

THE CITY OF AVENTURA, FLORIDA



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2004**



COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF AVENTURA, FLORIDA
FOR THE YEAR ENDED
SEPTEMBER 30, 2004

Prepared By:
Finance Support Services

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INTRODUCTORY SECTION



City of Aventura

Government Center
19200 West Country Club Drive
Aventura, Florida 33180

SUSAN GOTTLIEB
MAYOR

April 25, 2005

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

COMMISSIONERS
ZEV AUERBACH
BOB DIAMOND
HARRY HOLZBERG
BILLY JOEL
MICHAEL STERN
LUZ 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, 2004.

The financial statements included in this report conform to accounting principles generally accepted in the United States of America (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 Keefe, McCullough & Co., LLP, Certified Public Accountants. 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 Other Reports of Independent Auditors.

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 the Financial Statements, Combining Financial Statements, Required Supplementary Information, and Other Financial Information, which includes other statements and schedules provided to supplement required financial data. 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 Auditors' opinion or other reports.

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

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 and account groups 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 28,000 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 \$ 4.6 billion with a land area of less than 4 square miles. This makes the City of Aventura's taxable value per capita of approximately \$ 164,000 among the highest in the County and State. The 2003/04 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 City's image as an upscale community will be further enhanced by the changes discussed under *Major Initiatives*.

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 five years of the City's existence, the City focused on the infrastructure needs of the community. In 2002, the City Commission adopted a series of initiatives to address the need to develop a sense of community and respond to the changes in demographics toward a younger community.

These initiatives included:

- Creating a town center in the City;
- Providing an elementary school to serve the City;
- Constructing a community recreation center to provide programs for all age groups.

Our Community Recreation Center was dedicated in February of 2003. The 25,000 square foot facility is located in a park like setting on the waterfront and includes a full size gym, meeting rooms, computer lab, exercise and aerobic facilities, and classrooms. At this time, there are 2,100 members that belong to the Center and enjoy the programs and activities that are provided at the facility. This has surpassed our original estimates. This truly has met the goal of providing a focal point for residents to meet and enjoy their leisure time.

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 opened at full capacity with 600 students and needed a lottery in most grades due to the overwhelming number of applications. The second year was equally successful. The 2004/05 budget includes funds to construct an expansion of the school to allow middle school attendance in grades 6, 7 and 8 in future years.

The City Commission has approved plans for Phase I of the Town Center development on the Loehmann's Plaza site. Phase I, which began in 2004, included demolition of six buildings in the southeast corner of the site and construction of two residential buildings, one eleven stories high and one seven stories high, connected by a four story parking garage with a total of 500 condominium units and retail space on the ground floor of the north elevation.

To support the redevelopment of the Town Center, the City Commission approved comprehensive plan amendments and rezonings to permit medium density residential development on N.E. 188th Street. Construction of the first three condominium buildings on the street, Upton Marian Lofts with 216 units; The Atrium at Aventura with 192 units; and Eastside at Aventura with 39 units, began in 2004. All of these developments will include a public walkway along the canal to the north and south of N.E. 188th Street.

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 was 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's Discussion and 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 fund balance at September 30, 2004 for the General Fund is approximately \$ 12.6 million, representing approximately 35% of the 2004/2005 budget. A major portion of this amount (\$ 9.2 million) is used to fund a capital reserve account in the 2004/2005 budget. The capital reserve account may be allocated by the City Commission to fund budget needs in the 2004/2005 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 contributes 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, 2004 were approximately \$ 382,000.

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 control 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 new program was effective October 1, 2003 and was funded by a combination of City and employee contributions and state insurance premium taxes.

Financing Programs and Debt Administration:

The City currently has three outstanding long-term debt issues. At September 30, 2004, the principal balance outstanding totaled \$ 37,155,000.

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 thirty year term of the financing. Debt Service requirements are approximately \$ 440,000 per year.

Cash Management:

All funds, other than restricted cash held by fiscal agents resulting from borrowing transactions, are centrally managed through the use of a pooled cash account. During the year, all funds in the pooled cash accounts were held in an interest bearing checking account collateralized through the State Treasury Public Depository program or with the Florida State Board of Administration (SBA) investment pool. The checking account and SBA investment pool are fully insured and immediately available and considered as cash and cash equivalents.

With the exclusion of accounts held by fiscal agents, the total portfolio ranged from \$ 7 to \$ 12 million. The portfolio averaged approximately \$ 10 million with interest earnings of approximately \$ 113,000 resulting in an average rate of return of 1.1%.

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 Keefe, McCullough & Co., LLP, Certified Public Accountants, to perform the independent audit of the City's accounts and records. The independent auditors' reports are included in the Financial and Other Reports of Independent Auditors' sections.

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, 2003. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR 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 our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgments:

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
City Manager

CITY OF AVENTURA, FLORIDA
CITY OFFICIALS
September 30, 2004

CITY COMMISSION

Jeffrey M. Perlow, Mayor
Zev Aurebach
Jay R. Beskin
Ken Cohen
Bob Diamond
Manny Grossman
Harry Holzberg

CITY MANAGER

Eric M. Soroka

DEPARTMENT DIRECTORS

Harry M. Kilgore, Finance Support Services
Robert M. Sherman, Community Services
Teresa M. Soroka, CMC, City Clerk
Thomas E. Ribel, Police Chief
Joanne Carr, Planning Director
Mariano Fernandez, Building Director/Official
Dr. Katherine Bray Murphy, Charter School Principal

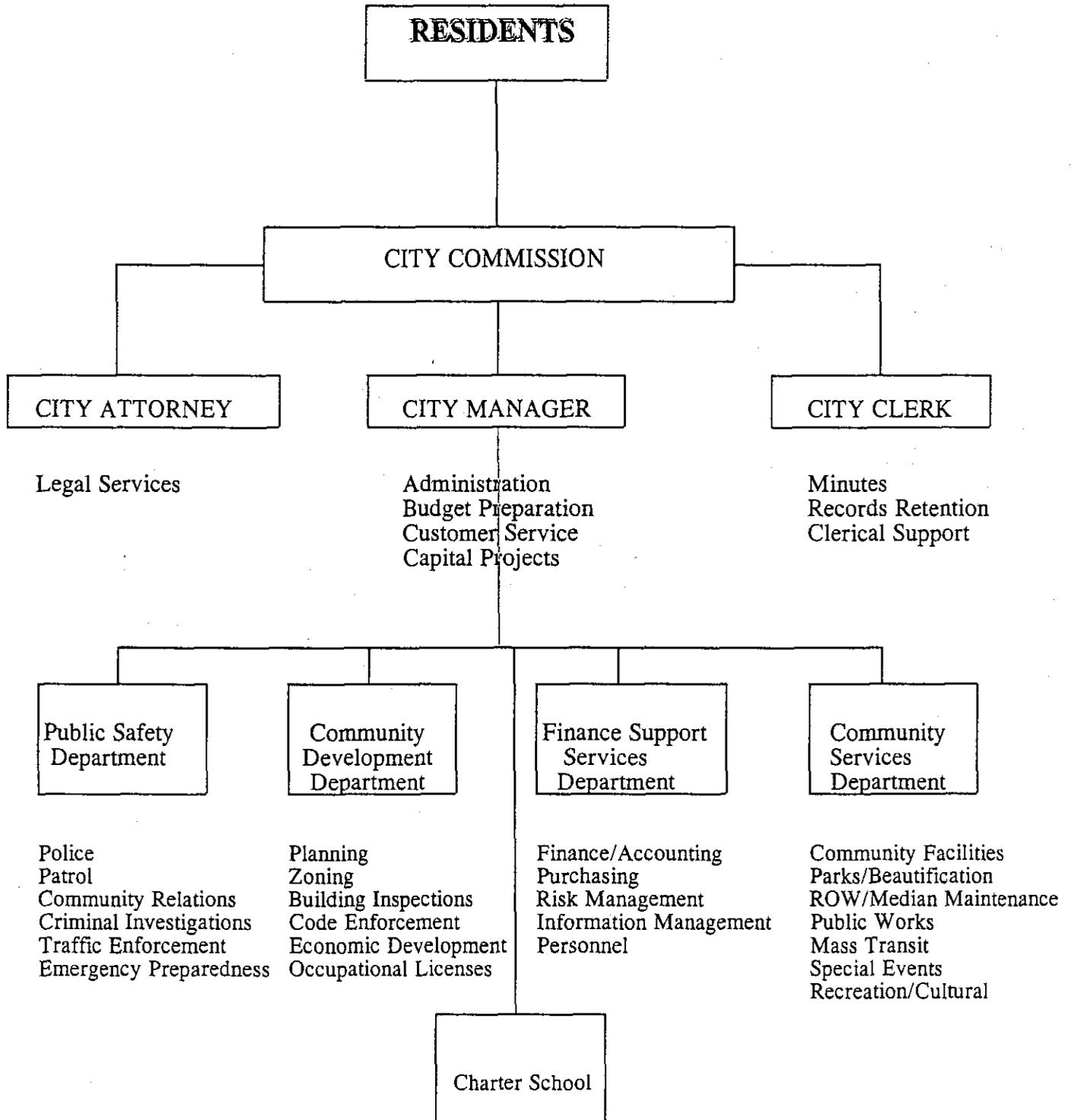
CITY ATTORNEYS

Weiss Serota Helfman Pastoriza, Guedes, Cole & Boniske, P.A.

CITY AUDITORS

Keefe, McCullough & Co., LLP
Certified Public Accountants

CITY OF AVENTURA, FLORIDA
CITY GOVERNMENTAL STRUCTURE
September 30, 2004



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, 2003

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.



Nancy L. Ziehl

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

**MANAGEMENT'S
DISCUSSION AND
ANALYSIS**

(NOT COVERED BY INDEPENDENT AUDITORS' REPORT)



KEEFE, McCULLOUGH & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

JOHN R. KEEFE, C.P.A.
JOHN E. McCULLOUGH, C.P.A. (RETIRED)
THOMAS T. CARPENTER, C.P.A.
PAUL B. SNEIDER, C.P.A. (RETIRED)
STEVEN H. WOODS, C.P.A.
DAVID T. WILLIAMS, C.P.A.

JOSEPH D. LEO, C.P.A.
WILLIAM G. BENSON, C.P.A.
BRIAN D. PINNELL, C.P.A.
KENNETH G. SMITH, C.P.A.
LOUIS R. PROIETTO, C.P.A.
CYNTHIA L. CALVERT, C.P.A.

CHRISTOPHER L. COLLINS, C.P.A.
CHARLES K. RUMPF, C.P.A.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of governmental activities, business-type activities, major funds and the aggregate remaining fund information of the City of Aventura, Florida (the City), as of and for the year ended September 30, 2004 and the balance sheet and statement of revenues, expenditures and changes in fund balance for the Charter School Fund as of and for the year ended June 30, 2004, 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above, present fairly, in all material respects, the respective financial positions of the governmental activities, business-type activities, major funds and the aggregate remaining fund information of the City of Aventura, Florida at September 30, 2004 and the Charter School Fund at June 30, 2004, and the respective changes in financial positions and cash flows, where applicable, and the respective budgetary comparison for the General Fund and Charter School Fund, 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 our report dated February 2, 2005, on our consideration of the City of Aventura's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

City of Aventura, Florida

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by GASB. We 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 thereon.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the City of Aventura, Florida taken as a whole. The combining and individual fund statements and schedules as listed in the table of contents are also presented for purposes of additional analysis and are not a required part of the basic financial statements. All such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory, other financial information and statistical sections of this report have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
February 2, 2005

CITY OF AVENTURA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2004

Our discussion and analysis of City of Aventura, Florida's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2004. Please read it in conjunction with the City's financial statements, which immediately follow this discussion.

FINANCIAL HIGHLIGHTS

The following are the highlights of financial activity for the fiscal year ending September 30, 2004:

- The City's total net assets exceeded its liabilities at September 30, 2004 by \$ 41,857,177 (net assets). Of this amount, \$ 36,444,336 related to governmental activities and \$ 5,214,841 related to business-type activities.
- The City's revenues for governmental activities, excluding transfers, were \$ 30,217,116; expenses for governmental activities were \$ 26,152,645.
- Revenues for the City's business-type activities, excluding transfers were \$ 828,754; expenses totaled \$ 147,242.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$ 19,041,613, a increase of \$ 2,154,432 compared with the prior year.
- The City's bonded debt decreased by \$ 900,000, all of which was for governmental activities.
- The total fair value of the City's investments, cash and cash equivalents at September 30, 2004 was \$ 20,351,788. Interest rates continued their decline over the fiscal year. Interest earnings for the General Fund were less than the amount received in fiscal year 2003.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements. The government-wide financial statements include the statement of net assets and statement of activities. They are designed to provide a broad overview of the City as a whole similar to private sector financial statements. The *statement of net assets* shows the total assets and liabilities for the City with the difference being net assets. The change in net assets over time may be an indicator of the City's financial health. The *statement of activities* provides a breakdown of revenues and expenditures by functions, i.e. those generally supported by taxes and intergovernmental activities. Those functions that are primarily funded through user fees and charges are identified as business-type activities. In Aventura, the latter includes the Stormwater Utility operations.

