\$ 1,153,582</u>	<u>\$ 382,263</u>	<u>\$ -</u>

Notes to Financial Statements

Note 3. Deposits and Investments (Continued)

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. As of 9/30/06, only the City's pension plan had investments in other than the SBA pool. Investments in the SBA Pool and the money market funds are not rated. The pension funds corporate bonds were rated by Moody's Investors Services as follows:

Rating	Fair Value
Aaa	\$ 64,222
Aa1	29,354
Aa2	54,075
Aa3	256,924
A1	233,567
A2	219,522
A3	60,063
Total	<u>\$ 917,727</u>

Note 4. Receivables

Receivables as of September 30, 2006 consist of the following:

Governmental activities	General Fund	Charter School Fund	Nonmajor Governmental Funds	Total
Utility service taxes	\$ 316,583	\$ -	\$ -	\$ 316,583
Police services	43,350	-	-	43,350
Vendors	12,500	10,800	-	23,300
Franchise fees	31,181	-	-	31,181
Total governmental activities	<u>\$ 403,614</u>	<u>\$ 10,800</u>	<u>\$ -</u>	<u>\$ 414,414</u>

City of Aventura, Florida

Notes to Financial Statements

Note 5. Interfund Balances and Transfers

Interfund receivables and payables as of September 30, 2006 were as follows:

	Receivables	Payables
General Fund	\$ 505,153	\$ -
Debt Service Fund 2000 Series	-	131,664
Other nonmajor governmental funds	-	4,586
Stormwater Utility Fund	-	368,903
Totals	\$ 505,153	\$ 505,153

These balances resulted from the time lag between the dates that: (1) interfund goods and services are provided or reimbursable expenditures occur; (2) transactions are recorded in the accounting systems; and (3) payments between funds are actually made.

Interfund transfers during the year ended September 30, 2006 were as follows:

	Transfers In	Transfers Out
General Fund	\$ 80,742	\$ 2,217,523
Charter School Fund	-	472,585
Debt Service Fund 2000 Series	487,000	-
Other nonmajor governmental funds	2,173,108	-
Stormwater Utility Fund	-	50,742
	\$ 2,740,850	\$ 2,740,850

Transfers are used to: (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfers from the proprietary fund to the general fund in the amount of \$50,742 were for administrative services provided by the general fund. The transfer of \$30,000 from the charter school fund was for administrative support services provided by the general fund. The transfer from the general fund of \$2,217,523 and \$442,585 from the charter school fund represented transfers to meet debt service requirements in the debt service fund 2000 series and the other debt service funds included in the other nonmajor governmental funds.

City of Aventura, Florida

Notes to Financial Statements

Note 6. Capital Assets

Capital assets activity for the year ended September 30, 2006 was as follows:

	Balance October 1, 2005	Additions	Retirements	Balance September 30, 2006
<i>Governmental Activities:</i>				
Capital assets, not being depreciated:				
Land	\$ 14,592,603	\$ 82,764	\$ -	\$ 14,675,367
Construction in progress	-	106,353	-	106,353
Total capital assets, not being depreciated	14,592,603	189,117	-	14,781,720
Capital assets, being depreciated:				
Buildings	33,106,505	84,027	-	33,190,532
Improvements other than buildings	5,060,320	272,755	-	5,333,075
Infrastructure	8,251,286	1,923,411	-	10,174,697
Furniture, machinery and equipment	9,159,708	1,309,653	-	10,469,361
Total capital assets, being depreciated	55,577,819	3,589,846	-	59,167,665
Less accumulated depreciation for:				
Buildings	2,960,786	849,142	-	3,809,928
Improvement other than buildings	1,042,436	356,291	-	1,398,727
Infrastructure	669,610	286,556	-	956,166
Furniture, machinery and equipment	5,376,754	996,102	-	6,372,856
Total accumulated depreciation	10,049,586	2,488,091	-	12,537,677
Total capital assets, being depreciated, net	45,528,233	1,101,755	-	46,629,988
Governmental activities capital assets, net	\$ 60,120,836	\$ 1,290,872	\$ -	\$ 61,411,708
<i>Business-Type Activities:</i>				
Capital assets, being depreciated:				
Infrastructure	\$ 6,910,455	\$ 455,310	\$ -	\$ 7,365,765
Less accumulated depreciation	749,447	199,100	-	948,547
Business-type activities capital assets, net	\$ 6,161,008	\$ 256,210	\$ -	\$ 6,417,218

City of Aventura, Florida

Notes to Financial Statements

Note 6. Capital Assets (Continued)

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
General government	\$ 112,971
Public safety	699,911
Community services	1,193,252
Nondepartmental	481,957
Total depreciation expense – governmental activities	\$ 2,488,091
Business-type activities:	
Stormwater utility	\$ 199,100

Note 7. Long-Term Liabilities of Governmental Activities

Changes in Governmental Activities long-term liabilities during the year ended September 30, 2006 were as follows:

	Balance October 1, 2005	Additions	Retirements	Balance September 30, 2006	Due Within One Year
Series 1999 Revenue bonds payable	\$ 18,665,000	\$ -	\$ 440,000	\$ 18,225,000	\$ 460,000
Series 2000 Revenue bonds payable	5,515,000	-	235,000	5,280,000	245,000
Series 2002 Revenue bonds payable	12,045,000	-	290,000	11,755,000	300,000
Compensated absences payable	1,271,262	781,484	584,606	1,468,140	146,814
Total	\$ 37,496,262	\$ 781,484	\$ 1,549,606	\$ 36,728,140	\$ 1,151,814

City of Aventura, Florida

Notes to Financial Statements

Note 7. Long-Term Liabilities of Governmental Activities (Continued)

Revenue bonds as of September 30, 2006 were comprised of the following:

1999 Revenue bonds issued from the Florida Municipal Loan Council, Inc. Principal is due annually over 30 years in various amounts through April 2029. The bonds bear interest at various rates (4.00% – 5.125%) and are payable semi-annually on October 1 and April 1 of each year.	\$ 18,225,000
2000 Revenue bonds, principal is due annually over 20 years in various amounts through October 2020. The bonds bear interest at 5.04%, payable semi-annually on October 1 and April 1 of each year.	5,280,000
2002 Revenue bonds issued from the Florida Intergovernmental Finance Commission. Principal is due annually over 30 years in various amounts through August 2032. The bonds bear interest at various rates (2.50% – 5.00%) and are payable semi-annually on February 1 and August 1 of each year.	11,755,000
Total revenue bonds	<u><u>\$ 35,260,000</u></u>

Compensated absences attributable to governmental activities are generally liquidated by the General Fund.

The City previously issued \$6,555,000 in Series 2000 Revenue bonds to finance the acquisition of land for parks and recreational purposes and for the construction of a community recreation center. The bond indenture relating to this issue requires that a reserve fund of \$500,000 be established, the balance of which as of September 30, 2006 was sufficient to meet this requirement. The indenture also requires the maintenance of a minimum debt service coverage ratio of 2.50:1.00.

The City also previously 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 the community recreation center. The bond indenture relating to this issue requires a reserve fund in the amount of \$842,000. The City purchased a surety bond to meet this requirement.

City of Aventura, Florida

Notes to Financial Statements

Note 7. Long-Term Liabilities of Governmental Activities (Continued)

The annual debt service requirements to maturity for the revenue bonds are as follows:

Year Ending September 30,	Principal	Interest	Total
2007	\$ 1,005,000	\$ 1,682,298	\$ 2,687,298
2008	1,035,000	1,642,703	2,677,703
2009	1,080,000	1,600,005	2,680,005
2010	1,130,000	1,593,981	2,723,981
2011	1,175,000	1,504,239	2,679,239
2012-2016	6,735,000	6,658,550	13,393,550
2017-2021	8,150,000	4,850,705	13,000,705
2022-2026	7,460,000	2,901,700	10,361,700
2027-2031	6,770,000	942,750	7,712,750
2032-2033	720,000	36,000	756,000
	<u>\$ 35,260,000</u>	<u>\$ 23,412,931</u>	<u>\$ 58,672,931</u>

Note 8. Commitments and Contingencies

Litigation: Various claims and lawsuits, which arise in the normal course of operations, are pending against the City. It is management's opinion, based on the advice of the City Attorney, that the outcome of these actions will not have a material adverse effect on the financial statements of the City. Management also believes that the litigation against the City will be covered by insurance.

Franchise fees: The City previously entered into an interlocal agreement with Miami-Dade County (the "County") which provided for the Florida Power & Light Co. franchise fees collected by the County within the City's boundaries, to be remitted to the City. This agreement will be in effect as long as the Ordinance establishing the collection of these fees is in place. In accordance with the agreement, the County remitted approximately \$3.3 million to the City for the year ended September 30, 2006.

Stormwater fees: The City previously entered into another interlocal agreement with the County to administer, bill and collect stormwater utility charges from residents within the City's boundaries. The County remits all fees collected, less the County's compensation for the billing and collection of these charges. The agreement expired during the year and is currently being negotiated. In accordance with this agreement, the County remitted approximately \$815,500 to the City during the year ended September 30, 2006.

Government grants: Revenue recognized from grants may be subject to audit by the grantor agencies. In the opinion of City management, as a result of such audits disallowances of grant revenues, if any, would not have a material adverse effect on the City's financial condition.

Notes to Financial Statements

Note 8. Commitments and Contingencies

Employment agreement: The City has an employment contract with its City Manager that provides for an annual salary, adjusted for cost-of-living increases and certain benefits. This agreement is effective for an indefinite term subject to termination of the City Manager by the City Commission in accordance with Article III, Section 3.08 of the City Charter. The City Manager must provide two months advance written notice to resign voluntarily.

