

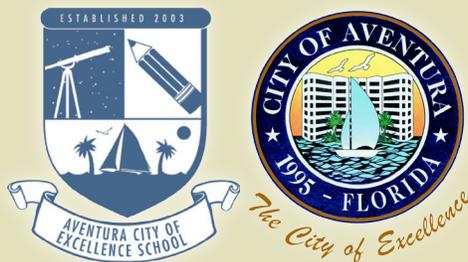
# AVENTURA

CITY OF EXCELLENCE SCHOOL

A Special Revenue Fund of the  
City of Aventura, Florida



## Special Purpose Financial Report For the Fiscal Year Ended June 30, 2013



**AVENTURA CITY OF EXCELLENCE SCHOOL**  
(A SPECIAL REVENUE FUND OF THE CITY OF AVENTURA, FLORIDA)

**BASIC FINANCIAL STATEMENTS AND  
ADDITIONAL INFORMATION**

June 30, 2013

AVENTURA CITY OF EXCELLENCE SCHOOL  
 BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION  
 June 30, 2013

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## INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying financial statements of the Aventura City of Excellence School, a special revenue fund of the City of Aventura, Florida (the "School"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

As discussed in Note 2, these financial statements present only the Aventura City of Excellence School, a special revenue fund of the City of Aventura, Florida. These financial statements do not purport to, and do not, present fairly the financial position of the City of Aventura, Florida, as of June 30, 2013 and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School, as of June 30, 2013, and the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information as listed in the table of contents, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2013, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
August 19, 2013

# MANAGEMENT'S DISCUSSION AND ANALYSIS

**AVENTURA CITY OF EXCELLENCE SCHOOL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2013

Our discussion and analysis of the Aventura City of Excellence School's (the "School") financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the School's basic financial statements which immediately follow this discussion.

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

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

Government-Wide Financial Statements

The government-wide financial statements, which consist of the statement of net position and the statement of activities, are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The statement of net position presents financial information on all of the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the School's financial position is improving or deteriorating. However, as a governmental entity, the School's activities are not geared toward generating profit as are the activities of commercial entities. Other factors such as the safety at the School and quality of education, must be considered in order to reasonably assess the School's overall performance.

The statement of activities presents information and shows how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School has only one (1) category of funds - governmental funds.

Governmental funds 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 on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing the School'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 School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balance provide a reconciliation to facilitate this comparison between the governmental fund and governmental activities.

**AVENTURA CITY OF EXCELLENCE SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013**

Notes to the Basic Financial Statements

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

Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School's adopted budget to actual results.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position over time, may serve as a useful indicator of financial position. The following table presents a comparative analysis of the condensed government-wide statements of net position:

Aventura City of Excellence School Net Position			
	2013	2012	Variance
<b>ASSETS:</b>			
Current and other assets	\$ 2,609,010	\$ 2,834,858	\$ (225,848)
Capital assets, net of depreciation	1,977,606	1,986,765	(9,159)
Total assets	4,586,616	4,821,623	(235,007)
<b>LIABILITIES:</b>			
Current liabilities	737,361	736,761	600
Noncurrent liabilities	29,759	21,964	7,795
Total liabilities	767,120	758,725	8,395
<b>NET POSITION:</b>			
Net investment in capital assets	1,977,606	1,986,765	(9,159)
Unrestricted	1,841,890	2,076,133	(234,243)
Total net position	\$ 3,819,496	\$ 4,062,898	\$ (243,402)

Current and other assets decreased due to a decrease in pooled cash, cash equivalents and investments along with a reduction in prepaid expenditures.

Resources that are subject to external restrictions on how they may be used are classified as restricted assets. As of June 30, 2013 and 2012, the School had no restricted assets. The remaining unrestricted balance may be used in any of the School's ongoing operations.