The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City categorizes funds into three basic fund types: governmental funds, proprietary funds, and fiduciary funds.

CITY OF AVENTURA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2004

Governmental funds (beginning on page 11) are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains fifteen individual governmental funds. Of this number, the General Fund, Charter School Fund, Series 2000 Capital Construction Fund and Series 2002 Capital Construction Fund - Charter School Building Construction Fund are considered major funds and thus are reflected separately in the fund financial statements. All the other governmental funds are combined for presentation purposes as nonmajor funds.

Proprietary Fund (beginning on page 19) is the equivalent of business-type activities in the government-wide statements. It includes the Stormwater Utility Fund. The City operates no Internal Service Funds.

Fiduciary Fund (beginning on page 22) represents trust responsibilities of the City and is restricted in purpose for the benefit of parties outside the City. Fiduciary Funds are not reflected in the government-wide financial statements because they do not represent discretionary assets of the City and thus are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. are integral to a complete understanding of both the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-40 of this report.

Other information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. This required supplementary information is found on pages 41-42 of this report.

This report also presents certain other financial information concerning the City's combining financial statements and budgetary schedules. Other financial information begins on page 43 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time to be a useful indicator of a governmental entity's financial position. In the case of the City of Aventura, assets exceeded liabilities by \$ 41,857,177 at the close of the year.

CITY OF AVENTURA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2004

The largest portion of the City's net assets (67%) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The table below summarizes the City's net assets for the past two fiscal years:

City of Aventura, Florida Net Assets						
	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 23,181,214	\$ 20,761,992	\$ 63,880	\$ (220,836)	\$ 23,245,094	\$ 20,541,156
Capital assets, net	<u>55,092,756</u>	<u>53,399,308</u>	<u>5,350,598</u>	<u>5,350,003</u>	<u>60,443,354</u>	<u>58,749,311</u>
Total assets	<u>78,273,970</u>	<u>74,161,300</u>	<u>5,414,478</u>	<u>5,129,167</u>	<u>83,688,448</u>	<u>79,290,467</u>
Other liabilities	4,691,384	4,370,468	1,637	934	4,693,021	4,371,402
Long-term liabilities outstanding	<u>37,138,250</u>	<u>37,813,249</u>	--	--	<u>37,138,250</u>	<u>37,813,249</u>
Total liabilities	<u>41,829,634</u>	<u>42,183,717</u>	<u>1,637</u>	<u>934</u>	<u>41,831,271</u>	<u>42,184,651</u>
Invested in capital assets, net of related debt	22,471,893	19,880,605	5,350,598	5,350,003	27,822,491	25,230,608
Restricted	1,872,770	5,214,557	--	--	1,872,770	5,214,557
Unrestricted	<u>12,099,673</u>	<u>6,882,421</u>	<u>62,243</u>	<u>(221,770)</u>	<u>12,161,916</u>	<u>6,660,651</u>
Total net assets	<u>\$ 36,444,336</u>	<u>\$ 31,977,583</u>	<u>\$ 5,412,841</u>	<u>\$ 5,128,233</u>	<u>\$ 41,857,177</u>	<u>\$ 37,105,816</u>

Governmental activities. Governmental activities increased the City's net assets by \$ 4,466,753, thereby accounting for 94% of the total growth in the net assets of the City as reflected in the table below:

City of Aventura, Florida Changes in Net Assets						
	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
REVENUES:						
Program revenues:						
Charges for services	\$ 3,687,394	\$ 3,589,470	\$ 826,199	\$ 820,926	\$ 4,513,593	\$ 4,410,396
Operating grants and contributions	4,099,084	164,260	--	--	4,099,084	164,260
Capital grants and contributions	401,076	14,523	--	650,000	401,076	664,523
General revenues:						
Ad valorem taxes	10,143,246	9,075,096	--	--	10,143,246	9,075,096
Utility Service taxes	5,460,119	5,397,011	--	--	5,460,119	5,397,011
Franchise fees	2,185,155	1,875,199	--	--	2,185,155	1,875,199
Intergovernmental revenues	3,203,912	2,861,600	--	--	3,203,912	2,861,600
Investment earnings	174,983	246,216	2,555	3,262	177,538	249,478
Other	<u>862,147</u>	<u>161,045</u>	--	--	<u>862,147</u>	<u>161,045</u>
Total revenues	<u>30,217,116</u>	<u>23,384,420</u>	<u>828,754</u>	<u>1,474,188</u>	<u>31,045,870</u>	<u>24,858,608</u>

CITY OF AVENTURA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2004

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
EXPENSES:						
General government	2,539,000	2,287,133	--	--	2,539,000	2,287,133
Public safety	11,548,304	10,262,009	--	--	11,548,304	10,262,009
Community services	8,395,691	4,822,153	--	--	8,395,691	4,822,153
Nondepartmental	1,839,320	1,614,238	--	--	1,839,320	1,614,238
Debt service	1,830,330	1,785,364	--	--	1,830,330	1,785,364
Stormwater Utility	--	--	147,242	125,727	147,242	125,727
Total expenses	26,152,645	20,770,897	147,232	125,727	26,299,887	20,896,624
Increase in net assets before transfers	4,064,471	2,613,523	681,512	1,348,461	4,745,983	3,961,984
Transfers	402,282	567,037	(396,904)	(567,037)	5,378	--
Increase in net assets	4,466,753	3,180,560	284,608	781,424	4,751,361	3,961,984
Net assets at beginning of year	31,977,583	28,797,023	5,128,233	4,346,809	37,105,816	33,143,832
Net assets at end of year \$	<u>36,444,336</u>	<u>\$ 31,977,583</u>	<u>\$ 5,412,841</u>	<u>\$ 5,128,233</u>	<u>\$ 41,857,177</u>	<u>\$ 37,105,816</u>

Business-type activities. In the business-type activities, revenues, comprised mainly of service fees (99%), exceeded expenses for stormwater utility by \$ 681,512.

ANALYSIS OF THE GOVERNMENT'S FUNDS

The City of Aventura uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements for *governmental funds* provide information on the 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 be useful as an indicator of a government's net resources available for spending at the end of the fiscal year.

Overall, governmental funds ended the year with a total balance of \$ 19,041,613, including \$ 14,449,940 unreserved. Compared to the prior year, total governmental fund balances increased by approximately \$ 2.2 million while unreserved balances decreased by approximately \$ 1.2 million. The major factor resulting in the decrease in unreserved balance was the encumbrance of approximately \$ 4.0 million for construction of the expansion of Aventura City of Excellence School to allow for the addition of grades 6 through 8.

The General Fund is the chief operating fund of the City and had a total balance at September 30, 2004 of \$ 12,649,983, of which \$ 8,089,508 was unreserved but designated for subsequent year's expenditures.

The significant highlights of the General Fund activity include:

- Ad valorem taxes increased by approximately \$ 1.1 million as a result of new construction and increased in assessed value of existing property. The ad valorem rate remained unchanged at 2.227 mils, the same rate as was in effect each of the seven prior years.

CITY OF AVENTURA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2004

- Investment earnings decreased because of the continued downward trend in interest rates.

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. One of the Special Revenue Funds is the Charter School Operating Fund. This fund is used to account for the operation of the Aventura City of Excellence School. The amounts shown are for the state mandated fiscal year of July 1, 2003 through June 30, 2004. This was the first year of actual operation of the school. Fund balance increased by approximately \$ 250,000 for the year. All revenues were intergovernmental (state) revenues which were passed through the Miami Dade District School Board pursuant to state law. Other special revenue fund highlights for the year were the increase in police impact fees by approximately \$ 111,000 and in park impact fees by \$ 584,000. These amounts were received because building permits were issued, primarily for new residential units. These amounts will be used to fund capital outlay costs for the police and expansion of the City's parks system in future years.

Debt Service Funds account for the payment of principal and interest on the City's governmental activities debt. There were no new bond issues and the City retired \$ 900,000 in bonds during the year.

Capital Project Funds account for the expenditures for major, non General Fund supported capital projects. The major fund's balance at year end was approximately \$ 4.1 million which will be used in future years to acquire land for expansion of the City's park system.

The City's *proprietary fund* is presented in more detail in the fund statements but represents the same activities reflected in the business-type activities. In fiscal year 2004, the Stormwater Utility Fund had operating income of \$ 826,199 and operating expenses were \$ 147,242. Net assets for Stormwater Utility increased by \$ 284,608.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund revenues were \$ 416,582 more than the final budget projections. Expenditures were \$ 12,142,651 less than final appropriations.

The General Fund budget was amended by a total of \$ 2,086,600. Of this amount, \$ 434,000 was to recognize grant revenue and expenditures not originally budgeted, \$ 496,000 was to recognize building permit revenue and associated costs being greater than anticipated, and \$ 99,000 was added to cover additional costs of police services for extra duty detail which are covered by revenues from the companies who request service. In addition, the capital reserve was increased by \$ 710,000 to recognize fund balance at September 30, 2003 being greater than projected when the budget was prepared. There were also various other budget adjustments and revisions to accommodate unforeseen expenses during the year, including some unreimbursed costs of Hurricane Charley and Frances.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2004 amounts to \$ 60,443,354 (net of accumulated depreciation).

**CITY OF AVENTURA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2004**

**City of Aventura, Florida
Capital Assets (net of accumulated depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Land	\$ 14,592,603	\$ 14,592,603	\$ --	\$ --	\$ 14,592,603	\$ 14,592,603
Buildings	26,708,718	27,454,840	--	--	26,708,718	27,454,840
Improvements other than buildings	4,115,293	4,035,712	--	--	4,115,293	4,035,712
Infrastructure	5,912,349	4,285,012	5,350,598	5,350,003	11,262,947	9,635,015
Furniture, machinery and equipment	3,665,015	3,031,141	--	--	3,665,015	3,031,141
Construction in progress	<u>98,778</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>98,778</u>	<u>--</u>
Total	\$ <u>55,092,756</u>	\$ <u>53,399,308</u>	\$ <u>5,350,598</u>	\$ <u>5,350,003</u>	\$ <u>60,443,354</u>	\$ <u>58,749,311</u>

Debt Administration. At the end of the fiscal year, the City's long-term debt totaled \$ 37,155,000. All was governmental activity debt, payable from future non-ad valorem tax revenues.

Readers desiring detailed information on capital assets and long-term debt activity are referred to pages 34 through 36 of the notes to financial statements.

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 and school boards) primarily rely on property and a limited array of permitted other taxes (utilities taxes and franchise fees and occupational license) as well as intergovernmental revenues for their governmental activities. For business-type 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 2005 totals \$ 38,460,828 million, 12% lower than the final operating budget for fiscal year 2004. This decrease was because Capital Projects funds resulting from the various financings were fully expended in the 2003/04 fiscal year. The General Fund budget for fiscal year 2004 is \$ 36,195,053 million, 7% higher than fiscal year 2004. The millage rate was the same for the eighth consecutive year and Stormwater rates remained constant.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Aventura's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Financial Support Services Director, City of Aventura.