Charter school agreements: The City has a contract with the School Board of Miami-Dade County, Florida that provides for Aventura City of Excellence School to provide the residents of the City of Aventura an education choice for up to 900 elementary and middle school students. The contract ends on June 30, 2018 but provides for a renewal of up to 15 years by mutual agreement of the parties.

The City also has a management agreement with Charter School USA, Inc. ("CSUSA"). The agreement calls for CSUSA to design, build, operate and maintain a charter elementary school for the City. The agreement terminates June 30, 2008 and calls for annual management and incentive fees based on funding for student enrollment.

Other agreements: The City has entered into nonexclusive agreements with several engineering consulting firms (the "Consultants") to provide building inspections and plan review services until November 1, 2007. Pursuant to the agreements, the Consultants receive 70% of the gross building permit fee revenues for the first \$100,000 in fees in a month and 65% of the amount in excess of \$100,000 per month.

Construction commitments:

The City is a party to several construction contracts for City infrastructure improvements. The amount remaining on these uncompleted contracts as of September 30, 2006 was approximately \$4,899,895.

Purchase commitment:

On February 24, 2004, the City entered into a Purchase and Sale Agreement whereby it would acquire approximately six acres of land to be used as an expansion of the City park system. Pursuant to the Agreement, the City would pay a total purchase price of \$3,800,000 for the parcel with closing to take place within 150 days of February 24, 2004. The closing date was later extended through December 2004. Pursuant to the agreement, in March 2004, the City placed \$380,000, representing 10% of the purchase price, into an escrow account as a good faith deposit. Between December 2004 and May 2006, the City and seller continued negotiations on the transaction. In May 2006, a revised purchase and sale agreement was entered into whereby the City was to acquire a different parcel at a price of \$2.1 million. The deposit was reduced to \$210,000 on May 18, 2006. The sale was completed and closed in November 2006.

Notes to Financial Statements

Note 9. Risk Management

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

Note 10. Defined Contribution Pension Plans

The City is a single employer that contributes to three defined contribution pension plans based on employee classification created in accordance with Internal Revenue Code Section 401(a). The plans currently cover all full-time employees of the City. Under these plans, the City contributes between 12-18% depending on employee classifications. City contributions for the City Manager, department directors and assistant department directors vest in the year they are contributed. City contributions to general employees vest beginning after one year of service through year five in 20% increments. Participants are not permitted to make contributions during the year. The City made plan contributions of approximately \$272,250 during the year. Plan provisions and contribution requirements may be amended by the City Commission.

The Plan's assets are administered by ICMA Retirement Corp. The City does not exercise any control or fiduciary responsibility over the Plan's assets.

Note 11. Defined Benefit Pension Plan

The City agreed to provide a defined benefit retirement plan effective October 1, 2003 through a collective bargaining contract between the City and the Miami-Dade County Police Benevolent Association City of Aventura Police Officers' Retirement Plan (the "Plan"). The Plan is a single-employer defined benefit retirement plan. The Plan was established by the City in accordance with a City ordinance and state statutes. The Plan covers only sworn police officers and is funded by a combination of City contributions, employee contributions, rollover of 401(a) Plan assets for certain of the employees and the proceeds of the state insurance premium tax on casualty insurance policies. The initial funding levels of covered payroll are 15.385% for the City's contribution, 6.775% for the employee's contribution and 5% for the state premiums tax. The Plan and employee contributions are mandatory for all sworn police officers. Contribution requirements of the Plan members and the participating employer are established and may be changed by an amendment to the City ordinance.

The City utilizes the entry age normal cost method. The asset valuation method is a market value less unrecognized capital appreciation, which is recognized at a rate of 20% per year.

Information as of the latest actuarial valuation, dated October 1, 2004 included no cost of living adjustments and a 3% annual inflation rate; an annual investment rate of return of 8.00%; projected annual salary increases of 5.0%; the amortization method is level percent, closed; and an amortization period of 30 years.

Notes to Financial Statements

Note 11. Defined Benefit Pension Plan (Continued)

On October 1, 2004 (the last plan year valuation date), Plan membership consisted of:

Retirees and beneficiaries receiving benefits	-
Active plan members	74
Total	<u>74</u>

The financial statements of the Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

The general administration, management and investment decisions of the Plan and the responsibility for carrying out its provisions is vested in the five member Board of Trustees. Administrative costs of the Plan are financed through current or prior investment earnings.

The City has issued stand-alone financial statements for the Plan which may be obtained from the City of Aventura Finance Support Services Department.

Benefits

Normal retirement may be received upon attainment of age 55 with 10 years of credited service or upon completion of 25 years of credited service. For the first 40 years of service, the monthly benefit received will be 3% of final monthly compensation multiplied by the number of years of service, to a maximum of 80%. Years credited beyond 40 will be taken into account at 2% of final compensation per year. Early retirement may be received upon the attainment of age 45 with 10 years of credited service. The benefit may be received either on a deferred basis or on an immediate basis. On an immediate basis, the benefit amount will be the normal retirement benefit reduced by 3% per year for each year by which the retirement date precedes the normal retirement date. On a deferred basis, the benefit amount will be the same as the normal retirement benefit except that the final compensation and credited service will be based upon the early retirement date.

Disability retirement- Members who become disabled due to service-incurred injuries, which arise out of performance of service with the City, will receive a monthly benefit amount equal to the member's accrued benefit but not less than 42% of the member's final monthly compensation as of the date of disability, offset by any other payments, such as worker's compensation. Members who become disabled due to no-service-incurred injuries, which do not arise out of performance with the City, and who have completed at least ten years of service, will receive a monthly benefit amount equal to 3% of final monthly compensation for each year of credited service, but not less than 30%.

City of Aventura, Florida

Notes to Financial Statements

Note 11. Defined Benefit Pension Plan (Continued)

Trend information: Trend information indicates the progress made in accumulating sufficient assets to pay benefits when due. An analysis of funding progress for the year ended September 30, 2006 is as follows:

Year Ended September 30,	Annual Pension Cost ("APC")	Percentage of APC Contributed	Net Pension Obligation
2006	\$ 1,124,997	100%	\$ 130,994
2005	786,308	103%	132,266
2004	787,658	81%	152,900

The annual pension cost and net pension obligation (asset) for the Plan for year ended September 30, 2006 is as follows:

	Pension Plan
Annual Required Contribution (ARC)	\$ 1,126,269
Interest on net pension obligation	10,581
Adjustment to annual required contribution	(11,853)
Annual pension cost	1,124,997
Contributions made	1,126,269
Decrease in net pension obligation	(1,272)
Net pension obligation, beginning	132,266
Net pension obligation, ending	<u><u>\$ 130,994</u></u>

Notes to Financial Statements

Note 12. Pronouncements Issued But Not Yet Effective

The GASB has issued several statements not yet implemented by the City. The statements which might impact the City are as follows:

GASB Statement No. 43, *Financial Reporting For Postemployment Benefit Plans Other Than Pension Plans*, issued April 2004, will be effective for the City beginning with its year ending September 30, 2008. This Statement establishes uniform financial reporting standards for other postemployment benefit plans ("OPEB" plans) and supersedes existing guidance.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued June 2004, will be effective for the City beginning with its year ending September 30, 2009. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports.

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, issued September 2006, is effective for periods beginning after December 15, 2006. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also provides disclosure requirements for a government that pledges or commits future cash flows from a specific revenue source. In addition, this Statement establishes accounting and financial reporting standards for intra-entity transfers of assets and future revenues.

GASB Statement No. 48, *Accounting and Financial Reporting for Pollution Remediation Obligations* will be effective for the City beginning with its fiscal year ending September 30, 2009. This statement addressed accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups.

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, issued November 2006, is effective for the County beginning with its fiscal year ending September 2009. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups.

The City's management has not yet determined the effect these Statements will have on the City's financial statements.

City of Aventura, Florida

Schedule of Revenues and Expenditures – Budget and Actual
 General Fund
 For the Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Ad Valorem taxes:				
Current	\$ 13,998,032	\$ 13,998,032	\$ 14,023,964	\$ 25,932
Delinquent	7,000	7,000	65,424	58,424
Utility service taxes:				
Electric	3,187,000	3,187,000	3,319,819	132,819
Telecommunication	1,957,000	1,957,000	2,071,768	114,768
Water	476,000	476,000	588,860	112,860
Gas	35,000	35,000	34,569	(431)
Franchise fees:				
Electric	1,877,000	2,639,044	2,906,200	267,156
Gas	28,000	28,000	28,973	973
Sanitation	257,000	257,000	398,325	141,325
Towing	25,000	25,000	25,763	763
Total taxes	21,847,032	22,609,076	23,463,665	854,589
Intergovernmental revenues:				
Federal grants	-	1,489,956	1,532,372	42,416
State and local grants	574,500	574,500	993,285	418,785
Alcoholic beverage licenses	6,000	6,000	14,783	8,783
State revenue sharing	313,000	313,000	439,361	126,361
Half cent sales tax	1,599,000	1,599,000	1,892,172	293,172
County occupational licenses	25,000	25,000	32,419	7,419
Total intergovernmental revenues	2,517,500	4,007,456	4,904,392	896,936
Licenses and permits:				
City occupational licenses	650,000	650,000	639,621	(10,379)
Building permits	1,200,000	2,300,000	2,309,000	9,000
Certificates of occupancy	100,000	100,000	283,031	183,031
Engineering	3,500	3,500	46,308	42,808
Total licenses and permits	1,953,500	3,053,500	3,277,960	224,460
Charges for services:				
Certificate of use fees	5,000	5,000	5,985	985
Lien search fees	20,000	20,000	58,903	38,903
Development review fees	30,000	30,000	-	(30,000)
Recreation/cultural events	340,000	600,000	559,855	(40,145)
Police services	487,000	826,000	903,606	77,606
Other	2,000	-	200	200
Total charges for services	884,000	1,481,000	1,528,549	47,549