**AVENTURA CITY OF EXCELLENCE SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013**

The following table presents comparative information of the condensed government-wide statements of changes in net position:

Aventura City of Excellence School Change in Net Position			
	2013	2012	Variance
<b>REVENUES:</b>			
General revenues and transfers	\$ 6,084,591	\$ 5,776,077	\$ 308,514
Program revenues:			
Charges for services	639,086	589,727	49,359
Operating grants and contributions	278,559	449,864	(171,305)
Capital grants and contributions	461,973	491,119	(29,146)
Total revenues	7,464,209	7,306,787	157,422
<b>EXPENSES:</b>			
Instruction	4,704,482	4,531,449	173,033
Instructional media services	75,532	71,358	4,174
Operation of facility	1,705,563	1,646,138	59,425
School administration	892,025	971,876	(79,851)
Pupil transportation services	182,580	183,600	(1,020)
Community services	147,429	149,389	(1,960)
Total expenses	7,707,611	7,553,810	153,801
Change in net position	\$ (243,402)	\$ (247,023)	\$ 3,621

- General revenues increased primarily due to the State Legislature increase in funding for education, approximately 2% in FTE revenues. In addition, the departmentalization of the fourth grade allowed increasing the School's capacity by 12 students (from 972 to 984) in the 2012/13 school year.
- Operating grants and contributions decreased primarily due to a reduction in other funding sources from the Miami-Dade County School Board such as: the Education Jobs Fund, MAP/Star Teacher Reward Allocation and Transportation.
- Instructional expenses increased primarily as a result of teacher salary increases based on the revised pay plan and the services award based on years of service. In addition, the departmentalization of the fourth grade added a new full-time teacher position. The total number of employees was 91 full-time and 14 part-time compared with 90 full-time and 14 part-time positions included in last year's school year. Included in the full-time positions are teachers, Instructional Counselor, Media Specialist and a Computer Network/Technician.
- School administration expenses decreased primarily due to the vacancy in the Vice Principal position which provided the opportunity for the Principal to review the organization of the school administration, resulting in savings, while maximizing the leadership team's ability to support seamless K through 8 instructional programs.

**AVENTURA CITY OF EXCELLENCE SCHOOL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2013

**FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS**

As noted earlier, the School uses fund accounting to maintain control over resources that have been segregated for specific activities or objectives. The focus of the School's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, assigned fund balance may serve as a useful measure of the School's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2012/13 the School's governmental fund reported ending fund balance of \$ 1,881,569. The fund balance assigned and available for spending at the School's discretion is \$ 1,875,152. These funds will be available for the School's future ongoing operations. The fund balance decreased by \$ 223,850 from the prior year which was less than the budgeted reserves of \$ 394,279.

**BUDGETARY HIGHLIGHTS**

This year a great deal of time and effort was expended on professional development and curriculum alignment based on Florida's Next Generation Sunshine State Standards, increasing parental involvement, intramural and competitive sport programs and identifying and working with at-risk students. This year we maintained and expanded all our present academic programs and focused on the departmentalized of the fourth grade and expanding our cultural programs through our collaboration with the Aventura Arts & Cultural Center.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

As of June 30, 2013, the School had an investment in capital assets of \$ 1,977,606. This amount is net of accumulated depreciation of \$ 814,253. This amount represents a net decrease of \$ 9,159 or 0.5%.

The School has no outstanding debt.

**ECONOMIC FACTORS**

Facts, decisions or conditions that are expected to have a significant effect on the financial position or results of operations of the School in fiscal year 2013/14 include the following:

- The 2013/14 school year represents the 11th year of operations of the school. Our past has shown that we can continue to operate the school at a high level and provide quality education for our students, within the school-based revenues. We have also been fortunate to have a strong business community and involved parents that participate in fund raising activities for school improvements.
- Based on proposals submitted at the State level the FTE revenues are expected to increase by 2%. As approved last year, the departmentalization of the fourth grade will increase the school enrollment by 12 more students this upcoming year. Over the next three years, as the additional students move up in grade, this will increase each grade by 12 students. The school's capacity enrollment will increase from 984 to 996 students for the 2013/14 school year.

**AVENTURA CITY OF EXCELLENCE SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013**

- As the state shifts to the rigorous Common Core Standards, there are more students in need of additional support. A new full-time position was included in the budget who will be a Response to Intervention Specialist to monitor and provide instruction for at risk learners and oversee instructional strategies for professional development for teachers.
- Based on the new agreement between the City and Charter Schools USA (“CSUSA”), the City will be assuming more responsibilities as it relates to technology management at the school. These costs are included in the budget. In addition, based on the new agreement, the fee for CSUSA will be \$ 47,000 less compared to last year’s budget.