BASIC
FINANCIAL STATEMENTS

CITY OF AVENTURA, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2004

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 9,546,544	\$ 285,686	\$ 9,832,230
Receivables (net of allowance for uncollectibles)	617,996	--	617,996
Due from other governments	951,962	78,919	1,030,881
Prepaid expenses	409,562	--	409,562
Deposits	380,000	--	380,000
Inventory	14,049	--	14,049
Internal balances	300,725	(300,725)	--
Capital assets:			
Nondepreciable	14,691,381	--	14,691,381
Depreciable (net of accumulated depreciation)	40,401,375	5,350,598	45,751,973
Restricted cash, cash equivalents and investments	10,519,558	--	10,519,558
Bond issue costs (net)	<u>440,818</u>	<u>--</u>	<u>440,818</u>
Total assets	<u>78,273,970</u>	<u>5,414,478</u>	<u>83,688,448</u>
LIABILITIES:			
Accounts payable	1,074,397	1,637	1,076,034
Accrued liabilities	2,003,517	--	2,003,517
Retainage payable	43,034	--	43,034
Unearned revenues	446,951	--	446,951
Accrued interest payable	92,012	--	92,012
Due within one year:			
Compensated absences payable	101,473	--	101,473
Bonds payable	930,000	--	930,000
Due in more than one year:			
Compensated absences payable	913,250	--	913,250
Bonds payable	<u>36,225,000</u>	<u>--</u>	<u>36,225,000</u>
Total liabilities	<u>41,829,634</u>	<u>1,637</u>	<u>41,831,271</u>
COMMITMENTS AND CONTINGENCIES (Note 10)			
	--	--	--
NET ASSETS:			
Invested in capital assets (net of related debt)	22,471,893	5,350,598	27,822,491
Restricted for:			
Police purposes	686,696	--	686,696
Capital improvements	1,186,074	--	1,186,074
Unreserved	<u>12,099,673</u>	<u>62,243</u>	<u>12,161,916</u>
Total net assets	<u>\$ 36,444,336</u>	<u>\$ 5,412,841</u>	<u>\$ 41,857,177</u>

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

CITY OF AVENTURA, FLORIDA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2004

FUNCTIONS/PROGRAMS: Primary government:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
General government activities:						
General government	\$ 2,539,000	\$ 1,057,776	\$ --	\$ --	\$ (1,481,224)	\$ (1,481,224)
Public safety	11,548,304	2,402,106	10,936	145,076	(8,990,186)	(8,990,186)
Community services	8,395,691	227,512	3,967,571	256,000	(3,944,608)	(3,944,608)
Nondepartmental	1,839,320	--	120,577	--	(1,718,743)	(1,718,743)
Interest on long-term debt	1,785,630	--	--	--	(1,785,630)	(1,785,630)
Other debt service costs	44,700	--	--	--	(44,700)	(44,700)
Total government activities	<u>26,152,645</u>	<u>3,687,394</u>	<u>4,099,084</u>	<u>401,076</u>	<u>(17,965,091)</u>	<u>(17,965,091)</u>
Business-type activities:						
Stormwater utility	147,242	826,199	--	--	678,957	678,957
Total business-type activities	<u>147,242</u>	<u>826,199</u>	<u>--</u>	<u>--</u>	<u>678,957</u>	<u>678,957</u>
Total primary government	<u>\$ 26,299,887</u>	<u>\$ 4,513,593</u>	<u>\$ 4,099,084</u>	<u>\$ 401,076</u>	<u>(17,965,091)</u>	<u>(17,286,134)</u>
General revenues:						
Taxes:						
Ad valorem taxes					10,143,246	10,143,246
Utility service taxes					5,460,119	5,460,119
Franchise fees					2,185,155	2,185,155
Intergovernmental					3,203,912	3,203,912
Impact fees					754,954	754,954
Interest income					174,983	177,538
Miscellaneous					107,193	107,193
Charter School transfer (Note 7)					5,378	5,378
Transfers					(396,904)	--
Total general revenues and transfers					<u>22,431,844</u>	<u>22,037,495</u>
Change in net assets					4,466,753	4,751,361
Net assets at beginning of year					31,977,583	37,105,816
Net assets at end of year					<u>\$ 36,444,336</u>	<u>\$ 41,857,177</u>

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

CITY OF AVENTURA, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2004

	Major Governmental Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Charter School Fund *	Series 2000 Capital Construction Fund	Series 2002 Capital Construction Fund - Charter School Building Construction	Other Governmental Funds	
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 7,059,082	\$ 532,887	\$ --	\$ --	\$ 1,954,575	\$ 9,546,544
Restricted cash, cash equivalents and investments	--	--	3,701,222	6,231,836	586,500	10,519,558
Accounts receivable	545,801	72,195	--	--	--	617,996
Deposits	--	--	380,000	--	--	380,000
Inventory	14,049	--	--	--	--	14,049
Due from other funds	6,896,909	--	--	52,493	28,051	6,977,453
Due from other governments	691,314	--	--	--	129,764	821,078
Prepaid expenditures	409,562	--	--	--	--	409,562
Total assets	<u>\$ 15,616,717</u>	<u>\$ 605,082</u>	<u>\$ 4,081,222</u>	<u>\$ 6,284,329</u>	<u>\$ 2,698,890</u>	<u>\$ 29,286,240</u>
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts payable	\$ 1,001,772	\$ 13,962	\$ --	\$ --	\$ 58,663	\$ 1,074,397
Accrued liabilities	1,446,926	196,777	--	--	359,814	2,003,517
Retainage payable	43,034	--	--	--	--	43,034
Unearned revenue	446,951	--	--	--	--	446,951
Due to other funds	28,051	--	--	6,275,845	372,832	6,676,728
Total liabilities	<u>2,966,734</u>	<u>210,739</u>	<u>--</u>	<u>6,275,845</u>	<u>791,309</u>	<u>10,244,627</u>
Fund balances:						
Reserved for:						
Debt service	--	--	--	--	31,198	31,198
Encumbrances	4,136,864	--	--	--	--	4,136,864
Inventory	14,049	--	--	--	--	14,049
Prepaid expenditures	409,562	--	--	--	--	409,562
Unreserved:						
Designated for subsequent year's expenditures in:						
General Fund	8,089,508	--	--	--	--	8,089,508
Special Revenue Funds	--	394,343	--	--	1,872,770	2,267,113
Capital Project Funds	--	--	4,081,222	8,484	3,613	4,093,319
Total fund balances	<u>12,649,983</u>	<u>394,343</u>	<u>4,081,222</u>	<u>8,484</u>	<u>1,907,581</u>	<u>19,041,613</u>
Total liabilities and fund balances	<u>\$ 15,616,717</u>	<u>\$ 605,082</u>	<u>\$ 4,081,222</u>	<u>\$ 6,284,329</u>	<u>\$ 2,698,890</u>	<u>\$ 29,286,240</u>

* As of June 30, 2004

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

CITY OF AVENTURA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
September 30, 2004

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE
STATEMENT OF NET ASSETS ARE DIFFERENT BECAUSE:

Total fund balances of governmental funds in the balance sheet, page 11		\$ 19,041,613
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
The cost of capital assets is	\$ 63,408,445	
Accumulated depreciation is	<u>(8,315,689)</u>	55,092,756
Intergovernmental receivable is not available to pay for current period expenditures and, therefore, is deferred in the funds.		130,884
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(37,820,917)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 9		\$ <u>36,444,336</u>

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

CITY OF AVENTURA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2004

	Major Governmental Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Charter School Fund *	Series 2000 Capital Construction Fund	Series 2002 Capital Construction Fund - Charter School Building Construction	Other Governmental Funds	
REVENUES:						
Ad valorem taxes	\$ 10,143,246	\$ --	\$ --	\$ --	\$ --	\$ 10,143,246
Utility service taxes	5,460,119	--	--	--	--	5,460,119
Franchise fees	2,185,155	--	--	--	--	2,185,155
Intergovernmental revenues	2,406,350	3,934,894	--	--	1,322,064	7,663,308
Licenses and permits	2,146,913	--	--	--	--	2,146,913
Charges for services	1,099,321	--	--	--	--	1,099,321
Fines and forfeitures	218,757	--	--	--	132,941	351,698
Impact fees	--	--	--	--	754,954	754,954
Interest income	72,654	--	23,014	38,535	40,780	174,983
Developer contributions	85,842	--	--	--	--	85,842
Miscellaneous	134,768	--	--	--	--	134,768
Total revenues	<u>23,953,125</u>	<u>3,934,894</u>	<u>23,014</u>	<u>38,535</u>	<u>2,250,739</u>	<u>30,200,307</u>
EXPENDITURES:						
Current:						
General government	2,371,236	--	--	--	--	2,371,236
Public safety	10,591,935	--	--	--	2,518	10,594,453
Community services	4,107,849	3,191,751	--	--	195,545	7,495,145
Nondepartmental	1,365,719	--	--	--	--	1,365,719
Capital outlay	3,269,255	35,109	17,890	30,051	553,570	3,905,875
Debt service:						
Principal retirement	--	--	--	--	900,000	900,000
Interest	--	--	--	--	1,786,797	1,786,797
Trustee fees	--	--	--	--	28,932	28,932
Total expenditures	<u>21,705,994</u>	<u>3,226,860</u>	<u>17,890</u>	<u>30,051</u>	<u>3,467,362</u>	<u>28,448,157</u>
Excess (deficiency) of revenues over expenditures	<u>2,247,131</u>	<u>708,034</u>	<u>5,124</u>	<u>8,484</u>	<u>(1,216,623)</u>	<u>1,752,150</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	985,114	--	--	--	2,702,849	3,687,963
Transfers out	<u>(2,254,886)</u>	<u>(458,185)</u>	<u>--</u>	<u>--</u>	<u>(572,610)</u>	<u>(3,285,681)</u>
Total other financing sources (uses)	<u>(1,269,772)</u>	<u>(458,185)</u>	<u>--</u>	<u>--</u>	<u>2,130,239</u>	<u>402,282</u>
Net change in fund balances	977,359	249,849	-5,124	8,484	913,616	2,154,432
FUND BALANCES AT BEGINNING OF YEAR, as previously disclosed	11,599,485	144,494	4,076,098	--	993,965	16,814,042
Prior period adjustment (Note 14)	<u>73,139</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>73,139</u>
FUND BALANCES AT END OF YEAR	<u>\$ 12,649,983</u>	<u>\$ 394,343</u>	<u>\$ 4,081,222</u>	<u>\$ 8,484</u>	<u>\$ 1,907,581</u>	<u>\$ 19,041,613</u>

* For the year ended June 30, 2004

The accompanying notes to the financial statements are an integral part of these 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
 For the Year Ended September 30, 2004

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS, PAGE 13	\$ 2,154,432
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.	1,693,448
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Principal payments	900,000
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.	(297,936)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>16,809</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 10	\$ <u>4,466,753</u>

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

CITY OF AVENTURA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2004

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	Basis	
REVENUES:				
Ad Valorem taxes:				
Current	\$ 10,009,043	\$ 10,009,043	\$ 10,054,175	\$ 45,132
Delinquent	7,000	7,000	89,071	82,071
Utility service taxes:				
Electric	2,935,000	3,061,000	3,068,941	7,941
Telecommunication	1,900,000	1,900,000	1,838,738	(61,262)
Water	460,000	460,000	521,788	61,788
Gas	35,000	35,000	30,652	(4,348)
Franchise fees:				
Electric	1,840,000	1,820,000	1,822,466	2,466
Gas	45,000	45,000	31,013	(13,987)
Sanitation	240,000	240,000	303,354	63,354
Cable	--		9,000	9,000
Towing	<u>12,000</u>	<u>12,000</u>	<u>19,322</u>	<u>7,322</u>
Total taxes	<u>17,483,043</u>	<u>17,589,043</u>	<u>17,788,520</u>	<u>199,477</u>
Intergovernmental revenues:				
Federal grants	--	264,000	253,312	(10,688)
State and local grants	4,000	174,000	226,112	52,112
Alcoholic beverage licenses	6,000	6,000	17,825	11,825
State revenue sharing	218,000	255,000	284,964	29,964
Half cent sales tax	1,450,000	1,500,000	1,580,075	80,075
County occupational licenses	<u>20,000</u>	<u>20,000</u>	<u>44,062</u>	<u>24,062</u>
Total intergovernmental revenues	<u>1,698,000</u>	<u>2,219,000</u>	<u>2,406,350</u>	<u>187,350</u>
Licenses and permits:				
City occupational licenses	665,000	698,000	611,576	(86,424)
Building permits	1,000,000	1,496,000	1,364,303	(131,697)
Certificates of occupancy	--	--	132,784	132,784
Engineering	<u>10,000</u>	<u>38,000</u>	<u>38,250</u>	<u>250</u>
Total licenses and permits	<u>1,675,000</u>	<u>2,232,000</u>	<u>2,146,913</u>	<u>(85,087)</u>
Charges for services:				
Certificate of use fees	5,000	5,000	5,040	40
Development review fees	30,000	30,000	69,051	39,051
Recreation/cultural events	258,000	258,000	227,512	(30,488)
Police services	787,500	886,500	797,718	(88,782)
Other	<u>2,000</u>	<u>2,000</u>	<u>--</u>	<u>(2,000)</u>
Total charges for services	<u>1,082,500</u>	<u>1,181,500</u>	<u>1,099,321</u>	<u>(82,179)</u>

CITY OF AVENTURA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

(continued)