(Continued)

City of Aventura, Florida

Schedule of Revenues and Expenditures – Budget and Actual
 General Fund (Continued)
 For the Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Fines and forfeitures:				
County court fees	\$ 200,000	\$ 200,000	\$ 257,965	\$ 57,965
Code violation fines	1,500	1,500	3,650	2,150
Total fines and forfeitures	201,500	201,500	261,615	60,115
Other:				
Interest income	115,000	115,000	795,994	680,994
Miscellaneous	35,000	37,000	342,515	305,515
Total other	150,000	152,000	1,138,509	986,509
Total revenues	27,553,532	31,504,532	34,574,690	3,070,158
Expenditures:				
Current:				
General government:				
City Commission:				
Personal services	59,593	59,593	61,938	(2,345)
Operating	54,994	54,994	43,423	11,571
City Manager:				
Personal services	601,057	601,057	588,360	12,697
Operating	168,750	168,750	173,126	(4,376)
Capital outlay	4,000	7,081	7,126	(45)
Finance support services:				
Personal services	1,042,620	1,042,620	974,077	68,543
Operating	238,100	238,100	260,463	(22,363)
Capital outlay	153,000	156,920	51,612	105,308
Legal:				
Operating	256,000	326,000	313,521	12,479
City Clerk:				
Personal services	172,636	172,636	175,487	(2,851)
Operating	101,600	101,600	77,889	23,711
Total general government	2,852,350	2,929,351	2,727,022	202,329

(Continued)

City of Aventura, Florida

Schedule of Revenues and Expenditures – Budget and Actual
 General Fund (Continued)
 For the Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Public safety:				
Police:				
Personal services	\$ 9,172,185	\$ 9,951,185	\$ 10,054,436	\$ (103,251)
Operating	1,162,850	1,272,850	1,179,263	93,587
Capital outlay	1,052,700	1,210,546	642,402	568,144
Community development:				
Personal services	628,516	628,515	591,728	36,787
Operating	1,184,000	1,944,000	1,945,659	(1,659)
Capital outlay	22,775	26,415	11,875	14,540
Total public safety	13,223,026	15,033,511	14,425,363	608,148
Community services:				
Personal services	845,016	865,016	815,681	49,335
Operating	3,789,750	4,319,750	3,616,933	702,817
Capital outlay	2,086,650	3,703,185	2,561,313	1,141,872
Total community services	6,721,416	8,887,951	6,993,927	1,894,024
Nondepartmental:				
Operating	1,391,000	3,071,000	2,978,900	92,100
Capital outlay	12,034,562	10,675,338	213,017	10,462,321
Total nondepartmental	13,425,562	13,746,338	3,191,917	10,554,421
Total expenditures	36,222,354	40,597,151	27,338,229	13,258,922
Excess (deficiency) of revenues over expenditures	(8,668,822)	(9,092,619)	7,236,461	16,329,080
Other financing sources (uses):				
Transfers in	871,888	871,888	80,742	(791,146)
Transfers out	(2,217,523)	(2,219,523)	(2,217,523)	2,000
Appropriated fund balance	10,014,457	10,440,254	-	(10,440,254)
Total other financing sources (uses)	8,668,822	9,092,619	(2,136,781)	(11,229,400)
Net change in fund balance	\$ -	\$ -	\$ 5,099,680	\$ 5,099,680

See Notes to Required Supplementary Information.

City of Aventura, Florida

Schedule of Funding Progress
Police Officers' Retirement Plan Fund
(Unaudited)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability at Entry Age	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/01/03	\$ 1,389,389	\$ 4,080,982	\$ 2,691,593	34.1%	\$ 4,050,591	66.4%
10/01/04	2,393,593	5,118,997	2,725,404	46.8%	4,085,348	66.7%

See Notes to Required Supplementary Information.

City of Aventura, Florida

Schedule of Contributions From the Employer
and the State of Florida
Police Officers' Retirement Plan Fund
(Unaudited)

Year Ended September 30,		City Annual Required Contribution	Percentage Contributed		State of Florida Insurance Premium Tax
2006	\$	1,126,269	100%	\$	149,567
2005		787,658	102%		143,037
2004		787,658	81%		50,866

See Notes to Required Supplementary Information.

Notes to Required Supplementary Information

Note 1. Budgets and Budgetary Accounting

An annual appropriated budget is adopted for all governmental funds with the exception of the Charter School Fund, Federal Forfeiture Fund and Law Enforcement Trust Fund (Special Revenue Funds).

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. The City Manager submits to the Commission a proposed operating and capital budget for the ensuing fiscal year. The budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to October 1, the budget is legally enacted through passage of an ordinance.
- d. Formal budgetary integration is employed as a management control device during the year for the governmental funds described above.
- e. The City Commission, by ordinance, may make supplemental appropriations for the year up to the amount of revenues in excess of those estimated. The City Commission made several supplementary budgetary appropriations throughout the year including approximately \$2,086,000 in the General Fund.
- f. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles ("GAAP").
- g. The City Manager is authorized to transfer part or all of an unencumbered appropriation balance within departments within a fund; however, any revisions that alter the total appropriations of any department or fund must be approved by the City Commission. The classification detail at which expenditures may not legally exceed appropriations is at the department level.
- h. Unencumbered appropriations lapse at fiscal year end. Unencumbered amounts are reappropriated in the following year's budget for capital accounts only.
- i. Expenditures did not exceed appropriations in any of the governmental funds.

Note 2. Actuarial Assumptions

Information as of the latest actuarial valuation date of October 1, 2004, included no cost of living adjustments and a 3% annual inflation rate; an annual investment rate of return of 8.00%; projected annual salary increase of 5.0%; the amortization method is level percent, closed; and an amortization period of 30 years.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Police Education Fund – This fund is used to account for revenues and expenditures associated with the two dollars (\$2) the City receives from each paid traffic citation, by State Statute, must be used to further the education of the City's police officers.

Street Maintenance Fund – This fund is for revenues and expenditures, which by State Statute are designated for street maintenance and construction costs.

Police Capital Outlay Impact Fee Fund – This fund is used to account for impact fees derived from new developments and restricted by Ordinance for police capital improvements. This fund provides a funding source to assist the City in providing police services required by the growth in the City.

Park Development Fund – This fund is used to account for revenues and expenditures specifically earmarked for capital improvements to the City's park system. This fund accounts for impact fees derived from new developments and restricted by Ordinance for park capital improvement projects.

Federal Forfeiture Fund – This fund is used to account for proceeds obtained from the sale of confiscated and unclaimed property turned over to the City through court judgments. Proceeds are to be used solely for crime fighting purposes.

Law Enforcement Trust Fund – This fund is used to account for resources resulting from police department confiscations and their expenditure for law enforcement purposes.

DEBT SERVICE FUNDS

Debt service funds are used to account for the accumulated of resources for, and the payment of, general long-term debt principal and interest.

Bond Debt Service Fund Series 1999 – This fund is used to accumulate monies for the payment of the 1999 Revenue Bonds. Non-ad valorem tax revenues in the governmental funds are pledged for the payment of principal and interest.

Bond Debt Service Fund Series 2000 – This fund is used to accumulate monies for the payment of the 2000 Revenue bonds. Non-ad valorem tax revenues in the governmental funds are pledged for the payment of principal and interest.

Bond Debt Service Fund Series 2002 – Charter School Land Acquisition – This fund is used to accumulate monies for the payment of the 2002 Revenue bonds. Non-ad valorem tax revenues in the governmental funds are pledged for the payment of principal and interest.

Bond Debt Service Fund Series 2002 – Charter School Building Construction – This fund is used to accumulate monies for the payment of the 2002 Revenue bonds. Non-ad valorem tax revenues in the governmental funds are pledged for the payment of principal and interest.

CAPITAL PROJECT FUNDS

Capital Construction Fund Series 2002 – Charter School Land Acquisition – This fund is used to fund the land acquisition for the Charter School.

Capital Construction Fund Series 2002 – Charter School Building Construction – This fund is used to fund the building construction for the Charter School.