The following items represent other important highlights:

- Revenue in the amount of \$ 100,000 from the Intersection Safety Camera Program is included to assist in funding the contingency line item in the budget.
- Teacher salary increases will reflect a step increase based on the revised pay plan. In addition returning teachers will be rewarded with a service award based on years of service. The pay plan continues to exceed Miami-Dade County Schools’ current plan.
- A Math Specialist teacher position will be re-classified to Science, Technology, Engineering and Math (STEM) Coordinator to oversee the school’s efforts to expand program offerings throughout the school. During the first year, initiatives of the ACES STEM program will include a nine week course for all sixth grade students that will provide an introduction to Computer Programing. Students in grades K – 5 will participate in activities that teach engineering and design concepts. In grades sixth through eighth, students will experience interdisciplinary project-based learning.
- A laptop classroom pilot program designed to increase achievement and engagement of at risk readers in grades sixth to eighth is included.
- Funds have been budgeted to provide for computer replacements and expanding the use of iPads in the classroom.

The overall budget increased by 3.0% or \$ 228,513, largely due to the addition of one new position and employee salary increases. The budget includes funding for lease payments to the City’s Debt Service Fund to pay annual costs associated with the long term debt borrowed for the construction of the elementary school wing. It is important that we continue to maximize the school dollars as much as possible and maintain efficient use of budgeted funds

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Aventura City of Excellence School's finances for all those with an interest. If you should have any questions pertaining to the information presented in this report or would like additional information, please contact the Finance Director at the City of Aventura, 19200 West Country Club Drive, Aventura, Florida 33180.

# BASIC FINANCIAL STATEMENTS

AVENTURA CITY OF EXCELLENCE SCHOOL  
STATEMENT OF NET POSITION  
June 30, 2013

A S S E T S

	<u>Governmental Activities</u>
<b>CURRENT ASSETS:</b>	
Cash, cash equivalents, and investments	\$ 2,577,145
Due from other government	25,448
Prepaid expenses	<u>6,417</u>
Total current assets	<u>2,609,010</u>
 <b>NONCURRENT ASSETS:</b>	
Capital assets, net of accumulated depreciation	<u>1,977,606</u>
Total assets	<u>4,586,616</u>
 <b>LIABILITIES AND NET POSITION</b>	
 <b>CURRENT LIABILITIES:</b>	
Accounts payable	225,026
Accrued expenses	502,415
Compensated absences	<u>9,920</u>
Total current liabilities	<u>737,361</u>
 <b>NONCURRENT LIABILITIES:</b>	
Compensated absences	<u>29,759</u>
Total noncurrent liabilities	<u>29,759</u>
Total liabilities	<u>767,120</u>
 <b>NET POSITION:</b>	
Net investment in capital assets	1,977,606
Unrestricted	<u>1,841,890</u>
Total net position	<u>\$ 3,819,496</u>

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

AVENTURA CITY OF EXCELLENCE SCHOOL  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2013

		Program Revenues			Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense) and Change in Net Position
<b>FUNCTIONS/PROGRAMS:</b>					
Instruction	\$ 4,704,482	\$ -	\$ 104,200	\$ -	\$ (4,600,282)
Instructional media services	75,532	-	-	-	(75,532)
Operation of facility	1,705,563	419,085	68,670	461,973	(755,835)
School administration	892,025	-	-	-	(892,025)
Pupil transportation services	182,580	-	105,689	-	(76,891)
Community services	147,429	220,001	-	-	72,572
Total governmental activities	\$ <u>7,707,611</u>	\$ <u>639,086</u>	\$ <u>278,559</u>	\$ <u>461,973</u>	<u>(6,327,993)</u>
General revenues:					
FTE nonspecific revenues					5,795,006
Miscellaneous income					184,929
Investment earnings					4,656
Transfers from other funds of the City					100,000
					6,084,591
					Change in net position (243,402)
					4,062,898
					\$ 3,819,496

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

AVENTURA CITY OF EXCELLENCE SCHOOL  
BALANCE SHEET - GOVERNMENTAL FUND  
June 30, 2013

A S S E T S

	Special Revenue Fund
ASSETS:	
Cash, cash equivalents and investments	\$ 2,577,145
Due from other government	25,448
Prepaid expenditures	6,417
Total assets	\$ 2,609,010

L I A B I L I T I E S   A N D   F U N D   B A L A N C E

LIABILITIES:	
Accounts payable	\$ 225,026
Accrued expenses	502,415
Total liabilities	727,441
 FUND BALANCE:	
Nonspendable	6,417
Assigned	1,875,152
Total fund balance	1,881,569
Total liabilities and fund balance	\$ 2,609,010

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

**AVENTURA CITY OF EXCELLENCE SCHOOL**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND**  
**TO THE STATEMENT OF NET POSITION**  
 June 30, 2013