For the Year Ended September 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Fines and forfeitures:				
County court fees	160,000	160,000	218,282	58,282
Code violation fines	<u>5,000</u>	<u>5,000</u>	<u>475</u>	<u>(4,525)</u>
Total fines and forfeitures	<u>165,000</u>	<u>165,000</u>	<u>218,757</u>	<u>53,757</u>
Other:				
Interest income	100,000	100,000	72,654	(27,346)
Developer contributions	--	--	85,842	85,842
Miscellaneous	<u>50,000</u>	<u>50,000</u>	<u>134,768</u>	<u>84,768</u>
Total other	<u>150,000</u>	<u>150,000</u>	<u>293,264</u>	<u>143,264</u>
Total revenues	<u>22,253,543</u>	<u>23,536,543</u>	<u>23,953,125</u>	<u>416,582</u>
 EXPENDITURES:				
Current:				
General government:				
City Commission:				
Personal services	59,593	59,593	57,497	2,096
Operating	51,800	51,800	47,052	4,748
City Manager:				
Personal services	495,692	510,792	508,126	2,666
Operating	115,050	113,950	113,780	170
Capital outlay	4,000	4,000	3,350	650
Finance support services:				
Personal services	803,414	829,041	808,652	20,389
Operating	254,720	270,720	270,480	240
Capital outlay	102,989	102,989	93,536	9,453
Legal:				
Operating	233,000	326,000	325,514	486
City Clerk:				
Personal services	151,619	170,019	168,886	1,133
Operating	67,100	71,700	71,249	451
Capital outlay	<u>3,000</u>	<u>3,000</u>	<u>2,086</u>	<u>914</u>
Total general government	<u>2,341,977</u>	<u>2,513,604</u>	<u>2,470,208</u>	<u>43,396</u>

CITY OF AVENTURA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

(continued)

For the Year Ended September 30, 2004

	<u>Budgeted Amounts</u>		Actual Amounts	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	
Public safety:				
Police:				
Personal services	7,744,507	7,900,007	7,881,688	18,319
Operating	930,744	1,059,244	1,054,437	4,807
Capital outlay	638,956	774,956	663,858	111,098
Community development:				
Personal services	639,651	609,051	592,360	16,691
Operating	862,900	1,063,500	1,063,450	50
Capital outlay	35,650	35,650	23,125	12,525
Total public safety	<u>10,852,408</u>	<u>11,442,408</u>	<u>11,278,918</u>	<u>163,490</u>
Community services:				
Personal services	662,786	686,786	683,763	3,023
Operating	3,161,030	3,425,030	3,424,086	944
Capital outlay	5,263,139	5,263,139	2,462,042	2,801,097
Total community services	<u>9,086,955</u>	<u>9,374,955</u>	<u>6,569,891</u>	<u>2,805,064</u>
Nondepartmental:				
Operating	1,049,400	1,376,400	1,365,719	10,681
Capital outlay	8,431,305	9,141,278	21,258	9,120,020
Total nondepartmental	<u>9,480,705</u>	<u>10,517,678</u>	<u>1,386,977</u>	<u>9,130,701</u>
Total expenditures	<u>31,762,045</u>	<u>33,848,645</u>	<u>21,705,994</u>	<u>12,142,651</u>
Excess (deficiency) of revenues over expenditures	<u>(9,508,502)</u>	<u>(10,312,102)</u>	<u>2,247,131</u>	<u>12,559,233</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	969,514	985,114	985,114	--
Transfers out	(2,248,886)	(2,260,886)	(2,254,886)	6,000
Appropriated fund balance	<u>10,787,874</u>	<u>11,587,874</u>	<u>--</u>	<u>(11,587,874)</u>
Total other financing sources (uses)	<u>9,508,502</u>	<u>10,312,102</u>	<u>(1,269,772)</u>	<u>(11,581,874)</u>
Net change in fund balance	\$ <u><u>--</u></u>	\$ <u><u>--</u></u>	\$ <u><u>977,359</u></u>	\$ <u><u>977,359</u></u>

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

CITY OF AVENTURA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CHARTER SCHOOL FUND
For the Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
Intergovernmental revenues	\$ 3,451,523	\$ 3,470,523	\$ 3,608,213	\$ 137,690
Charges for services	155,340	205,340	184,854	(20,486)
Miscellaneous	10,000	47,604	135,018	87,414
Interest income	<u> --</u>	<u> --</u>	<u>6,809</u>	<u>6,809</u>
Total revenues	3,616,863	3,723,467	3,934,894	211,427
EXPENDITURES:				
Personal services	1,979,772	2,057,772	1,930,842	126,930
Operating	1,304,000	1,317,004	1,260,909	56,095
Capital outlay	<u>35,000</u>	<u>35,000</u>	<u>35,109</u>	<u>(109)</u>
Total expenditures	<u>3,318,772</u>	<u>3,409,776</u>	<u>3,226,860</u>	<u>182,916</u>
Excess of revenues over expenditures	298,091	313,691	708,034	394,343
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(442,585)</u>	<u>(458,185)</u>	<u>(458,185)</u>	<u> --</u>
Total other financing sources (uses)	<u>(442,585)</u>	<u>(458,185)</u>	<u>(458,185)</u>	<u> --</u>
Net change in fund balance	(144,494)	(144,494)	249,849	394,343
FUND BALANCE, July 1, 2003	<u>144,494</u>	<u>144,494</u>	<u>144,494</u>	<u> --</u>
FUND BALANCE, June 30, 2004	\$ <u> --</u>	\$ <u> --</u>	\$ <u>394,343</u>	\$ <u>394,343</u>

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

CITY OF AVENTURA, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
September 30, 2004

ASSETS:

Current assets:

Cash and cash equivalents	\$	285,686
Due from other governments		78,919

Noncurrent assets:

Capital assets (net)		<u>5,350,598</u>
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Total assets		<u>5,715,203</u>
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LIABILITIES:

Current liabilities:

Accounts payable		1,637
Due to other funds		<u>300,725</u>

Total liabilities		<u>302,362</u>
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NET ASSETS:

Invested in capital assets, net of related debt		5,350,598
Unrestricted		<u>62,243</u>

Total net assets	\$	<u>5,412,841</u>
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The accompanying notes to the financial statements are an integral part of these statements.

CITY OF AVENTURA, FLORIDA
STATEMENT OF OPERATING REVENUES, EXPENSES
AND CHANGE IN FUND NET ASSETS
PROPRIETARY FUND
For the Year Ended September 30, 2004

OPERATING REVENUES:		
Charges for services	\$	826,199
OPERATING EXPENSES:		
Depreciation expense		<u>147,242</u>
Operating income		678,957
NONOPERATING REVENUES:		
Interest income		<u>2,555</u>
Income before transfers		681,512
Transfers to General Fund		<u>(396,904)</u>
Change in net assets		284,608
NET ASSETS AT BEGINNING OF YEAR		<u>5,128,233</u>
NET ASSETS AT END OF YEAR	\$	<u><u>5,412,841</u></u>

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

CITY OF AVENTURA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended September 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers, users and other	\$ <u>827,872</u>
Net cash provided by operating activities	<u>827,872</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers out to other fund	<u>(396,904)</u>
Net cash provided by noncapital financing activities	<u>430,968</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	<u>(147,837)</u>
Net cash provided by capital and related financing activities	<u>283,131</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	<u>2,555</u>
Net cash provided by investing activities	<u>2,555</u>
Net increase in cash and cash equivalents	285,686
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>—</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>285,686</u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 678,957
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	147,242
Changes in assets and liabilities:	
Decrease in due from other governments	971
Increase in accounts payable	<u>702</u>
Total adjustments	<u>148,915</u>
Net cash provided by operating activities	\$ <u>827,872</u>

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

CITY OF AVENTURA, FLORIDA,
STATEMENT OF FIDUCIARY NET ASSETS
POLICE OFFICERS' RETIREMENT PLAN FUND
September 30, 2004

ASSETS:

Due from ICMA City of Aventura 401(a) Plan		\$	1,612,458
Accounts receivable, state premium tax			50,866
Contributions receivable:			
Employer	\$	583,892	
Employees		<u>250,850</u>	<u>834,742</u>
Total assets			<u>2,498,066</u>

LIABILITIES:

Accrued expenses			<u>11,143</u>
Total liabilities			<u>11,143</u>

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		\$	<u>2,486,923</u>
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The accompanying notes to financial statements are an integral part of these statements.

CITY OF AVENTURA, FLORIDA,
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
POLICE OFFICERS' RETIREMENT PLAN FUND
For the Year Ended September 30, 2004

ADDITIONS:	
ICMA City of Aventura 401(a) Plan rollover	\$ 1,471,374
Contributions:	
Employer	583,892
Employees	253,776
State of Florida, premium tax	<u>50,866</u>
Total contributions	<u>2,359,908</u>
Investment income:	
Net appreciation in fair value of ICMA City of Aventura 401(a) Plan	136,980
Interest income	<u>4,104</u>
Total investment income	<u>141,084</u>
Total additions	<u>2,500,992</u>
DEDUCTIONS:	
Legal fees	11,143
Employee contribution refunds	<u>2,926</u>
Total deductions	<u>14,069</u>
Net increase	2,486,923
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, October 1, 2003	<u> --</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, September 30, 2004	\$ <u><u>2,486,923</u></u>

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

CITY OF AVENTURA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

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 financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

Reporting Entity

The financial statements were prepared in accordance with Statement No. 14, The Financial Reporting Entity, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of elected officials. The financial reporting entity consists of the City, organizations for which the City is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City. Based upon the application of these criteria, there were no organizations that met the criteria described above.

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 are 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

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.

CITY OF AVENTURA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

September 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty 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.

Taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items such as fines and forfeitures and licenses and permits are considered to be measurable and available only when cash is received by the City.

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 Aventura Elementary Charter School Fund is used to account for revenues and expenditures from the operations of the Charter School.

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

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

The City reports the following major proprietary fund:

The Stormwater Fund accounts for the operation of the City stormwater system.

Additionally, the government reports the following fund types:

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

The Debt Service Funds are used to account for the payment of principal, interest and other expenditures on long-term debt.

The Capital Projects Fund is used to account for financial resources segregated for the acquisition or construction of major capital facilities other than those financed by enterprise operations.

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

CITY OF AVENTURA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses 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.

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.

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 market 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:

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

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.

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.

CITY OF AVENTURA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences Payable

The City's sick leave policy is to permit 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 as expenses in the government-wide and proprietary fund financial statements when earned. Expenditures for accumulated compensated absences have been recorded in the governmental funds only in connection with terminated employees.

Cash and Cash Equivalents

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.

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

Inventories

Inventories are valued at the lower of cost (last-in, first-out) or market. These amounts are reserved in governmental fund financial statements.

Unearned Revenue

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Unearned revenues at the government-wide level arise only when the City receives resources before it has a legal claim to them.

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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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.

CITY OF AVENTURA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issue costs. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issue costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types, bond premiums and discounts, as well as issue costs, are deferred and amortized over the life of the bond issue. Bonds payable are reported net of the applicable bond premium or discount.

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.

Equity classifications

Government-wide 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 including restricted 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."

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.

Budgets and Budgetary Accounting

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

CITY OF AVENTURA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

September 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

- (a) Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The government fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains, "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$ 37,820,917 difference is listed on the following page.

CITY OF AVENTURA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2004

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
 (continued)

Bonds payable	\$ 37,155,000
Accrued interest payable	92,012
Compensated absences payable	1,014,723
Bond issue costs	<u>(440,818)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$ <u>37,820,917</u>

(b) Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balance - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "government funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$ 1,693,448 difference are as follows:

Capital outlay	\$ 3,817,055
Depreciation expense	(2,086,802)
Current year capital asset disposals	<u>(36,805)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>1,693,448</u>

Another element of that reconciliation states that "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." The details of this \$ (297,936) difference are as follows:

Amortization of bond issue costs	\$ (15,768)
Change in interest payable	1,167
Change in compensated absences payable	<u>(283,335)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>(297,936)</u>

CITY OF AVENTURA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

NOTE 3 - PROPERTY TAXES

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

Under 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, 2004 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.

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 four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January and one percent (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 at September 30, 2004.

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as cash and cash equivalents are deemed as insured or collateralized and are, therefore, not subject to classification by credit risk category under the provisions of GASB Statement No. 3. Deposits at September 30, 2004 were \$ 13,539,452.

In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," all investments are reported at their fair value.

CITY OF AVENTURA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2004

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

The City's investments are categorized by type to give an indication of the level of credit risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or for which the City or its agent holds the securities in the City's name. Category 2 includes uninsured and unregistered investments for which the financial institution holds the securities by the financial institution's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the City's counter party, or by its trust department or agent, but not in the City's name.

At September 30, 2004, the fair value and category of credit risk of the City's investments are as follows:

	<u>Category 2</u>	<u>Fair Value</u>
Repurchase agreement	\$ <u>500,000</u>	\$ <u>500,533</u>

All amounts in the State Investment Pool (a 2a7-like pool) administered by the State Board of Administration are stated at amortized cost which approximates fair value.