City of Aventura, Florida

Combining Balance Sheet
Other Nonmajor Governmental Funds
September 30, 2006

	Special Revenue Funds					
	Police Education Fund	Street Maintenance Fund	Police Capital Outlay Impact Fee Fund	Park Development Fund	Federal Forfeiture Fund	Law Enforcement Trust Fund
Assets						
Cash and cash equivalents	\$ 3,685	\$ 390,507	\$ 161,754	\$ 1,982,697	\$ 263,207	\$ 248,781
Restricted cash, cash equivalents and investments	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from other governments	502	117,482	-	-	-	-
Prepaid expenditures	1,250	-	-	-	-	-
Total assets	\$ 5,437	\$ 507,989	\$ 161,754	\$ 1,982,697	\$ 263,207	\$ 248,781
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ -	\$ 92,513	\$ -	\$ 9,311	\$ 20,584	\$ -
Due to other funds	-	-	-	-	-	-
Total liabilities	-	92,513	-	9,311	20,584	-
Fund balances (deficit):						
Reserved for:						
Debt service	-	-	-	-	-	-
Encumbrances	-	415,476	-	138,800	186,034	-
Prepaid expenditures	1,250	-	-	-	-	-
Unreserved:						
Designated for subsequent year's expenditures in:						
Special revenue funds	-	-	-	-	-	-
Undesignated, reported in:						
Special revenue funds	4,187	-	161,754	1,834,586	56,589	248,781
Debt service funds	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-
Total fund balances (deficit)	5,437	415,476	161,754	1,973,386	242,623	248,781
Total liabilities and fund balances	\$ 5,437	\$ 507,989	\$ 161,754	\$ 1,982,697	\$ 263,207	\$ 248,781

Debt Service Funds			Capital Projects Funds			
	Bond Debt Service Fund Series 2002 Charter School Land Acquisition	Bond Debt Service Fund Series 2002 Charter School Building Construction	Capital Construction Fund Series 2002 – Charter School Land Acquisition	Capital Construction Fund Series 2002 – Charter School Building Construction	Total Nonmajor Governmental Funds	
\$	20,090	\$ -	\$ -	\$ 3,778	\$ 151,560	\$ 3,226,059
	-	5,152	61	-	-	5,213
	-	-	-	-	-	-
	-	-	-	-	-	117,984
	-	-	-	-	-	1,250
\$	20,090	\$ 5,152	\$ 61	\$ 3,778	\$ 151,560	\$ 3,350,506
\$	-	\$ -	\$ -	\$ -	\$ -	\$ 122,408
	-	-	4,586	-	-	4,586
	-	-	4,586	-	-	126,994
	20,090	5,152	-	-	-	25,242
	-	-	-	3,621	151,560	895,491
	-	-	-	-	-	1,250
	-	-	-	-	-	-
	-	-	-	-	-	2,305,897
	-	-	(4,525)	-	-	(4,525)
	-	-	-	157	-	157
	20,090	5,152	(4,525)	3,778	151,560	3,223,512
\$	20,090	\$ 5,152	\$ 61	\$ 3,778	\$ 151,560	\$ 3,350,506

City of Aventura, Florida

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
 Other Nonmajor Governmental Funds
 Year Ended September 30, 2006

	Special Revenue Funds					
	Police Education Fund	Street Maintenance Fund	Police Capital Outlay Impact Fee Fund	Park Development Fund	Federal Forfeiture Fund	Law Enforcement Trust Fund
Revenues:						
Intergovernmental revenues	\$ -	\$ 1,563,773	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	5,478	-	-	-	255,782	78,464
Impact fees	-	-	84,970	313,466	-	-
Interest income	235	6,335	8,936	82,209	16,733	9,090
Miscellaneous	-	-	-	-	-	1,295
Total revenues	5,713	1,570,108	93,906	395,675	272,515	88,849
Expenditures:						
Current:						
Public safety	10,449	-	-	-	-	-
Community services	-	143,071	-	-	-	-
Capital outlay	-	1,457,441	140,832	106,353	455,603	9,918
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Trustee fees and other	-	-	-	-	-	-
Total expenditures	10,449	1,600,512	140,832	106,353	455,603	9,918
Excess (deficiency) of revenues over expenditures	(4,736)	(30,404)	(46,926)	289,322	(183,088)	78,931
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Net change in fund balances	(4,736)	(30,404)	(46,926)	289,322	(183,088)	78,931
Fund balances, beginning	10,173	445,880	208,680	1,684,064	425,711	169,850
Fund balances (deficit), ending	\$ 5,437	\$ 415,476	\$ 161,754	\$ 1,973,386	\$ 242,623	\$ 248,781

Debt Service Funds			Capital Projects Funds			
	Bond Debt	Bond Debt	Capital	Capital		
	Service Fund	Service Fund	Construction	Construction		Total
	Series 2002	Series 2002	Fund Series	Fund Series		Other
Bond Debt	Charter	Charter	2002 – Charter	2002 – Charter		Nonmajor
Service	School	School	School	School		Governmental
Fund	Land	Building	Land	Building		Funds
Series 1999	Acquisition	Construction	Acquisition	Construction		
\$ -	\$ -	\$ -	\$ -	\$ -		\$ 1,563,773
-	-	-	-	-		339,724
-	-	-	-	-		398,436
5,426	1,783	3,122	157	-		134,026
-	-	-	-	-		1,295
5,426	1,783	3,122	157	-		2,437,254
-	-	-	-	-		10,449
-	-	-	-	-		143,071
-	-	-	-	-		2,170,147
440,000	137,054	152,946	-	-		730,000
895,350	257,916	288,170	-	-		1,441,436
15,015	5,127	5,675	-	-		25,817
1,350,365	400,097	446,791	-	-		4,520,920
(1,344,939)	(398,314)	(443,669)	157	-		(2,083,666)
1,329,523	401,000	442,585	-	-		2,173,108
-	-	-	-	-		-
(15,416)	2,686	(1,084)	157	-		89,442
35,506	2,466	(3,441)	3,621	151,560		3,134,070
\$ 20,090	\$ 5,152	\$ (4,525)	\$ 3,778	\$ 151,560		\$ 3,223,512

City of Aventura, Florida

Schedule of Revenues and Expenditures – Budget and Actual
 Special Revenue Funds
 For the Year Ended September 30, 2006

	Police Education Fund			Street Maintenance Fund			
	Original and Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:							
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ 1,385,915	\$ 1,385,915	\$ 1,563,773	\$ 177,858
Fines and forfeitures	4,300	5,478	1,178	-	-	-	-
Impact fees	-	-	-	-	-	-	-
Interest income	-	235	235	7,500	7,500	6,335	(1,165)
Total revenues	4,300	5,713	1,413	1,393,415	1,393,415	1,570,108	176,693
Expenditures:							
Operating	12,300	10,449	1,851	251,760	251,760	143,071	108,689
Capital outlay	-	-	-	572,120	560,994	1,457,441	(896,447)
Total expenditures	12,300	10,449	1,851	823,880	812,754	1,600,512	(787,758)
Excess (deficiency) of revenues over expenditures	(8,000)	(4,736)	3,264	569,535	580,661	(30,404)	(611,065)
Other financing sources (uses):							
Transfers out	-	-	-	(629,535)	(629,535)	-	629,535
Appropriated fund balances	8,000	-	(8,000)	60,000	48,874	-	(48,874)
Total other financing sources (uses)	8,000	-	(8,000)	(569,535)	(580,661)	-	580,661
Net change in fund balances	\$ -	\$ (4,736)	\$ (4,736)	\$ -	\$ -	\$ (30,404)	\$ (30,404)

Police Capital Impact Fee Fund				Park Development Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
75,000	75,000	84,970	9,970	-	-	313,466	313,466
-	-	8,936	8,936	-	-	82,209	82,209
75,000	75,000	93,906	18,906	-	-	395,675	395,675
-	-	-	-	-	-	-	-
276,290	284,190	140,832	143,358	1,000,000	1,080,778	106,353	974,425
276,290	284,190	140,832	143,358	1,000,000	1,080,778	106,353	974,425
(201,290)	(209,190)	(46,926)	162,264	(1,000,000)	(1,080,778)	289,322	1,370,100
-	-	-	-	-	-	-	-
201,290	209,190	-	(209,190)	1,000,000	1,080,778	-	(1,080,778)
201,290	209,190	-	(209,190)	1,000,000	1,080,778	-	(1,080,778)
\$ -	\$ -	\$ (46,926)	\$ (46,926)	\$ -	\$ -	\$ 289,322	\$ 289,322

City of Aventura, Florida

Schedule of Revenues and Expenditures – Budget and Actual
Debt Service Funds
For the Year Ended September 30, 2006

	Bond Debt Service Fund Series 1999			Bond Debt Service Fund Series 2000			
	Original and Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:							
Interest income	\$ -	\$ 5,426	\$ 5,426	\$ 24,000	\$ 24,000	\$ 25,170	\$ 1,170
Expenditures:							
Debt service:							
Principal	435,000	440,000	(5,000)	230,000	230,000	235,000	(5,000)
Interest	903,000	895,350	7,650	281,000	283,000	277,956	3,044
Trustee fees and other	20,000	15,015	4,985	-	-	-	-
Total expenditures	1,358,000	1,350,365	7,635	511,000	513,000	512,956	(1,956)
Excess (deficiency) of revenues over expenditures	(1,358,000)	(1,344,939)	13,061	(487,000)	(489,000)	(487,786)	(786)
Other financing sources:							
Transfers in	1,329,523	1,329,523	-	487,000	489,000	487,000	(2,000)
Appropriated fund balances	28,477	-	(28,477)	-	-	-	-
Net change in fund balances	\$ -	\$ (15,416)	\$ (15,416)	\$ -	\$ -	\$ (786)	\$ (2,786)

Bond Debt Service Fund Series 2002 Charter School Land Acquisition			Bond Debt Service Fund Series 2002 Charter School Building Construction			
Original and Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
\$ -	\$ 1,783	\$ 1,783	\$ -	\$ -	\$ 3,122	\$ 3,122
145,000	137,054	7,946	160,323	160,323	152,946	7,377
251,000	257,916	(6,916)	281,189	281,189	288,170	(6,981)
5,000	5,127	(127)	5,000	5,000	5,675	(675)
401,000	400,097	903	446,512	446,512	446,791	(279)
(401,000)	(398,314)	2,686	(446,512)	(446,512)	(443,669)	2,843
401,000	401,000	-	442,899	442,899	442,585	(314)
-	-	-	3,613	3,613	-	(3,613)
\$ -	\$ 2,686	\$ 2,686	\$ -	\$ -	\$ (1,084)	\$ (1,084)