TOTAL FUND BALANCE - GOVERNMENTAL FUND, PAGE 10		\$ 1,881,569
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources; and therefore, are not reported in the governmental fund:</p>		
Cost of capital assets is	\$ 2,791,859	
Accumulated depreciation is	<u>(814,253)</u>	1,977,606
<p>Long-term liability which is not due and payable in the current period; and therefore, is not reported in the governmental fund:</p>		
Compensated absences		<u>(39,679)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES, PAGE 8		\$ <u><u>3,819,496</u></u>

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

AVENTURA CITY OF EXCELLENCE SCHOOL  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCE - GOVERNMENTAL FUND  
For the Year Ended June 30, 2013

	<u>Special Revenue Fund</u>
REVENUES:	
Federal sources	\$ 68,670
State sources	6,466,868
Local sources	824,015
Investment earnings	<u>4,656</u>
Total revenues	<u>7,364,209</u>
 EXPENDITURES:	
Current:	
Instruction	4,704,482
Instructional media services	75,532
Operation of facility	1,471,869
School administration	881,632
Pupil transportation services	182,580
Community services	147,429
Capital outlay	<u>224,535</u>
Total expenditures	<u>7,688,059</u>
Excess (deficiency) of revenues over expenditures	<u>(323,850)</u>
 OTHER FINANCING SOURCES:	
Transfers from other funds of the City	<u>100,000</u>
Total other financing sources	<u>100,000</u>
Net change in fund balance	(223,850)
 FUND BALANCE, June 30, 2012	<u>2,105,419</u>
 FUND BALANCE, June 30, 2013	<u>\$ 1,881,569</u>

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

**AVENTURA CITY OF EXCELLENCE SCHOOL**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGE IN FUND BALANCE**  
**OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2013**

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUND, PAGE 12	\$ (223,850)
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Amounts reported for governmental activities in the  
Statement of Activities are different because:

The governmental fund reports capital outlays as  
expenditures; however, in the Statement of Activities  
these costs are allocated over their estimated useful  
lives as provision for depreciation:

Cost of capital assets	107,445
Current year provision for depreciation	(116,604)

Some revenues and expenses reported in the  
Statement of Activities are not reported in the  
governmental fund because they have no effect on  
current financial resources:

Change in compensated absences payable	(10,393)
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES, PAGE 9	\$ <u><u>(243,402)</u></u>
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The accompanying notes to basic financial statements are an integral part of these statements.

AVENTURA CITY OF EXCELLENCE SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2013

NOTE 1 - ORGANIZATION AND OPERATIONS

Aventura City of Excellence School (the "School"), is a special revenue fund of the City of Aventura, Florida (the "City"). The School commenced operations in August 2003 in the City and offers classes for kindergarten through eighth grade with an enrollment of 984 for the year ended June 30, 2013. The School is funded from public funds based on enrollment and can also be eligible for grants in accordance with State and Federal guidelines, including food service and capital outlay. The School can accept private donations and the City can incur debt for the operation of the School.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the School's significant accounting policies is as follows:

Reporting entity:

The School operates under a charter granted by the sponsoring school district, the Miami-Dade County Public School District (the "District"). The current charter is effective until June 30, 2018 but provides for a renewal of up to 15 years by mutual agreement of both parties. In 2005, the School amended the charter to include grades six through eight. In 2012, the School amended the charter to increase the School capacity from 972 to 1032 over the next five years commencing with the fiscal year 2012/2013. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter for good cause as defined.

The School is owned and operated by the City, is part of the City's government and is not a separate legal entity or otherwise organized apart from the City. The City was incorporated in November 1995. The City operates under a Commission-Manager form of government. In accordance with Chapter 10.850, *Rules of the Auditor General of the State of Florida*, the School is required to prepare special purpose financial statements. Section 10.855(4) states that the special purpose financial statements should present the charter school's financial position including the charter school's current and capital assets and current and long-term liabilities, and net position; and the changes in financial position. The financial statements contained herein present only the operations of the School and do not purport to, and do not, present the financial position and changes in financial position of the City. Only capital assets acquired with School revenues are reported. The facility used by the School is owned by the City and the capital assets and related debt for the facilities are not included in this report.