A reconciliation of cash, cash equivalents and investments as shown on the statement of net assets follows:

State Board of Administration	
Investment Pool	\$ 9,345,359
United State Treasury Securities	
Money Market	6,311,803
Pooled cash	4,194,093
Repurchase agreement	<u>500,533</u>
Total	\$ <u>20,351,788</u>
Cash and cash equivalents	\$ 9,832,230
Restricted cash, cash equivalents and investments	<u>10,519,558</u>
	\$ <u>20,351,788</u>

NOTE 5 - RECEIVABLES

Receivables at September 30, 2004 consist of the following:

Governmental activities:	
Utilities service taxes	\$ 283,080
Police services	228,447
Vendors	53,571
Miami-Dade County	26,888
Franchise fees	<u>26,010</u>
Total - governmental activities	\$ <u>617,996</u>

CITY OF AVENTURA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2004

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable balances in each fund represent only vendor payables.

NOTE 7 - INTERFUND BALANCES AND TRANSFERS

Interfund receivables and payables at September 30, 2004 were as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 6,896,909	\$ 28,051
Series 2002 Capital Construction Fund - Charter School Building Construction	52,493	6,275,845
Nonmajor governmental funds	28,051	372,832
Proprietary Fund	<u>--</u>	<u>300,725</u>
Totals	\$ <u>6,977,453</u>	\$ <u>6,977,453</u>

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, 2004 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 985,114	\$ 2,254,886
Charter School Fund	--	463,563
Nonmajor governmental funds	2,702,849	572,610
Proprietary Fund	<u>--</u>	<u>396,904</u>
	\$ <u>3,687,963</u>	\$ <u>3,687,963</u>

The transfer from the Proprietary Fund to the General Fund in the amount of \$ 396,904 was to reimburse the General Fund for stormwater drainage costs included in the Community Services Department budget. Similarly, the transfer from nonmajor governmental funds to the General Fund was to reimburse the General Fund for street related maintenance costs included in the Community Services Department budget. The transfer of \$ 463,563 from the Charter School Fund was to reimburse the General Fund for accounting costs of the Charter School which are included in the Finance Support Services Department expenditures and to pay the debt service on the bond issue which paid to construct the Charter School. Because the Charter School has a fiscal year that differs from the City, a portion of the corresponding transfer out will be reflected on the Charter School's financial statements for the year ending June 30, 2005. The transfer from the General Fund of \$ 2,254,886 represented transfers to meet debt service requirements for the debt service funds included under nonmajor governmental funds.

CITY OF AVENTURA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

NOTE 8 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2004 was as follows:

	Balance October 1, 2003	Additions	Disposals	Balance September 30, 2004
<i>Governmental Activities:</i>				
Capital assets, not being depreciated:				
Land	\$ 14,592,603	\$ --	\$ --	\$ 14,592,603
Construction in progress	<u> --</u>	<u>98,778</u>	<u> --</u>	<u>98,778</u>
Total capital assets, not being depreciated	<u>14,592,603</u>	<u>98,778</u>	<u> --</u>	<u>14,691,381</u>
Capital assets, being depreciated:				
Buildings	28,921,883	--	--	28,921,883
Improvements other than buildings	4,636,670	257,735	--	4,894,405
Infrastructure	4,482,896	1,859,942	--	6,342,838
Furniture, machinery and equipment	<u>7,082,025</u>	<u>1,600,600</u>	<u>124,687</u>	<u>8,557,938</u>
Total capital assets being depreciated	<u>45,123,474</u>	<u>3,718,277</u>	<u>124,687</u>	<u>48,717,064</u>
Less accumulated depreciation for:				
Buildings	1,467,043	746,122	--	2,213,165
Improvements other than buildings	600,958	178,154	--	779,112
Infrastructure	197,884	232,605	--	430,489
Furniture, machinery and equipment	<u>4,050,884</u>	<u>929,921</u>	<u>87,882</u>	<u>4,892,923</u>
Total accumulated depreciation	<u>6,316,769</u>	<u>2,086,802</u>	<u>87,882</u>	<u>8,315,689</u>
Total capital assets, being depreciated, net	<u>38,806,705</u>	<u>1,631,475</u>	<u>36,805</u>	<u>40,401,375</u>
Governmental activities capital assets, net	\$ <u>53,399,308</u>	\$ <u>1,730,253</u>	\$ <u>36,805</u>	\$ <u>55,092,756</u>
<i>Business-type Activities:</i>				
Capital assets, being depreciated:				
Infrastructure	\$ 5,803,426	\$ 147,837	\$ --	\$ 5,951,263
Less accumulated depreciation	<u>453,423</u>	<u>147,242</u>	<u> --</u>	<u>600,665</u>
Business-type activities capital assets, net	\$ <u>5,350,003</u>	\$ <u>595</u>	\$ <u> --</u>	\$ <u>5,350,598</u>

CITY OF AVENTURA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

September 30, 2004

NOTE 8 - CAPITAL ASSETS (continued)

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

Governmental activities:	
General government	\$ 116,612
Public safety	646,221
Community services	850,368
Nondepartmental	<u>473,601</u>
Total depreciation expense - governmental activities	\$ <u>2,086,802</u>
Business-type activities:	
Stormwater	\$ <u>147,242</u>

NOTE 9 - LONG-TERM DEBT OF GOVERNMENTAL ACTIVITIES

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 at September 30, 2004 was sufficient to meet this requirement. The indenture also requires the maintenance of a minimum debt service coverage ratio of 2.50:1.00. At September 30, 2004, the City was in compliance with this requirement.

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.

Summary of General Long-Term Debt of Governmental Activities

Long-term debt at September 30, 2004 was comprised of the following:

1999 Revenue bonds issued from the Florida Municipal Loan Council, Inc. Principal is due annually over thirty years in various amounts through April, 2029. The bonds bear interest at various rates (3.50% - 5.125%) and are payable semi-annually on October 1 and April 1 of each year.	\$ 19,090,000
2000 Revenue bonds, principal is due annually over twenty 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.	5,735,000

CITY OF AVENTURA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2004

NOTE 9 - LONG-TERM DEBT OF GOVERNMENTAL ACTIVITIES (continued)

2002 Revenue bonds issued from the Florida Intergovernmental Finance Commission. Principal is due annually over thirty 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.	12,330,000
Accrued vacation and sick leave (compensated absences)	<u>913,250</u>
	<u>\$ 38,068,250</u>

Changes in Governmental Fund long-term debt during the year are as follows:

	Balance October 1, 2003	Additions	Retirements	Balance September 30, 2004	Due Within One Year
Series 1999 Revenue bonds payable	\$ 19,500,000	\$ --	\$ 410,000	\$ 19,090,000	\$ 425,000
Series 2000 Revenue bonds payable	5,945,000	--	210,000	5,735,000	220,000
Series 2002 Revenue bonds payable	12,610,000	--	280,000	12,330,000	285,000
Compensated absences payable	<u>658,249</u>	<u>260,676</u>	<u>5,675</u>	<u>913,250</u>	<u>101,473</u>
Total	<u>\$ 38,713,249</u>	<u>\$ 260,676</u>	<u>\$ 905,675</u>	<u>\$ 38,068,250</u>	<u>\$ 1,031,473</u>

Summary of Future Debt Service Requirements

The annual debt service requirements to maturity for all Governmental Fund long-term debt are as follows:

Year Ending September 30	Principal	Interest	Total
2005	\$ 930,000	\$ 1,761,628	\$ 2,691,628
2006	965,000	1,728,192	2,693,192
2007	1,005,000	1,691,498	2,696,498
2008	1,035,000	1,652,500	2,687,500
2009	1,080,000	1,610,523	2,690,523
2010-2014	6,155,000	7,308,433	13,463,433
2015-2019	7,565,000	5,725,287	13,290,287
2020-2024	7,725,000	3,766,448	11,491,448
2025-2029	8,635,000	1,852,250	10,487,250
2030-2032	<u>2,060,000</u>	<u>209,267</u>	<u>2,269,267</u>
	<u>\$ 37,155,000</u>	<u>\$ 27,306,026</u>	<u>\$ 64,461,026</u>

CITY OF AVENTURA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

September 30, 2004

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Litigation

Various claims and lawsuits, which arose 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 \$ 1,822,500 to the City for the year ended September 30, 2004.

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 \$ 826,200 to the City during the year ended September 30, 2004.

Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment. While no matters of noncompliance were disclosed by the audit, grantor agencies may subject grant programs to additional compliance tests, which may result in disallowed costs. In the opinion of City management, future disallowances of current grant expenditures, if any, would not have a material adverse effect on the City's financial condition.

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 Charter Elementary School to provide the residents of the City of Aventura an education choice for up to six hundred elementary school students. The contract ends on June 30, 2018 but provides for a renewal of up to fifteen years by mutual agreement of the parties.

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

CITY OF AVENTURA, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2004

NOTE 10 - COMMITMENTS AND CONTINGENCIES (continued)

Other Agreements

The City has entered into nonexclusive agreements with several engineering consulting firms (Consultants) to provide building inspections and plan review services until September, 2005. 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 a month.

The City is a party to several construction contracts for City infrastructure improvements and the design and construction of a middle school wing addition to the Charter School. The amount remaining on these uncompleted contracts at September 30, 2004 was approximately \$ 4,516,400.

Lease Commitments

The City is lessee on several leases including those for office equipment, police cars, and public safety equipment. These leases have various terms with expiration dates through fiscal year 2008.

Future aggregate minimum lease payments under the City's lease agreements are approximately as follows:

<u>Year Ending</u> <u>September 30</u>		
2005	\$	25,000
2006	\$	20,500
2007	\$	5,500
2008	\$	300
Thereafter	\$	NONE

Lease expense for the year ended September 30, 2004 was approximately \$ 101,000.

NOTE 11 - 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 and natural disasters for which the City carries commercial insurance. Settlement amounts have not exceeded insurance coverage for each of past eight years. In addition, there were no reductions in insurance coverage from those in the prior year.

NOTE 12 - DEFINED CONTRIBUTION PENSION PLANS

Plan Description

The City of Aventura 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 classification. 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 \$ 382,000 during the year. Plan provisions and contribution requirements may be amended by the City Commission.

CITY OF AVENTURA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS

September 30, 2004

NOTE 12 - DEFINED CONTRIBUTION PENSION PLANS (continued)

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 13 - 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. The Plan covers only sworn police officers and is funded by a combination of City contributions, employees 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 14.5% for the City's contribution, 6.3% 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 included no assumed annual inflation rate; an annual investment rate of return of 8.00%; projected annual salary increases of 5.0%; the amortization method is level dollar, closed; and an amortization period of 30 years.

On October 1, 2003 (the last plan year valuation date), Plan membership consisted of:

Retirees and beneficiaries receiving benefits	0
Active plan members	<u>74</u>
Total	<u><u>74</u></u>

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 Department.

The City provides no other post-retirement benefits to employees.

NOTE 14 - PRIOR PERIOD ADJUSTMENT

According to GASB Interpretation No. 6, paragraph 14, no expenditure or liability should be reported in the governmental funds in connection with compensated absences until they are paid or, in the case of termination payments for unused leave, due for payment. The City has, therefore, recorded a prior period adjustment of \$ 73,139 to remove its liability from the governmental funds.

CITY OF AVENTURA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004

NOTE 15 - SUBSEQUENT EVENTS

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. As of the date of this report, the City and seller have not agreed to any further extension of the time for closing. It is the City's position that the seller is in default of the Agreement. In March, 2005, the City Commission approved Resolution No. 2005-10 authorizing the City Attorney to initiate eminent domain proceedings to acquire the property.

If the purchase is completed under the Agreement, the parcel will require environmental cleanup. The seller will contribute up to \$ 1,000,000 toward the cost of said cleanup. This contribution will be placed in escrow pending completion of the cleanup and final report. In the event that the cleanup costs are less than \$ 1,000,000, the seller would receive the balance remaining in the escrow account. In the event that the cleanup costs exceed \$ 1 million, the City would be responsible for the balance of the costs. The City has obtained a phase I and II environmental site assessment from its environmental engineering consultant and estimated that all costs of cleanup will total \$ 750,000. City management believes that the \$ 1,000,000 held in escrow will be more than sufficient to cover all costs relating to the cleanup based on the consultant's assessment and cost estimate. Under the agreement, the purchase is also contingent on the City approving certain zoning changes to an adjacent property owned by the seller prior to closing.

REQUIRED SUPPLEMENTARY
INFORMATION

CITY OF AVENTURA, FLORIDA
 SCHEDULE OF FUNDING PROGRESS
 POLICE OFFICERS' RETIREMENT PLAN FUND

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability at Entry Age</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as % of Covered Payroll</u>
10/01/03	\$ 1,389,389	\$ 4,080,982	\$ 2,691,593	34.1	\$ 4,050,591	66.4

CITY OF AVENTURA, FLORIDA
SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER
AND THE STATE OF FLORIDA
POLICE OFFICERS' RETIREMENT PLAN FUND

<u>Year ended September 30</u>	<u>City Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>State of Florida Insurance Premium Tax</u>
2004	\$ 583,892	100%	\$ 50,866

COMBINING FINANCIAL STATEMENTS

NONMAJOR 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, which, by State Statute, must be used to further the education of the City's police officers.