City of Aventura, Florida

Schedule of Revenues and Expenditures – Budget and Actual

Capital Projects Funds

For the Year Ended September 30, 2006

	Capital Construction Fund Series 2000			
	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Interest income	\$ -	\$ -	\$ 171,042	\$ 171,042
Expenditures:				
Capital outlay	4,382,425	4,382,425	82,413	4,300,012
Excess (deficiency) of revenues over expenditures	(4,382,425)	(4,382,425)	88,629	4,471,054
Other Financing Sources (Uses)				
Appropriated fund balance	4,382,425	4,382,425	-	(4,382,425)
Net change in fund balances	\$ -	\$ -	\$ 88,629	\$ 88,629

Capital Construction Fund Series 2002 –
Charter School Land Acquisition

Capital Construction Fund Series 2002 –
Charter School Building Construction

Capital Construction Fund Series 2002 – Charter School Land Acquisition			Capital Construction Fund Series 2002 – Charter School Building Construction		
Original and Final Budget	Actual	Variance with Final Budget- Positive (Negative)	Original and Final Budget	Actual	Variance with Final Budget- Positive (Negative)
\$ -	\$ 157	\$ 157	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	157	157	-	-	-
-	-	-	-	-	-
\$ -	\$ 157	\$ 157	\$ -	\$ -	\$ -

STATISTICAL SECTION

Net Assets by Component
Last Four Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 19,880,605	\$ 22,471,893	\$ 23,896,000	\$ 26,151,708
Restricted	5,214,557	1,872,770	2,944,000	3,047,457
Unrestricted	6,882,421	12,099,673	15,844,000	20,119,775
Total governmental activities net assets	\$ 31,977,583	\$ 36,444,336	\$ 42,684,000	\$ 49,318,940
Business-type activities				
Invested in capital assets, net of related debt	\$ 5,350,003	\$ 5,350,598	\$ 6,161,008	\$ 6,417,218
Restricted	-	-	-	-
Unrestricted	(221,770)	62,243	(278,512)	287,480
Total business-type activities net assets	\$ 5,128,233	\$ 5,412,841	\$ 5,882,496	\$ 6,704,698
Primary government				
Invested in capital assets, net of related debt	\$ 25,230,608	\$ 27,822,491	\$ 30,057,008	\$ 32,568,926
Restricted	5,214,557	1,872,770	2,944,000	3,047,457
Unrestricted	6,660,651	12,161,916	15,565,488	20,407,255
Total primary government net assets	\$ 37,105,816	\$ 41,857,177	\$ 48,566,496	\$ 56,023,638

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

City of Aventura, Florida

Changes in Net Assets
Last Four Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$ 2,287,133	\$ 2,539,000	\$ 3,138,897	\$ 2,976,861
Public safety	10,262,009	11,548,304	13,042,732	14,480,174
Community services	4,822,153	8,395,691	8,958,704	10,057,441
Nondepartmental	1,614,238	1,839,320	2,095,636	5,637,308
Interest expense	1,785,364	1,830,330	1,777,122	1,804,438
Total governmental activities expenses	20,770,897	26,152,645	29,013,091	34,956,222
Business-type activities:				
Stormwater utility	125,727	147,242	249,947	360,712
Total business-type activities expenses	125,727	147,242	249,947	360,712
Total primary government expenses	\$ 20,896,624	\$ 26,299,887	\$ 29,263,038	\$ 35,316,934
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 2,629,963	\$ 1,057,776	\$ 539,332	\$ 91,522
Public safety	772,325	2,402,106	3,585,061	4,788,890
Community services	187,182	227,512	671,809	944,724
Operating grants and contributions	164,260	4,099,084	5,212,020	7,302,460
Capital grants and contributions	14,523	401,076	8,987	420,493
Total governmental activities program revenues	3,768,253	8,187,554	10,017,209	13,548,089
Business-type activities:				
Charges for services:				
Stormwater utility	820,926	826,199	820,554	815,454
Capital grants and contributions	650,000	-	-	415,000
Total business-type activities program revenues	1,470,926	826,199	820,554	1,230,454
Total primary government program revenues	\$ 5,239,179	\$ 9,013,753	\$ 10,837,763	\$ 14,778,543

Changes in Net Assets (Continued)
Last Four Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006
Net (expense)/revenue				
Governmental activities	\$ (17,002,644)	\$ (17,965,091)	\$ (18,995,882)	\$ (21,408,133)
Business-type activities	1,345,199	678,957	570,607	869,742
Total primary government net expense	\$ (15,657,445)	\$ (17,286,134)	\$ (18,425,275)	\$ (20,538,391)
General Revenues and Other				
Changes in Net Assets				
Governmental activities:				
Taxes				
Ad-valorem taxes	\$ 9,075,096	\$ 10,143,246	\$ 11,842,689	\$ 14,089,388
Franchise fees on gross receipts	1,875,199	2,185,155	2,330,809	3,359,261
Utility service taxes	5,397,011	5,460,119	5,719,554	6,015,016
Intergovernmental revenue - unrestricted	2,861,600	3,203,912	3,427,647	3,003,546
Developer contributions - unrestricted	30,000	-	-	-
Impact fees	56,609	754,954	959,264	-
Investment earnings not restricted	246,216	174,983	553,135	1,159,778
Miscellaneous revenues	74,436	107,193	298,875	365,705
Transfers	567,037	402,282	103,210	50,742
Total governmental activities	20,183,204	22,431,844	25,235,183	28,043,436
Business-type activities:				
Investment earnings not restricted	3,262	2,555	2,258	3,202
Transfers	(567,037)	(396,904)	(103,210)	(50,742)
Total business-type activities	(563,775)	(394,349)	(100,952)	(47,540)
Total primary government	\$ 19,619,429	\$ 22,037,495	\$ 25,134,231	\$ 27,995,896
Change in Net Assets				
Governmental activities	\$ 3,180,560	\$ 4,466,753	\$ 6,239,301	\$ 6,635,303
Business-type activities	781,424	284,608	469,655	822,202
Total primary government	\$ 3,961,984	\$ 4,751,361	\$ 6,708,956	\$ 7,457,505

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

City of Aventura, Florida

**Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)**

	1997	1998	1999	2000
General fund				
Reserved	\$ 28,172	\$ 30,037	\$ 467,809	\$ 1,711,004
Unreserved	5,597,286	5,911,752	6,476,128	8,830,571
Total general fund	\$ 5,625,458	\$ 5,941,789	\$ 6,943,937	\$ 10,541,575
All other governmental funds				
Reserved	\$ 189,245	\$ 743,047	\$ 12,267,307	\$ 4,046,885
Unreserved, reported in:				
Special revenue funds	481,235	582,728	1,037,566	1,692,901
Debt service funds	-	-	-	-
Capital project fund	103,468	63,458	-	-
Total all other governmental funds	\$ 773,948	\$ 1,389,233	\$ 13,304,873	\$ 5,739,786

Table 3

2001	2002	2003	2004	2005	2006
\$ 1,192,372	\$ 312,274	\$ 1,111,025	\$ 4,560,475	\$ 1,358,556	\$ 3,799,001
7,788,780	9,520,388	10,488,460	8,089,508	9,975,843	12,635,078
<u>\$ 8,981,152</u>	<u>\$ 9,832,662</u>	<u>\$ 11,599,485</u>	<u>\$ 12,649,983</u>	<u>\$ 11,334,399</u>	<u>\$ 16,434,079</u>
\$ 866,449	\$ 1,318,680	\$ 18,485	\$ 34,811	\$ 44,124	\$ 1,206,173
2,223,375	1,630,915	1,116,361	2,267,113	3,245,826	2,746,804
-	-	-	-	(3,441)	(4,525)
<u>6,027,675</u>	<u>11,632,527</u>	<u>4,079,711</u>	<u>4,089,706</u>	<u>4,310,386</u>	<u>3,963,362</u>
<u>\$ 9,117,499</u>	<u>\$ 14,582,122</u>	<u>\$ 5,214,557</u>	<u>\$ 6,391,630</u>	<u>\$ 7,596,895</u>	<u>\$ 7,911,814</u>

City of Aventura, Florida

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	1997	1998	1999	2000
Revenues				
Ad valorem taxes	\$ 9,376,999	\$ 10,671,397	\$ 12,990,627	\$ 7,140,655
Utility service taxes	-	-	-	4,346,175
Franchise fees	-	-	-	2,230,486
Intergovernmental	1,379,510	1,390,596	3,100,321	2,836,374
Licenses and permits	1,368,022	2,756,432	1,781,863	1,886,777
Charges for services	187,558	512,141	918,108	797,774
Fines and forfeitures	42,771	667,824	531,499	441,717
Impact fees	439,572	773,844	324,383	439,512
Investment income	315,253	515,759	586,067	1,059,418
Developer contributions	-	-	611,430	242,915
Miscellaneous	51,957	95,395	77,288	153,959
Total revenues	13,161,642	17,383,388	20,921,586	21,575,762
Expenditures				
General government	1,422,998	1,598,865	1,606,965	1,526,679
Public safety	5,874,497	7,400,225	6,785,764	7,804,469
Community services	1,741,026	5,487,456	2,419,162	2,717,728
Non-departmental	3,819,106	3,732,473	543,665	529,737
Capital Outlay	-	-	10,919,960	11,850,784
Debt service:				
Principal	-	-	6,900,000	355,000
Interest	111,955	237,549	691,607	982,410
Bond issue cost	-	-	-	-
Trustee fees	-	-	-	-
Total expenditures	12,969,582	18,456,568	29,867,123	25,766,807
Excess (deficiency) of revenues over expenditures	192,060	(1,073,180)	(8,945,537)	(4,191,045)
Other financing sources (uses)				
Transfers in	354,353	937,500	968,920	2,504,084
Transfers out	(354,353)	(1,732,704)	(1,005,595)	(1,755,488)
Proceeds from line of credit	3,200,000	2,800,000	900,000	-
Bonds issued	-	-	21,000,000	-
Discount on bonds	-	-	-	-
Bond issuance costs	-	-	-	(525,000)
Current refunding of certificates of indebtedness	-	-	-	-
Total other financing sources (uses)	3,200,000	2,004,796	21,863,325	223,596
Net change in fund balances	\$ 3,392,060	\$ 931,616	\$ 12,917,788	\$ (3,967,449)
Debt service as a percentage of noncapital expenditures	0.9%	1.3%	40.1%	9.6%