Street Maintenance Fund - This fund is used for revenues and expenditures, which by State Statute are designated for street maintenance and construction costs. All expenditures are accounted for in the General Fund by designating specific expenditure accounts in the Community Services Department and the Capital Improvements Program. An operating transfer is made to the General Fund to cover such expenditures.

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 accumulation of resources for, and the payment of, general long-term debt principal and interest.

Series 1999 Bond Debt Service Fund - 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.

Series 2000 Bond Debt Service Fund - 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.

Series 2002 Bond Debt Service Fund - 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.

Series 2002 Bond Debt Service Fund - 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 FUND

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

CITY OF AVENTURA, FLORIDA
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2004

Special Revenue

	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	\$ 7,315	\$ 367,003	\$ 122,663	\$ 883,230	\$ 445,071	\$ 94,665
Restricted cash, cash equivalents and investments	--	--	--	--	--	--
Due from other funds	--	--	--	--	21,207	--
Due from other governments	<u>820</u>	<u>128,944</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total assets	\$ <u>8,135</u>	\$ <u>495,947</u>	\$ <u>122,663</u>	\$ <u>883,230</u>	\$ <u>466,278</u>	\$ <u>94,665</u>
LIABILITIES:						
Accounts payable	\$ --	\$ 53,618	\$ 1,702	\$ --	\$ 3,343	\$ --
Accrued liabilities	--	--	--	--	--	--
Due to other funds	<u>--</u>	<u>139,485</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total liabilities	<u>--</u>	<u>193,103</u>	<u>1,702</u>	<u>--</u>	<u>3,343</u>	<u>--</u>
FUND BALANCES:						
Reserved for debt service	--	--	--	--	--	--
Unreserved:						
Designated for subsequent year's expenditures in:						
Special Revenue	8,135	302,844	120,961	883,230	462,935	94,665
Capital Projects	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total fund balances	<u>8,135</u>	<u>302,844</u>	<u>120,961</u>	<u>883,230</u>	<u>462,935</u>	<u>94,665</u>
Total liabilities and fund balances	\$ <u>8,135</u>	\$ <u>495,947</u>	\$ <u>122,663</u>	\$ <u>883,230</u>	\$ <u>466,278</u>	\$ <u>94,665</u>

Debt Service Fund 1999 Series	Debt Service Fund 2000 Series	Debt Service		Capital Project		Total Nonmajor Governmental Funds
		Series 2002 Bond Debt Service Fund Charter School Land Acquisition	Series 2002 Bond Debt Service Fund Charter School Building Construction	Series 2002 Capital Construction Fund - Charter School Land Acquisition		
\$ 28,477	\$ 6,151	\$ --	\$ --	\$ --	\$ 1,954,575	
--	500,533	6,063	60	79,844	586,500	
--	6,844	--	--	--	28,051	
--	--	--	--	--	129,764	
<u>\$ 28,477</u>	<u>\$ 513,528</u>	<u>\$ 6,063</u>	<u>\$ 60</u>	<u>\$ 79,844</u>	<u>\$ 2,698,890</u>	
\$ --	\$ --	\$ --	\$ --	\$ --	\$ 58,663	
--	359,814	--	--	--	359,814	
--	152,523	4,593	--	76,231	372,832	
--	512,337	4,593	--	76,231	791,309	
28,477	1,191	1,470	60	--	31,198	
--	--	--	--	--	1,872,770	
--	--	--	--	3,613	3,613	
<u>28,477</u>	<u>1,191</u>	<u>1,470</u>	<u>60</u>	<u>3,613</u>	<u>1,907,581</u>	
<u>\$ 28,477</u>	<u>\$ 513,528</u>	<u>\$ 6,063</u>	<u>\$ 60</u>	<u>\$ 79,844</u>	<u>\$ 2,698,890</u>	

CITY OF AVENTURA, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2004

	Special Revenue					
	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	\$ --	\$ 1,322,064	\$ --	\$ --	\$ --	\$ --
Fines and forfeitures	3,978	--	--	--	96,426	32,537
Impact fees	--	--	158,318	596,636	--	--
Interest income	<u>86</u>	<u>2,935</u>	<u>379</u>	<u>5,478</u>	<u>4,549</u>	<u>1,760</u>
Total revenues	<u>4,064</u>	<u>1,324,999</u>	<u>158,697</u>	<u>602,114</u>	<u>100,975</u>	<u>34,297</u>
EXPENDITURES:						
Operating	2,518	195,545	--	--	--	--
Capital outlay	--	335,642	68,042	--	20,184	129,702
Debt Service:						
Principal	--	--	--	--	--	--
Interest	--	--	--	--	--	--
Trustee fees	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total expenditures	<u>2,518</u>	<u>531,187</u>	<u>68,042</u>	<u>--</u>	<u>20,184</u>	<u>129,702</u>
Excess (deficiency) of revenues over expenditures	<u>1,546</u>	<u>793,812</u>	<u>90,655</u>	<u>602,114</u>	<u>80,791</u>	<u>(95,405)</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	--	--	--	--	--	--
Transfers out	<u>--</u>	<u>(572,610)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total other financing sources (uses)	<u>--</u>	<u>(572,610)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balance	1,546	221,202	90,655	602,114	80,791	(95,405)
FUND BALANCES AT BEGINNING OF YEAR	<u>6,589</u>	<u>81,642</u>	<u>30,306</u>	<u>281,116</u>	<u>382,144</u>	<u>190,070</u>
FUND BALANCE AT END OF YEAR	<u>\$ 8,135</u>	<u>\$ 302,844</u>	<u>\$ 120,961</u>	<u>\$ 883,230</u>	<u>\$ 462,935</u>	<u>\$ 94,665</u>

Debt Service Fund 1999 Series	Debt Service Fund 2000 Series	Debt Service		Capital Project	Total Nonmajor Governmental Funds
		Series 2002 Bond Debt Service Fund Charter School Land Acquisition	Series 2002 Bond Debt Service Fund Charter School Building Construction	Series 2002 Capital Construction Fund - Charter School Land Acquisition	
\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,322,064
--	--	--	--	--	132,941
--	--	--	--	--	754,954
<u>214</u>	<u>25,208</u>	<u>2</u>	<u>169</u>	<u>--</u>	<u>40,780</u>
<u>214</u>	<u>25,208</u>	<u>2</u>	<u>169</u>	<u>--</u>	<u>2,250,739</u>
--	--	--	--	--	198,063
--	--	--	--	--	553,570
410,000	210,000	132,315	147,685	--	900,000
928,098	299,628	264,204	294,867	--	1,786,797
<u>17,770</u>	<u>--</u>	<u>5,275</u>	<u>5,887</u>	<u>--</u>	<u>28,932</u>
<u>1,355,868</u>	<u>509,628</u>	<u>401,794</u>	<u>448,439</u>	<u>--</u>	<u>3,467,362</u>
<u>(1,355,654)</u>	<u>(484,420)</u>	<u>(401,792)</u>	<u>(448,270)</u>	<u>--</u>	<u>(1,216,623)</u>
1,366,768	485,611	402,507	447,963	--	2,702,849
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(572,610)</u>
<u>1,366,768</u>	<u>485,611</u>	<u>402,507</u>	<u>447,963</u>	<u>--</u>	<u>2,130,239</u>
11,114	1,191	715	(307)	--	913,616
<u>17,363</u>	<u>--</u>	<u>755</u>	<u>367</u>	<u>3,613</u>	<u>993,965</u>
\$ <u>28,477</u>	\$ <u>1,191</u>	\$ <u>1,470</u>	\$ <u>60</u>	\$ <u>3,613</u>	\$ <u>1,907,581</u>

CITY OF AVENTURA, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 SPECIAL REVENUE FUNDS
 For the Year Ended September 30, 2004

	Police Education Fund			Street Maintenance Fund			
	Original and Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
REVENUES:							
Intergovernmental revenues	\$ --	\$ --	\$ --	\$1,294,000	\$1,294,000	\$1,322,064	\$ 28,064
Fines and forfeitures	4,300	3,978	(322)	--	--	--	--
Impact fees	--	--	--	--	--	--	--
Interest income	90	86	(4)	7,500	7,500	2,935	(4,565)
Total revenues	<u>4,390</u>	<u>4,064</u>	<u>(326)</u>	<u>1,301,500</u>	<u>1,301,500</u>	<u>1,324,999</u>	<u>23,499</u>
EXPENDITURES:							
Operating	4,390	2,518	1,872	194,000	195,545	195,545	--
Capital outlay	--	--	--	540,890	539,345	335,642	203,703
Total expenditures	<u>4,390</u>	<u>2,518</u>	<u>1,872</u>	<u>734,890</u>	<u>734,890</u>	<u>531,187</u>	<u>203,703</u>
Excess (deficiency) of revenues over expenditures	<u>--</u>	<u>1,546</u>	<u>1,546</u>	<u>566,610</u>	<u>566,610</u>	<u>793,812</u>	<u>227,202</u>
OTHER FINANCING SOURCES (USES):							
Transfers out	--	--	--	(572,610)	(572,610)	(572,610)	--
Appropriated fund balance	--	--	--	6,000	6,000	--	(6,000)
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>(566,610)</u>	<u>(566,610)</u>	<u>(572,610)</u>	<u>(6,000)</u>
Net change in fund balance	--	1,546	1,546	--	--	221,202	221,202
FUND BALANCE AT BEGINNING OF YEAR	<u>--</u>	<u>6,589</u>	<u>6,589</u>	<u>--</u>	<u>--</u>	<u>81,642</u>	<u>81,642</u>
FUND BALANCE AT END OF YEAR	\$ <u>--</u>	\$ <u>8,135</u>	\$ <u>8,135</u>	\$ <u>--</u>	\$ <u>--</u>	\$ <u>302,844</u>	\$ <u>302,844</u>

<u>Police Capital Impact Fee Fund</u>			<u>Park Development Fund</u>		
<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
49,000	158,318	109,318	13,000	596,636	583,636
--	379	379	--	5,478	5,478
<u>49,000</u>	<u>158,697</u>	<u>109,697</u>	<u>13,000</u>	<u>602,114</u>	<u>589,114</u>
--	--	--	--	--	--
<u>91,000</u>	<u>68,042</u>	<u>22,958</u>	<u>400,000</u>	<u>--</u>	<u>400,000</u>
<u>91,000</u>	<u>68,042</u>	<u>22,958</u>	<u>400,000</u>	<u>--</u>	<u>400,000</u>
<u>(42,000)</u>	<u>90,655</u>	<u>132,655</u>	<u>(387,000)</u>	<u>602,114</u>	<u>989,114</u>
--	--	--	--	--	--
<u>42,000</u>	<u>--</u>	<u>(42,000)</u>	<u>387,000</u>	<u>--</u>	<u>(387,000)</u>
<u>42,000</u>	<u>--</u>	<u>(42,000)</u>	<u>387,000</u>	<u>--</u>	<u>(387,000)</u>
--	90,655	90,655	--	602,114	602,114
<u>--</u>	<u>30,306</u>	<u>30,306</u>	<u>--</u>	<u>281,116</u>	<u>281,116</u>
\$ <u><u>--</u></u>	\$ <u><u>120,961</u></u>	\$ <u><u>120,961</u></u>	\$ <u><u>--</u></u>	\$ <u><u>883,230</u></u>	\$ <u><u>883,230</u></u>

CITY OF AVENTURA, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 DEBT SERVICE FUNDS
 For the Year Ended September 30, 2004

	Series 1999 Bond Debt Service Fund			Series 2000 Bond Debt Service Fund			
	Original and Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
REVENUES:							
Interest income	\$ --	\$ 214	\$ 214	\$ 24,958	\$ 24,958	\$ 25,208	\$ 250
Total revenues	<u>--</u>	<u>214</u>	<u>214</u>	<u>24,958</u>	<u>24,958</u>	<u>25,208</u>	<u>250</u>
EXPENDITURES:							
Debt service:							
Principal	410,000	410,000	--	220,000	210,000	210,000	--
Interest	935,683	928,098	7,585	290,569	300,569	299,628	941
Trustee fees	<u>21,085</u>	<u>17,770</u>	<u>3,315</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total expenditures	<u>1,366,768</u>	<u>1,355,868</u>	<u>10,900</u>	<u>510,569</u>	<u>510,569</u>	<u>509,628</u>	<u>941</u>
Excess (deficiency) of revenues over expenditures	(1,366,768)	(1,355,654)	11,114	(485,611)	(485,611)	(484,420)	1,191
OTHER FINANCING SOURCES:							
Transfers in	<u>1,366,768</u>	<u>1,366,768</u>	<u>--</u>	<u>485,611</u>	<u>485,611</u>	<u>485,611</u>	<u>--</u>
Total other financing sources	<u>1,366,768</u>	<u>1,366,768</u>	<u>--</u>	<u>485,611</u>	<u>485,611</u>	<u>485,611</u>	<u>--</u>
Net change in fund balance	--	11,114	11,114	--	--	1,191	1,191
FUND BALANCE AT BEGINNING OF YEAR	<u>--</u>	<u>17,363</u>	<u>17,363</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
FUND BALANCE AT END OF YEAR	<u>\$ --</u>	<u>\$ 28,477</u>	<u>\$ 28,477</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,191</u>	<u>\$ 1,191</u>

Series 2002 Bond Debt Service Fund
Charter School Land Acquisition

Series 2002 Bond Debt Service Fund
Charter School Building Construction

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ --	\$ --	\$ 2	\$ 2	\$ --	\$ --	\$ 169	\$ 169
--	--	2	2	--	--	169	169
132,315	132,315	132,315	--	147,685	147,685	147,685	--
264,192	264,205	264,204	1	294,881	294,881	294,867	14
--	5,987	5,275	712	--	6,000	5,887	113
<u>396,507</u>	<u>402,507</u>	<u>401,794</u>	<u>713</u>	<u>442,566</u>	<u>448,566</u>	<u>448,439</u>	<u>127</u>
(396,507)	(402,507)	(401,792)	715	(442,566)	(448,566)	(448,270)	296
<u>396,507</u>	<u>402,507</u>	<u>402,507</u>	<u>--</u>	<u>442,566</u>	<u>448,566</u>	<u>447,963</u>	<u>(603)</u>
<u>396,507</u>	<u>402,507</u>	<u>402,507</u>	<u>--</u>	<u>442,566</u>	<u>448,566</u>	<u>447,963</u>	<u>(603)</u>
--	--	715	715	--	--	(307)	(307)
--	--	755	755	--	--	367	367
<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,470</u>	<u>\$ 1,470</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 60</u>	<u>\$ 60</u>

CITY OF AVENTURA, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 CAPITAL PROJECTS FUNDS
 For the Year Ended September 30, 2004

	Series 2000 Capital Construction Fund		
	Original and Final Budget	Actual	Variance
REVENUES:			
Interest income	\$ <u>17,902</u>	\$ <u>23,014</u>	\$ <u>5,112</u>
Total revenues	<u>17,902</u>	<u>23,014</u>	<u>5,112</u>
EXPENDITURES:			
Capital outlay	<u>4,094,000</u>	<u>17,890</u>	<u>4,076,110</u>
Total expenditures	<u>4,094,000</u>	<u>17,890</u>	<u>4,076,110</u>
Excess (deficiency) of revenues over expenditures	(4,076,098)	5,124	4,081,222
OTHER FINANCING SOURCES (USES):			
Appropriated fund balance	<u>4,076,098</u>	<u>--</u>	<u>(4,076,098)</u>
Total other financing sources (uses)	<u>4,076,098</u>	<u>--</u>	<u>(4,076,098)</u>
Net change in fund balance	--	5,124	5,124
FUND BALANCE AT BEGINNING OF YEAR	<u>--</u>	<u>4,076,098</u>	<u>4,076,098</u>
FUND BALANCE AT END OF YEAR	\$ <u><u>--</u></u>	\$ <u><u>4,081,222</u></u>	\$ <u><u>4,081,222</u></u>

<u>Series 2002 Capital Construction Fund - Charter School Land Acquisition</u>			<u>Series 2002 Capital Construction Fund - Charter School Building Construction</u>		
<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ <u>20,387</u>	\$ <u> --</u>	\$ <u>(20,387)</u>	\$ <u>30,100</u>	\$ <u>38,535</u>	\$ <u> 8,435</u>
<u>20,387</u>	<u> --</u>	<u>(20,387)</u>	<u>30,100</u>	<u>38,535</u>	<u> 8,435</u>
<u>24,000</u>	<u> --</u>	<u> 24,000</u>	<u>30,100</u>	<u>30,051</u>	<u> 49</u>
<u>24,000</u>	<u> --</u>	<u> 24,000</u>	<u>30,100</u>	<u>30,051</u>	<u> 49</u>
<u>(3,613)</u>	<u> --</u>	<u> 3,613</u>	<u> --</u>	<u> 8,484</u>	<u> 8,484</u>
<u> 3,613</u>	<u> --</u>	<u>(3,613)</u>	<u> --</u>	<u> --</u>	<u> --</u>
<u> 3,613</u>	<u> --</u>	<u>(3,613)</u>	<u> --</u>	<u> --</u>	<u> --</u>
<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>	<u> 8,484</u>	<u> 8,484</u>
<u> --</u>	<u> 3,613</u>	<u> 3,613</u>	<u> --</u>	<u> --</u>	<u> --</u>
\$ <u> --</u>	\$ <u> 3,613</u>	\$ <u> 3,613</u>	\$ <u> --</u>	\$ <u> 8,484</u>	\$ <u> 8,484</u>

CITY OF AVENTURA, FLORIDA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY
 September 30, 2004

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Infrastructure</u>	<u>Machinery and Equipment</u>	<u>Total</u>
GENERAL GOVERNMENT	\$ --	\$ --	\$ 2,716	\$ --	\$ 1,014,756	\$ 1,017,472
PUBLIC SAFETY	--	--	--	--	5,895,200	5,895,200
COMMUNITY SERVICES	6,954,056	11,307,497	4,584,715	6,342,838	1,647,982	30,837,088
NONDEPARTMENTAL	7,638,547	17,614,386	306,974	--	--	25,559,907
CONSTRUCTION IN PROGRESS	--	<u>98,778</u>	--	--	--	<u>98,778</u>
Total capital assets allocated to functions	<u>\$ 14,592,603</u>	<u>\$ 29,020,661</u>	<u>\$ 4,894,405</u>	<u>\$ 6,342,838</u>	<u>\$ 8,557,938</u>	<u>\$ 63,408,445</u>

CITY OF AVENTURA, FLORIDA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY
 For the Year Ended September 30, 2004

	Capital Assets October 1, <u>2003</u>	<u>Additions</u>	<u>Disposals</u>	Capital Assets September 30, <u>2004</u>
GENERAL GOVERNMENT	\$ 914,547	\$ 102,925	\$ --	\$ 1,017,472
PUBLIC SAFETY	5,322,017	697,871	124,687	5,895,201
COMMUNITY SERVICES	27,919,606	3,016,259	--	30,935,865
NONDEPARTMENTAL	<u>25,559,907</u>	<u>--</u>	<u>--</u>	<u>25,559,907</u>
Total capital assets	\$ <u>59,716,077</u>	\$ <u>3,817,055</u>	\$ <u>124,687</u>	\$ <u>63,408,445</u>

STATISTICAL SECTION

STATISTICAL SECTION

(NOT COVERED BY INDEPENDENT AUDITORS' REPORT)

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CITY OF AVENTURA, FLORIDA
 GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
 DATE OF INCORPORATION (NOVEMBER, 1995) TO DATE (2)

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Community Services</u>
1995/96	\$ 332,840	\$ 46,234	\$ 176,794
1996/97	1,122,984	4,377,974	1,589,624
1997/98	1,449,408	6,535,920	1,468,806
1998/99	1,561,283	6,831,446	2,419,162
1999/00	1,526,679	7,804,469	2,717,728
2000/01	1,831,007	8,607,783	3,102,494
2001/02	2,015,866	9,332,899	3,600,234
2002/03	2,163,885	9,438,156	4,226,979
2003/04	2,371,236	10,594,453	7,495,145

NOTES: (1) Includes the General, Special Revenue, Debt Service and Capital Projects Funds.
 (2) The City was incorporated during fiscal year 1995/96.

<u>Non-</u> <u>departmental</u>	<u>Capital</u> <u>Outlay</u>	<u>Debt</u> <u>Service</u>	<u>Total</u>
\$ 107,987	\$ 323,387	\$ --	\$ 987,242
465,192	5,301,853	111,955	12,969,582
687,683	8,077,202	237,549	18,456,568
543,665	10,919,960	7,591,607	29,867,123
529,737	11,850,784	1,337,410	25,766,807
725,434	11,652,841	1,902,830	27,822,389
1,163,975	12,409,178	1,866,438	30,388,590
1,040,052	12,153,846	2,415,206	31,438,124
1,365,719	3,905,875	2,715,729	28,448,157

CITY OF AVENTURA, FLORIDA
 GENERAL REVENUES BY SOURCE (1)
 DATE OF INCORPORATION (NOVEMBER, 1995) TO DATE (2)

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Inter- Governmental</u>	<u>Licenses and Permits</u>
1995/96	\$ 3,767,199	\$ 208,193	\$ 1,904
1996/97	9,376,999	1,379,510	1,368,022
1997/98	10,671,397	1,390,596	2,756,432
1998/99	12,990,627	2,033,221	1,781,863
1999/00	13,717,316	2,836,374	1,886,777
2000/01	14,171,431	2,688,105	2,624,459
2001/02	15,594,548	3,091,728	3,360,172
2002/03	16,347,306	2,965,158	2,185,654
2003/04	17,788,520	7,663,308	2,146,913

NOTES: (1) Includes the General, Special Revenue, Debt Service and Capital Projects Funds.
 (2) The City was incorporated during fiscal year 1995/96.

<u>Charges for Services</u>	<u>Fines and Forfeitures</u>	<u>Interest</u>	<u>Other</u>	<u>Total</u>
\$ --	\$ --	\$ 15,263	\$ 2,027	\$ 3,994,586
187,558	42,771	315,253	491,529	13,161,642
512,141	667,824	515,759	869,239	17,383,388
918,108	531,499	586,067	2,080,201	20,921,586
797,774	441,717	1,059,418	836,386	21,575,762
647,410	491,688	1,115,650	1,165,394	22,904,137
722,125	386,758	310,096	870,976	24,336,403
965,067	399,899	246,216	161,045	23,270,345
1,099,321	351,698	174,983	975,564	30,200,307

CITY OF AVENTURA, FLORIDA
 PROPERTY TAX LEVIES AND COLLECTIONS
 DATE OF INCORPORATION (NOVEMBER, 1995) TO DATE (3)

(\$ in 000's)

<u>Fiscal Year</u>	<u>Property Tax Levy</u>	<u>(1) Property Tax Discount</u>	<u>Net Tax Levy</u>
1996/97	\$ 5,802	\$ 199	\$ 5,603
1997/98	6,173	234	5,939
1998/99	6,894	239	6,655
1999/00	7,549	291	7,258
2000/01	7,818	305	7,513
2001/02	8,717	313	8,404
2002/03	9,282	290	8,992
2003/04	10,536	337	10,199

SOURCE: Miami-Dade County, Florida, Tax Collector

- NOTES: (1) Florida Law allows up to a 4% discount for timely payment of property taxes.
 (2) Includes corrections and penalties.
 (3) The City was incorporated during the 1995/96 fiscal year. The first year that the City was authorized to levy ad valorem (property) taxes was the 1996/97 fiscal year.

<u>Current Tax Collection</u>	(2) <u>Delinquent Tax Collection</u>	<u>Total Tax Collection</u>	<u>Percentage of Total Tax Collections To Net Tax Levy</u>
\$ 5,561	\$ 8	\$ 5,569	99.39%
5,823	18	5,841	98.35%
6,572	23	6,595	99.10%
7,115	26	7,141	98.39%
7,397	43	7,440	99.03%
8,227	201	8,428	100.29%
9,013	62	9,075	100.92%
10,054	89	10,143	99.45%

CITY OF AVENTURA, FLORIDA
 ASSESSED VALUE OF TAXABLE PROPERTY (1)
 DATE OF INCORPORATION (NOVEMBER, 1995) TO DATE (2)

<u>Fiscal Year</u>	<u>Nonexempt Real Property</u>	<u>Nonexempt Personal Property</u>	<u>Total Taxable Valuations</u>
1996/97	\$ 2,509,850,919	\$ 95,280,080	\$ 2,605,130,999
1997/98	2,664,701,818	107,083,192	2,771,785,010
1998/99	2,971,907,364	123,652,446	3,095,559,810
1999/00	3,238,050,389	142,847,663	3,380,898,052
2000/01	3,349,591,933	160,779,980	3,510,371,913
2001/02	3,752,226,238	162,055,639	3,914,281,877
2002/03	4,007,501,399	160,384,595	4,167,885,994
2003/04	4,569,228,195	161,725,854	4,730,954,049

SOURCE: Miami-Dade County, Florida, Tax Collector

- NOTES: (1) Florida Law requires all property to be assessed at current fair market value.
 (2) The City was incorporated during the 1995/96 fiscal year. The first year that the City was authorized to levy ad valorem (property) taxes was the 1996/97 fiscal year.