Table 4

2001	2002	2003	2004	2005	2006
\$ 7,440,398	\$ 8,428,698	\$ 9,075,096	\$ 10,143,246	\$ 11,842,689	\$ 14,089,388
4,413,388	3,316,474	5,397,011	5,460,119	5,719,554	6,015,016
2,317,645	3,849,676	1,875,199	2,185,155	2,330,809	3,359,261
2,688,105	3,091,728	2,965,158	7,663,308	7,263,468	10,905,885
2,624,459	3,360,172	2,185,654	2,146,913	3,335,034	3,277,960
647,410	722,125	965,067	1,099,321	1,598,230	1,904,741
491,688	386,758	399,899	351,698	472,465	601,339
799,766	599,244	56,609	754,954	959,264	398,436
1,115,650	310,096	246,216	174,983	553,135	1,159,778
221,894	152,385	30,000	85,842	-	-
143,734	119,347	74,436	134,768	298,875	610,584
22,904,137	24,336,703	23,270,345	30,200,307	34,373,523	42,322,388
1,831,007	2,015,866	2,163,885	2,371,236	2,580,989	2,668,284
8,607,783	9,333,199	9,438,156	10,594,453	12,256,346	13,781,535
3,102,494	3,600,234	4,226,979	7,495,145	7,997,769	9,019,229
725,434	1,163,975	1,040,052	1,292,580	1,623,794	2,978,900
11,652,841	12,409,178	12,153,846	3,905,875	7,416,346	5,800,374
590,000	570,000	595,000	900,000	930,000	965,000
1,260,248	1,276,224	1,746,446	1,786,797	1,753,446	1,719,392
-	-	45,713	-	-	-
52,582	20,214	28,047	28,932	28,363	25,817
27,822,389	30,388,890	31,438,124	28,375,018	34,587,053	36,958,531
(4,918,252)	(6,052,187)	(8,167,779)	1,825,289	(213,530)	5,363,857
2,583,136	2,709,879	2,379,299	3,687,963	2,821,795	2,740,850
(2,402,595)	(2,524,839)	(1,812,262)	(3,285,681)	(2,718,585)	(2,690,108)
-	-	-	-	-	-
6,555,000	12,610,623	-	-	-	-
-	(427,343)	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,735,541	12,368,320	567,037	402,282	103,210	50,742
\$ 1,817,289	\$ 6,316,133	\$ (7,600,742)	\$ 2,227,571	\$ (110,320)	\$ 5,414,599
11.8%	10.4%	12.5%	11.1%	10.0%	8.7%

**General Governmental Tax Revenues By Source
Last Four Fiscal Years
(accrual basis of accounting)**

Fiscal Year	Ad valorem Taxes	Utility Taxes	Franchise Fees	Total
2003	\$ 9,075,096	\$ 5,397,011	\$ 1,875,199	\$ 16,347,306
2004	10,143,246	5,460,119	2,185,155	17,788,520
2005	11,842,689	5,719,554	2,330,809	19,893,052
2006	14,089,388	6,015,016	3,359,261	23,463,665

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

**General Revenues by Source
Last Ten Fiscal Years**

Fiscal Year	Taxes	Inter-Governmental	Licenses and Permits	Charges for Services	Fines and Forfeitures	Interest	Other	Total
1997	\$ 9,376,999	\$ 1,379,510	\$ 1,368,022	\$ 187,558	\$ 42,771	\$ 315,253	\$ 491,529	\$13,161,642
1998	10,671,397	1,390,596	2,756,432	512,141	667,824	515,759	869,239	17,383,388
1999	12,990,627	2,033,221	1,781,863	918,108	531,499	586,067	2,080,201	20,921,586
2000	13,717,316	2,836,374	1,886,777	797,774	441,717	1,059,418	836,386	21,575,762
2001	14,171,431	2,688,105	2,624,459	647,410	491,688	1,115,650	1,165,394	22,904,137
2002	15,594,548	3,091,728	3,360,172	722,125	386,758	310,096	870,976	24,336,403
2003	16,347,306	2,965,158	2,185,654	965,067	399,899	246,216	161,045	23,270,345
2004	17,788,520	7,663,308	2,146,913	1,099,321	351,698	174,983	975,564	30,200,307
2005	19,893,052	7,263,468	3,335,034	1,598,230	472,465	553,135	1,258,139	34,373,523
2006	23,463,665	10,905,885	3,277,960	1,904,741	601,339	1,159,778	1,009,020	42,322,388

City of Aventura, Florida

**Taxable Assessed Value and Actual Assessed Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year	Real Property	Personal Property	Less: Tax Exemptions	Total Taxable Assessed Value
1997	\$ 2,509,850,919	\$ 95,280,080	N/A	\$ 2,605,130,999
1998	2,664,701,818	107,083,192	N/A	2,771,785,010
1999	2,971,907,364	123,652,446	N/A	3,095,559,810
2000	3,238,050,389	142,847,663	N/A	3,380,898,052
2001	3,349,591,933	160,779,980	N/A	3,510,371,913
2002	3,752,226,238	162,055,639	N/A	3,914,281,877
2003	4,007,501,399	160,384,595	N/A	4,167,885,994
2004	4,569,228,195	161,725,854	N/A	4,730,954,049
2005	5,378,718,735	178,342,801	N/A	5,557,061,536
2006	6,780,880,599	187,347,215	(351,806,315)	6,616,421,499

Note: (1) Florida Law requires that all property be assessed at current fair market value.

Table 7

Total Direct Tax Rate	Actual Assessed Value (1)	Taxable Assessed Value as a Percentage of Actual Value
\$2.227	N/A	N/A
2.227	7,576,931,843	87.323%

City of Aventura, Florida

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Use	Fiscal Year 2006		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Aventura Mall Ventures	Shopping Center	\$ 328,700,000	1	4.97%
CG Bay One and Two, LLC	Rental Apartment Complex	87,970,000	2	1.33%
Turnberry Country Club	Golf Course, Hotel and Marina	78,008,295	3	1.18%
CC-Aventura, Inc.	Condominium and Assisted Living Facility	68,072,777	4	1.03%
Summit Properties Partnership, LP	Rental Apartment Complex	50,000,000	5	0.76%
Miami Beach Health Care Group, LTD	Hospital & Health Care Facility	47,421,812	6	0.72%
D. Soffer and B. Redich Trusts	Commercial Developer	44,046,720	7	0.67%
Harbour Center Associates	Mixed Use Zones and Offices	43,000,000	8	0.65%
Bruce Strohm and D. Neithercut Trust	Rental Apartment Complex	38,800,000	9	0.59%
Promventura Limited Partnership f/n/a Promenade Ventures, LP	Shopping Center	35,200,000	10	0.53%
Yacht Club of Aventura	Condominium Hotel	-	-	-
The Prudential Insurance	Shopping Center	-	-	-
2000 Island Blvd. Inc.	Condominium Developer	-	-	-
Total		\$ 821,219,604		12.43%

Source: Tax Roll of Miami-Dade County, Florida

Table 8

Fiscal Year 1997		
Assessed Valuation	Rank	Percentage of Total Assessed Valuation
\$ 140,677,000	1	5.40%
47,807,000	2	1.83%
44,975,000	3	1.73%
-	-	-
24,875,000	7	0.95%
19,099,000	10	0.73%
26,283,000	5	1.01%
-	-	-
-	-	-
21,885,000	8	0.84%
43,954,000	4	1.69%
26,003,000	6	1.00%
19,375,000	9	0.74%
<u>\$ 414,933,000</u>		<u>15.92%</u>

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities		Line of Credit	Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Revenue Bonds		Outstanding Bonds				
1997	\$ -	\$ -	\$ 3,200,000	\$ -	\$ 3,200,000	0.72%	157	
1998	-	-	6,000,000	-	6,000,000	1.27%	295	
1999	-	21,000,000	-	-	21,000,000	3.83%	921	
2000	-	20,645,000	-	-	20,645,000	3.19%	817	
2001	-	26,610,000	-	-	26,610,000	3.91%	1,033	
2002	-	38,650,000	-	-	38,650,000	5.46%	1,478	
2003	-	38,055,000	-	-	38,055,000	5.05%	1,397	
2004	-	37,155,000	-	-	37,155,000	4.53%	1,317	
2005	-	36,225,000	-	-	36,225,000	*	1,271	
2006	-	35,260,000	-	-	35,260,000	*	1,197	

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

*Information not available

City of Aventura, Florida

**Property Tax Millage Rates
Direct and Overlapping Governments
(per \$1,000 of Taxable Value)
Last Ten Fiscal Years**

Fiscal Year	Tax Roll Year	City		School District		Miami-Dade County		
		Operating & Total Millage	Operating Millage	Debt Service Millage	Total School Millage	Operating Millage	Debt Service Millage	Total County Millage
1996/97	1996	2.2270	9.3560	1.1060	10.4620	6.0230	0.9290	6.9520
1997/98	1997	2.2270	9.3560	1.1060	10.4620	6.0230	0.9290	6.9520
1998/99	1998	2.2270	9.1820	0.9780	10.1600	6.0230	0.8370	6.8600
1999/00	1999	2.2270	8.6540	0.9900	9.6440	5.8090	0.8160	6.6250
2000/01	2000	2.2270	8.7020	0.9150	9.6170	5.7510	0.6520	6.4030
2001/02	2001	2.2270	8.5280	0.8480	9.3760	5.7130	0.5520	6.2650
2002/03	2002	2.2270	8.4820	0.7700	9.2520	5.8890	0.3900	6.2790
2003/04	2003	2.2270	8.4180	0.6820	9.1000	5.9690	0.2850	6.2540
2004/05	2004	2.2270	8.0900	0.5970	8.6870	5.9350	0.2850	6.2200
2005/06	2005	2.2270	7.9470	0.4910	8.4380	5.8350	0.2850	6.1200

Source: Miami-Dade County Appraiser's Office.

Table 10

Children's Trust	Special Districts			Total District's Millage	Everglades Project	State		Total State Millage	Total Direct & Overlapping Rates
	Fire Rescue	Fire Debt	Library			South Fl Water Mgm't Dist	Fla Inland Navigation Dist		
-	2.6500	0.0750	0.3160	3.0410	0.1000	0.5970	0.0500	0.7470	23.4290
-	2.6500	0.0750	0.3160	3.0410	0.1000	0.5970	0.0500	0.7470	23.4290
-	2.7960	0.0680	0.3340	3.1980	0.1000	0.5970	0.0470	0.7440	23.1890
-	2.6830	0.0690	0.3210	3.0730	0.1000	0.5970	0.0440	0.7410	22.3100
-	2.6830	0.0690	0.3510	3.1030	0.1000	0.5970	0.0410	0.7380	22.0880
-	2.6830	0.0690	0.4510	3.2030	0.1000	0.5970	0.0386	0.7356	21.8066
-	2.5820	0.0790	0.4860	3.1470	0.1000	0.5970	0.0385	0.7355	21.6405
0.5000	2.5820	0.0079	0.4860	3.5759	0.1000	0.5970	0.0385	0.7355	21.8924
0.4440	2.5920	0.0690	0.4860	3.5910	0.1000	0.5970	0.0385	0.6970	21.4220
0.4290	2.6090	0.0520	0.4860	3.5760	0.1000	0.5970	0.0385	0.7355	21.0965

Direct and Overlapping Governmental Activities Debt
September 30, 2006
 (\$ in 000's)

Jurisdiction	Bonded Debt Outstanding	Percentage Applicable to the City of Aventura (1)	Amount Applicable to the City of Aventura
Direct:			
City of Aventura	\$ 35,260	100%	\$ 35,260
Overlapping:			
Miami-Dade Board of County Commissioners (2)	1,895,165	3.839%	72,758
Miami-Dade County School Board (2)	<u>1,394,307</u>	3.839%	<u>53,529</u>
Total direct and overlapping			<u><u>\$ 161,547</u></u>

Notes: (1) Based on ratio of assessed taxable values obtained from the Miami-Dade County, Florida Tax Collector.

(2) Source: Miami-Dade County, Florida, Finance Department

**Ratios of Bonded Debt Outstanding
Last Ten Fiscal Years**

Fiscal Year	Gross Bonded Debt	Debt Service Funds Available	Net Bonded Debt	Assessed Value of Taxable Property	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita (1)
1997	\$ -	\$ -	\$ -	\$ 2,605,131,000	0.00%	-
1998	-	-	-	2,771,785,000	0.00%	-
1999	21,000,000	351,000	20,649,000	3,095,560,000	0.67%	905.66
2000	20,645,000	356,000	20,289,000	3,380,898,000	0.60%	802.98
2001	26,610,000	866,000	25,744,000	3,510,372,000	0.73%	999.07
2002	38,650,000	1,668,000	36,982,000	3,914,281,000	0.94%	1,414.66
2003	38,055,000	529,000	37,526,000	4,167,886,000	0.90%	1,377.56
2004	37,155,000	31,000	37,124,000	4,730,954,000	0.78%	1,316.13
2005	36,225,000	42,000	36,183,000	5,557,061,000	0.65%	1,269.58
2006	35,260,000	29,000	35,231,000	6,616,421,499	0.53%	1,196.26

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements

(1) See the Schedule of Demographic and Economic Statistics for population data.

City of Aventura, Florida

Legal Debt Margin Information
Last Ten Fiscal Years

	1997	1998	1999	2000
Debt limit	\$ 260,513,100	\$ 277,078,500	\$ 309,556,000	\$ 338,089,800
Total net debt applicable to limit	-	-	-	-
Legal debt margin	\$ 260,513,100	\$ 277,078,500	\$ 309,556,000	\$ 338,089,800
Legal debt margin as a percentage of the debt limit	100%	100%	100%	100%

Note:

(1) The City Charter allows revenue bonds to be issued when authorized by the City Commission as long as five of the seven Commission members approve the debt. Ad Valorem (general obligation bonds) must be approved by referendum of the electorate. The Charter provides no limit on the amount of the general obligation debt; however, the adopted Capital Improvement Program provides that general obligation bonds shall not exceed 10% of the total assessed value of the City.

Table 13

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed valuation of taxable real and personal property	\$ 6,616,421,499
Bonded debt Limit - 10% of above (1)	\$ 661,642,150
Amount of debt applicable to debt limit:	
Total bonded debt	\$ 35,260,000
Less: debt to be repaid from specified revenue sources:	
Covenant to budget and appropriate	<u>(35,260,000)</u>
Total net debt applicable to limit	<u>\$ -</u>
Legal debt Margin (1)	\$ 661,642,150

2001	2002	2003	2004	2005	2006
\$ 351,037,200	\$ 391,428,200	\$ 416,788,600	\$ 473,095,400	\$ 555,706,154	\$ 661,642,150
-	-	-	-	-	-
\$ 351,037,200	\$ 391,428,200	\$ 416,788,600	\$ 473,095,400	\$ 555,706,154	\$ 661,642,150
100%	100%	100%	100%	100%	100%

**Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population(1)	Personal Income (in thousands)	Per Capita Personal Income(2)	Unemployment Rate(3)
1997	20,383	446,143	21,888	*
1998	20,349	472,422	23,216	*
1999	22,800	548,340	24,050	*
2000	25,267	647,492	25,626	3.0%
2001	25,768	680,636	26,414	3.6%
2002	26,142	707,769	27,074	3.9%
2003	27,241	753,758	27,670	3.5%
2004	28,207	820,147	29,076	3.2%
2005	28,500	*	*	3.7%
2006	29,451	*	*	3.3%

Data sources:

- (1) Year 2000 is from the U.S. Census. All other years are as of April 1 of each year per the University of Florida Bureau of Economic & Business Research.
- (2) Represents income per capita for Miami-Dade County as provided by the U.S. Department of Commerce, Bureau of Economic Analysis.
- (3) Florida Department of Labor, Bureau of Labor Market Information.
- * Information not available.

**Occupational Employment by Group-Miami Dade County, Florida
Current Year and Nine Years Ago**

Occupational Groups	2006			1997		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Office and administrative support	211,360	1	21.03%	N/A	N/A	N/A
Sales and related	131,030	2	13.04%	N/A	N/A	N/A
Transportation and material moving	83,890	3	8.35%	N/A	N/A	N/A
Food preparation and service related	77,860	4	7.75%	N/A	N/A	N/A
Healthcare practitioner and technical	54,790	5	5.45%	N/A	N/A	N/A
Production	44,680	6	4.45%	N/A	N/A	N/A
Business and financial operations	44,390	7	4.42%	N/A	N/A	N/A
Protective service	39,130	8	3.89%	N/A	N/A	N/A
Construction and extraction	36,800	9	3.66%	N/A	N/A	N/A
Installation, maintenance, and repair	35,740	10	3.56%	N/A	N/A	N/A
Building, grounds cleaning and maintenance	34,460	11	3.43%	N/A	N/A	N/A
Management	30,370	12	3.02%	N/A	N/A	N/A
Personal care and service	26,080	13	2.60%	N/A	N/A	N/A
Healthcare support	21,590	14	2.15%	N/A	N/A	N/A
Computer and mathematical	16,280	15	1.62%	N/A	N/A	N/A
Arts, design, entertainment, sports and media	15,280	16	1.52%	N/A	N/A	N/A
Community and social services	12,690	17	1.26%	N/A	N/A	N/A
Legal	12,460	18	1.24%	N/A	N/A	N/A
Architecture and engineering	12,230	19	1.22%	N/A	N/A	N/A
Life, physical and social sciences	5,870	20	0.58%	N/A	N/A	N/A
Other not classified	57,970	21	5.76%	N/A	N/A	N/A
Total	1,004,950		100.00%	N/A		N/A

Notes:

Source: Represents Metropolitan Area Occupational Employment for the entire Miami-Miami Beach-Kendall, Florida geographic region as provided by the U.S. Department of Labor, Bureau of Labor Statistics as of May 2005. Estimates do not include self-employed workers.