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CITY OF AVENTURA, FLORIDA
 PROPERTY TAX MILLAGE RATES - DIRECT AND OVERLAPPING GOVERNMENTS
 (PER \$ 1,000 OF TAXABLE VALUE)
 DATE OF INCORPORATION (NOVEMBER, 1995) TO DATE (1)

<u>Fiscal Year</u>	<u>Tax Roll Year</u>	<u>City</u>	<u>School</u>	<u>County</u>
1996/97	1996	2.2270	10.3660	10.3270
1997/98	1997	2.2270	10.4620	9.9930
1998/99	1998	2.2270	10.1600	10.0580
1999/00	1999	2.2270	9.6440	9.6980
2000/01	2000	2.2270	9.6170	9.5060
2001/02	2001	2.2270	9.3760	9.6060
2002/03	2002	2.2270	9.2520	9.4260
2003/04	2003	2.2270	9.1000	9.9010

SOURCE: Miami-Dade County, Florida, Tax Collector

NOTE: (1) The City was incorporated during the 1995/96 fiscal year. The first year that the City was authorized to levy ad valorem (property) taxes was the 1996/97 fiscal year.

<u>Everglades Project</u>	<u>South Florida Water Management District</u>	<u>Florida Inland Navigation District</u>	<u>Total</u>
0.1000	0.5720	0.0380	23.6300
0.1000	0.5970	0.0500	23.4290
0.1000	0.5970	0.0470	23.1890
0.1000	0.5970	0.0440	22.3100
0.1000	0.5970	0.0410	22.0880
0.1000	0.5970	0.0386	21.9446
0.1000	0.5970	0.0385	21.6405
0.1000	0.5970	0.0385	21.9635

*
CITY OF AVENTURA, FLORIDA
RATIO OF NET BONDED DEBT TO TOTAL ASSESSED VALUE AND NET
BONDED DEBT PER CAPITA
DATE OF INCORPORATION (NOVEMBER, 1995) TO DATE (3)

(\$ in 000's)

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>Assessed Taxable Value</u>	<u>(2) Gross Bonded Debt</u>
1996/97	20,383	\$ 2,605,131	\$ 3,276
1997/98	20,349	2,771,785	6,196
1998/99	22,800	3,095,560	21,000
1999/00	25,267	3,380,898	20,645
2000/01	25,768	3,510,372	26,610
2001/02	26,142	3,914,281	38,650
2002/03	27,241	4,167,886	38,055
2003/04	28,207	4,730,954	37,155

Source: (1) Population is as of April 1 of each year, per the University of Florida Bureau of Economic & Business Research.
 (2) The City was incorporated in November, 1995. Accurate estimates of population were not available until April 1, 1997. For the 1995/96 fiscal year, the City was not in existence at the time that assessed taxable value was determined.

	<u>Debt Service Funds Available (Net)</u>		<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt To Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
\$	189	\$	3,087	0.12%	\$ 151.45
	208		5,988	0.21%	294.27
	351		20,649	0.67%	905.66
	356		20,289	0.60%	802.98
	866		25,744	0.73%	999.06
	1,668		36,982	0.94%	1,414.66
	529		37,526	0.90%	1,377.56
	31		37,124	0.79%	1,316.13

CITY OF AVENTURA, FLORIDA
 COMPUTATION OF LEGAL DEBT MARGIN
 BONDED DEBT
 September 30, 2004

ASSESSED VALUATION OF TAXABLE REAL AND PERSONAL PROPERTY		\$ <u>4,730,954,049</u>
BONDED DEBT LIMIT - 10% OF ABOVE (1)		\$ 473,095,405
AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT:		
Total bonded debt	\$ 37,155,000	
Less debt to be repaid from specified revenue sources:		
Covenant to budget and appropriate	<u>37,155,000</u>	
TOTAL AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT		<u> --</u>
LEGAL DEBT MARGIN (1)		\$ <u>473,095,405</u>

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 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.

CITY OF AVENTURA, FLORIDA
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 September 30, 2004

(\$ in 000's)

Jurisdiction	Net Debt Outstanding		(1) Percentage Applicable to the City of Aventura	Amount Applicable to the City of Aventura
MIAMI-DADE BOARD OF COUNTY COMMISSIONERS	\$ 225,581	(2)	3.71%	\$ 8,369
MIAMI-DADE COUNTY SCHOOL BOARD	750,606	(2)	3.71%	27,847
CITY OF AVENTURA	37,140		100.00%	37,140
	\$ 1,013,327		Total	\$ 73,356

NOTES: (1) Based on ratio of assessed taxable value.
 (2) Source: Miami-Dade County, Florida, Finance Department.

CITY OF AVENTURA, FLORIDA
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL
 BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
 DATE OF INCORPORATION (NOVEMBER, 1995) TO DATE (2)

Fiscal Year	Principal	Interest	Other	Total Debt Service	(1) Total General Governmental Expenditures	Ratio of Debt Service to Total General Governmental Expenditures
1995/96	\$ --	\$ --	\$ --	\$ --	\$ 987,242	0.0%
1996/97	--	111,955	--	111,955	12,969,582	0.86%
1997/98	--	237,549	--	237,549	18,456,568	1.29%
1998/99	6,900,000 (3)	691,607	--	7,591,607 (3)	29,867,123	25.42% (3)
1999/00	335,000	982,410	15,809	1,353,219	25,766,807	5.26%
2000/01	590,000	1,260,248	18,082	1,868,330	27,822,389	6.72%
2001/02	570,000	1,276,224	20,214	1,866,438	30,388,590	6.15%
2002/03	595,000	1,746,446	73,760	2,415,206	31,438,124	7.68%
2003/04	900,000	1,786,797	28,932	2,715,729	28,448,157	9.54%

NOTES: (1) Includes the General, Special Revenue, Capital Projects and Debt Service Funds.
 (2) The City was incorporated during the 1995/96 fiscal year.
 (3) Includes \$ 6,900,000 to refund the 1996 Line of Credit.

CITY OF AVENTURA, FLORIDA
 ESTIMATED VALUE OF CONSTRUCTION AND BANK DEPOSITS
 DATE OF INCORPORATION (NOVEMBER, 1995) TO DATE

(\$ in 000's)

Fiscal Year	Number of New Housing Units	Estimated Value of Construction			Number of Permits Issued	(2) Bank Deposits (County) (Thousands)
		New Housing Units	Other than New Housing Units	Total		
1996/97 (1)	229	\$ 55,756	\$ 209,760	\$ 265,516	1,719	\$ 34,395,088
1997/98	798	140,775	129,438	270,213	4,506	34,739,602
1998/99	365	109,823	57,229	167,052	4,194	37,403,279
1999/00	823	95,433	36,403	131,897	4,915	38,913,181
2000/01	689	122,617	43,181	165,798	5,290	44,450,858
2001/02	377	155,765	31,807	187,572	3,820	48,987,245
2002/03	1,079	152,424	83,247	235,671	2,675	53,833,682
2003/04	231	62,675	10,047	72,722	2,872	58,816,272

- NOTE: (1) The City began processing building permits for construction within its corporate limits in November, 1996. Prior to that date, building permits were processed by Miami-Dade County and information is not available for that period.
- (2) Miami-Dade County bank data is from the Florida Bankers Association. Specific data for the City of Aventura is not available.

CITY OF AVENTURA, FLORIDA
 PRINCIPAL TAXPAYERS
 FISCAL YEAR 2002/03

(\$ in 000's)

<u>Company Name</u>	<u>Type of Business</u>	<u>Assessed Value</u>	<u>Percentage of Total Taxable Value</u>
1. Aventura Mall Ventures	Shopping Center	\$ 274,800	5.81%
2. The Bay Club of Aventura	Rental Apartment Complex	73,815	1.56%
3. Turnberry Country Club	Golf Course and Hotel	72,963	1.54%
4. Miami Beach Healthcare Group, LTD.	Hospital/Medical Center	52,153	1.10%
5. Summit Properties	Rental Apartment Complex	38,636	0.82%
6. D. Soffer & B. Redich Trust	Developer	34,417	0.73%
7. Bruce Strohm & D. Neithercut (TRS)	Rental Apartment Complex	33,971	0.72%
8. Champion Retail, LTD. & D. Soffer & B. Redich Trust	Developer	29,791	0.63%
9. Prudential Insurance Co.	Shopping Center	26,600	0.56%
10. Shefaor Tarragon LLP	Rental Apartment Complex	<u>25,600</u>	<u>0.54%</u>
Total		\$ <u>662,746</u>	<u>14.01%</u>

SOURCE: Tax roll of Miami-Dade County, Florida

CITY OF AVENTURA, FLORIDA
 DEMOGRAPHICS AND MISCELLANEOUS STATISTICS
 September 30, 2004

DATE OF INCORPORATION	November 7, 1995		
FORM OF CITY GOVERNMENT	Commission - Manager		
AREA	3.5 Square Miles		
POPULATION PER STATE ESTIMATE *	28,207		
ETHNIC DISTRIBUTION **:			
White (Non-Hispanic)	73.1%	African-American	1.7%
Hispanic	20.7%	Other	4.5%
AGE DISTRIBUTION **:			
Under 20	11.0%		
20-34	18.2%		
35-54	23.5%		
55-64	12.0%		
65+	35.3%		
AVERAGE HOUSEHOLD SIZE **:			
Average Household size	1.79		
Average Family size	2.45%		
HOUSING OCCUPANCY **:			
Total housing units	20,020		
Owner occupied housing units	10,044		
Renter occupied housing units	3,956		
Seasonal, recreational and vacant housing units	6,020		
FULL-TIME EMPLOYEES	148	Public Tennis Center	1
PUBLIC FACILITIES LOCATED WITHIN CORPORATE LIMITS:		Public Recreation Center	1
Public Parks	1		
Open Space Recreation (acres)	21	***	
		Public School	0
		Charter School	1
PUBLIC LIBRARIES (OPERATED BY MIAMI-DADE COUNTY)	1	Police Station	1
FIRE STATIONS (OPERATED BY MIAMI-DADE COUNTY)	2	Police Sub-stations	3

* State of Florida, Bureau of Economic & Business Research. Population is as of April 1, 2004.

** U.S. Census Bureau, Profile of General Demographic Characteristics: 2000 for Aventura, Florida

*** City of Aventura comprehensive plan

COMPLIANCE SECTION

**OTHER REPORTS OF
INDEPENDENT AUDITORS**



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CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited the financial statements of the City of Aventura, Florida as of and for the year ended September 30, 2004 and have issued our report thereon dated February 2, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Aventura, Florida'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 assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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.

City of Aventura, Florida

This report is intended for the information of City management, members of the City Commission, the Office of the Auditor General of the State of Florida and other grantor agencies. However, this report is a matter of public record and its distribution is not limited.

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

Fort Lauderdale, Florida
February 2, 2005



KEEFE, McCULLOUGH & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT TO CITY MANAGEMENT

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

We have audited the financial statements of City of Aventura, Florida as of and for the year ended September 30, 2004, and have issued our report thereon dated February 2, 2005.

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. We have also issued our Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. That report, dated February 2, 2005, should be considered in conjunction with this report to City management.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General. Those rules (Section 10.554(1)(g)1.a.) require that we address in the report to City management, if not already addressed in the auditors' report on compliance and internal controls, whether or not inaccuracies, irregularities, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no inaccuracies, irregularities, shortages, defalcations, fraud and/or violations of laws, rules, regulations, and contractual provisions disclosed in the preceding annual financial audit report.

The Rules of the Auditor General (Section 10.554(1)(g)1.b) require that we address in the report to City management, if not already addressed in the auditors' report on compliance and internal controls, 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)(g)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)(g)4.) require disclosure in the report to City management of the following matters if not already addressed in the auditors' report on compliance and internal controls: (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) failure 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. Our audit disclosed no matters requiring disclosure in the report to City management or the financial statements.

The Rules of the Auditor General (Section 10.554(1)(g)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 report to City management, unless disclosed in the notes to the financial statements. The City of Aventura, Florida was created by Resolution No. R-1104-95 of the Miami-Dade County Commission on July 25, 1995. The City does not have any component units.

As required by the Rules of the Auditor General (Section 10.554(1)(g)6.a.), the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, regarding financial emergencies. In connection with our audit, we determined that the City is not in a state of financial emergency as a consequence of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(g)6.b.), we determined that the annual financial report for the City for the year ended September 30, 2004, filed with the Department of Banking and Finance pursuant to Section 218.32, Florida Statutes, is in agreement with the annual financial audit report for the year ended September 30, 2004.

As required by the Rules of the Auditor General (Section 10.554(g)(6)c. and 10.556), we applied financial condition 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 report to management is intended solely for the information of management, members of the City Commission and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
February 2, 2005



The City of Excellence