City of Aventura, Florida

Full Time Equivalent Government Employees By Function
Last Ten Fiscal Years

Function	1997	1998	1999	2000
General Government	20	22	22	22
Public Safety:				
Sworn	43	51	59	60
Civilians	18	21	24	28
Community Services	5	6	13	17
Community Development	10	11	11	11
Total	96	111	129	138

Table 16

2001	2002	2003	2004	2005	2006
23	24	24	26	25	26
63	73	74	74	77	74
32	34	34	34	33	37
17	17	16	16	16	17
12	12	12	11	11	10
147	160	160	161	162	164

City of Aventura, Florida

Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	1997	1998	1999	2000
Public Safety:				
Part 1 Crimes Reported*	N/A	2,500	3,200	3,600
Arrests	N/A	850	1,200	1,500
Traffic Citations and Warnings	N/A	3,000	6,000	5,000
Parking Citations Issued	N/A	1,440	2,000	1,500
Calls for Service	N/A	9,000	13,000	15,000
Accidents	N/A	1,700	1,845	1,700
Hours Assigned to Community Policing	N/A	N/A	N/A	N/A
Community Development:				
Building Permits Issued	1,719	4,506	2,457	4,415
Building Inspections Conducted	3,776	9,137	6,743	7,500
Code Notice of Violations Issued	220	277	150	404
Occupational Licenses Issued	1,660	2,001	1,949	1,916
Community Services:				
Recreation Center Memberships	N/A	N/A	N/A	N/A
Special Event Attendance	N/A	N/A	N/A	N/A
Shuttle Bus Ridership	N/A	N/A	N/A	N/A
Charter School Enrollment	N/A	N/A	N/A	N/A

Notes:

Source: Various city departments.

*Part 1 crimes include homicide, sex offenses, robbery, aggravated assault, burglary, larceny, arson and auto theft.

N/A = information not available.

Table 17

2001	2002	2003	2004	2005	2006
3,101	2,644	2,636	1,851	1,646	1,797
2,306	2,586	2,463	2,106	2,090	1,733
5,581	11,028	9,714	12,820	13,942	14,431
1,114	1,444	1,452	1,619	2,328	4,816
20,924	21,987	23,142	23,104	26,891	33,905
1,885	1,749	1,614	1,903	1,939	1,816
8,320	8,320	6,240	6,240	8,320	8,320
5,290	3,397	17,365	2,475	3,528	5,242
19,029	17,365	12,771	7,779	9,112	10,292
672	317	283	312	152	170
2,195	2,738	2,523	3,107	3,035	2,966
N/A	N/A	1,056	1,343	2,116	3,050
N/A	14,300	16,100	33,500	34,728	36,365
77,000	80,000	82,600	95,000	118,629	146,506
N/A	N/A	600	600	700	800

City of Aventura, Florida

**Capital Assets by Function
Last Ten Fiscal Years**

Function	1997	1998	1999	2000
Police:				
Stations	1	1	1	1
Zone Offices	0	1	2	2
Vehicles owned	23	13	8	9
Fire Stations (1)	1	1	2	2
Parks & Recreation:				
Parks	1	1	1	2
Park Acreage	5.5	5.5	21	21
Baseball/Softball diamonds	0	1	1	1
Soccer/Football fields	0	3	3	3
Tennis Courts	0	2	2	2
Community Recreation Centers	0	0	0	0
Libraries (1)	1	1	1	1
Public Works:				
Streetlights	N/A	N/A	N/A	N/A
Miles of Roads	12	12	12	13
Charter Schools:				
Elementary School	0	0	0	0
Middle School	0	0	0	0
Transit Routes/Minibuses (2)	0	0	0	0

NOTES: (1) Owned and operated by Miami-Dade County, Florida
 (2) Operated under contractual agreement
 N/A = information not available

Table 18

2001	2002	2003	2004	2005	2006
1	1	1	1	1	1
2	2	2	1	0	0
10	15	13	15	16	18
2	2	2	2	2	2
2	2	3	3	3	3
21	21	21	21	21	21
1	1	1	1	1	1
3	3	3	3	3	3
2	2	2	2	2	2
0	0	1	1	1	1
1	1	1	1	1	1
N/A	N/A	N/A	N/A	N/A	639
13	13	13	13	13	13
0	0	1	1	1	1
0	0	0	0	1	1
3	3	4	4	4	5

COMPLIANCE SECTION

City of Aventura, Florida

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2006

Federal Grantor/ Pass-through Grantor/Program Title	Federal CFDA Number	Grant Number	Grant Expenditures
U.S. Department of Treasury			
Internal Revenue Service, Criminal Investigation Overtime Reimbursement Agreement	20.000	FC/FLS/1334	\$ 17,540
TOTAL U.S. Department of Treasury			<u>17,540</u>
U.S. Department of Justice			
Bureau of Justice Assistance			
Bulletproof Vest Partnership Grant FY 2001 - 2005	16.607	-	1,114
U.S. Department of Justice			
Office of Comm. Oriented Policing Services (COPS)			
Cops Secure Our Schools 2004	17.710	-	63,595
Dade County Association of Chiefs of Police			
Edward Byrne Memorial State and Local Law Enforcement Assistance Formula Grant Program			
Technology Enhancement Project 1 2005-C	16.579	HSB475	12,271
Technology Enhancement Project 1 2006-C	16.579	HSB476	36,144
School Resource Officer - Aventura City Excellence School 2006-B	16.579	-	3,861
Pass-through Florida Department of Law Enforcement			
Office of Criminal Justice Grants			
Bait Vehicle Project	16.738	2006-JAGD-DADE-7-M9-079	10,000
Total U.S. Department of Justice			<u>126,985</u>
Department of Homeland Security			
Federal Emergency Management Agency			
Public Assistance Grant: Katrina	97.036	06-KT-B & 11-23-598	234,404
Public Assistance Grant: Wilma	97.036	06-WL-&K-11-23-02-647	1,383,823
Total U.S. Department of Homeland Security			<u>1,618,227</u>
Total Expenditures of Federal Awards			<u>\$ 1,762,752</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

City of Aventura, Florida

Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2006

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards of the City of Aventura, Florida and is presented on the modified accrual basis of accounting, which is described in note 1 to the City's basic financial statements.

McGladrey & Pullen

Certified Public Accountants

**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 Honorable Mayor and
Members of the City Commission
City of Aventura, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Aventura, Florida (the "City") as of and for the year ended September 30, 2006, and have issued our report thereon dated March 9, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion 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 reportable 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 caused by error or fraud in amounts that would be material in relation to the 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.

Compliance and Other Matters

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

This report is intended solely for the information and use of the City Commission, management, federal awarding agencies and pass-through entities and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Fort Lauderdale, Florida
March 9, 2007

McGladrey & Pullen

Certified Public Accountants

Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

The Honorable Mayor, City Commission
and City Manager
City of Aventura, Florida

Compliance

We have audited the compliance of the City of Aventura, Florida (the City), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal program for the year ended September 30, 2006. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal program for the year ended September 30, 2006.

Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the City Commission and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Fort Lauderdale, Florida
March 9, 2007

City of Aventura, Florida

Schedule of Findings and Questioned Costs
Fiscal Year Ended September 30, 2006

I - Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued:	<u>Unqualified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	_____ X	No
Reportable condition(s) identified that are not considered to be material weakness(es)?	_____ Yes	_____ X	None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X	No

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	_____ Yes	_____ X	No
Reportable condition(s) identified not considered to be material weakness(es)?	_____ Yes	_____ X	None Reported

Type of auditor's report issued on compliance for major programs:	<u>Unqualified</u>		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	_____ Yes	_____ X	No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.036	U.S. Department of Homeland Security Public Assistance Grant - Wilma

Dollar threshold used to distinguish between type A and type B programs:	\$	300,000	
Auditee qualified as low-risk auditee?	_____ Yes	_____ X	No

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2006

II – Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Internal Control

None reported.

B. Compliance Findings

None reported.

III – Findings and Question Costs for Federal Awards

A. Internal Control

None reported.

B. Compliance Findings

None reported.

City of Aventura, Florida

Summary Schedule of Prior Audit Findings
Fiscal Year Ended September 30, 2006

None reported in previous year.

McGladrey & Pullen

Certified Public Accountants

Management Letter Required By Chapter 10.550 of the Rules of the Auditor General of the State of Florida

To the Honorable Mayor, Members of the
City Commission and City Manager
City of Aventura, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Aventura, Florida (the "City") as of and for the fiscal year ended September 30, 2006 which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 9, 2007.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards issued by the Comptroller General of the United States*. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters, Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Schedule of Findings and Questioned Costs. Disclosures in those reports which are dated March 9, 2007, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local government entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554(1)(h) 1.) require that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs, whether or not recommendations made in the preceding annual financial audit report have been followed. There were no recommendations made in the preceding annual financial audit report.

As required by the Rules of the Auditor General (Section 10.554(1)(h)2.), the scope of our audit included a review of the provisions of Section 218.415., Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(h)3.) require that we address in the management letter any findings and recommendations to improve financial management, accounting procedures, and internal controls. We did not have any recommendations to improve financial management, accounting procedures, and internal controls.

The Rules of the Auditor General (Section 10.554(1)(h)4.) require disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs and are not clearly: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e. g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. No such conditions were noted during the audit.

The Rules of the Auditor General (Section 10.554(1)(h)5.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The information is disclosed in Note 1 to the financial statements.

As required by the Rules of the Auditor General (Section 10.554(1)(h)6.a.), a statement must be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(h)6.b.), we determined that the annual financial report for the City for the fiscal year ended September 30, 2006, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2006.

As required by the Rules of the Auditor General (Sections 10.554(h)6.c.), and 10.556(7), we applied financial assessment procedures. It is management's responsibility to monitor the entity'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.

This management letter is intended solely for the information of the City Commission, and management, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Fort Lauderdale, Florida
March 9, 2007