Basis of presentation:

Based on the guidance provided in the American Institute of Certified Public Accountants, *Audit and Accounting Guide – Audits of State and Local Governments* and provisions of Section 228.056(10), Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

Government-wide financial statements:

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

AVENTURA CITY OF EXCELLENCE SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the government-wide statement of net position, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all current and noncurrent assets and all current and noncurrent liabilities. The School's net position is reported in three (3) categories: net investment in capital assets; restricted; and unrestricted.

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

Fund financial statements:

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

The Charter School *Special Revenue Fund* is a governmental fund type and is used to account for all of the School's financial transactions.

Measurement focus and basis of accounting:

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

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

The governmental fund financial statements are presented on the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). Revenues susceptible to accrual include FTE nonspecific revenue, transportation funds, capital grant funds, operating grants and contributions and investment earnings. Intergovernmental revenues are recognized when all eligibility requirements have been met, if available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within two (2) months of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred. However, expenditures related to compensated absences are recorded only when paid from expendable available financial resources.

Capital assets:

Capital assets purchased or acquired with an original cost of \$ 5,000 or more are capitalized at historical cost or estimated historical cost and are reported in the government-wide financial statement. Donated capital assets are valued at the estimated fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets. Other costs incurred for repairs and maintenance are expensed as incurred.

AVENTURA CITY OF EXCELLENCE SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets, which include equipment acquired with state shared revenues are reported in the government-wide financial statements.

Depreciation on leasehold improvements and equipment is provided on the straight-line basis over the respective estimated useful lives ranging from 25 to 15 years and 3 to 10 years, respectively.

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

Deferred outflows/inflows of resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

Unearned revenue:

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

Equity classifications:

*Government-wide financial statements*

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

Net investment in capital assets - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted - consists of net position with constraints placed on their use either by: 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation. There are no restricted net assets as of the year-end.

Unrestricted - indicates that portion of net position that is available to fund future operations and that do not meet the definition of "restricted" on "net investment in capital assets".

AVENTURA CITY OF EXCELLENCE SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund balance classifications:

*Fund financial statements*

The School had previously implemented the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement requires that governmental fund financial statements present fund balances based on a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

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

- *Nonspendable Fund Balance* – amounts that are not in spendable form (such as prepaid items) or are legally or contractually required to be maintained intact. The School has classified \$ 6,417 of prepaid items as being nonspendable as these items are not expected to be converted to cash.
- *Restricted Fund Balance* – amounts constrained to specific purposes by external providers (such as grantors, creditors, etc.) or imposed by law through constitutional provisions, or by enabling legislation.
- *Committed Fund Balance* – amounts constrained to specific purposes by formal action of the government’s highest level of decision making. The City Commission is the highest level of decision – making authority for the government and School that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.
- *Assigned Fund Balance* – amounts the School intends to use for a specific purpose but are neither restricted nor committed. Assignments can be made by the City Manager, which the City Commission Members delegated such authority at their direction. The School has a total of \$ 1,875,152 in Assigned Fund Balance, of which \$ 204,969 is being assigned for subsequent year’s budget.
- *Unassigned Fund Balance* – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. Positive amounts are only reported in the General Fund.

The School uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the School would first use committed fund balance, followed by assigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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 as an extension of formal budgetary integration.

AVENTURA CITY OF EXCELLENCE SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 orders and other commitments at year-end are completed. Encumbrances lapse at year-end; however, the City and School generally intends to honor purchase orders and other commitments in process. As a result, encumbrances outstanding at year-end are re-appropriated in the next fiscal year and are therefore presented as committed or assigned fund balance for the subsequent year.

At June 30, 2013, there were no encumbrances outstanding.

Deposits and investments:

The School's cash, cash equivalents, and investments are maintained by the City in a pooled 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, cash equivalents, and investments represent the amount owned by the Charter School Special Revenue Fund. The City is responsible for all risks related to the School's cash, cash equivalents, and investments. These risks and the City's related policies are disclosed in the Note 3.

Post-retirement benefits:

The City of Aventura provides post-employment healthcare coverage, including medical and dental benefits, to eligible individuals which consist of an implicit subsidy. The estimated liability is recorded in the financial statements of the City. No amount is allocated to the Charter School Special Revenue fund since the amount is deemed insignificant by management as of June 30, 2013.

Compensated absences:

The School's sick leave policy is to permit employees to accumulate earned but unused sick pay benefits. Upon termination, sick pay is paid out between 0-50% based on length of service.

The School'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 financial statements when earned. Expenditures for accumulated compensated absences have been recorded in the governmental fund only in connection with terminated employees.

State funding (primary source of revenue):

Student funding is provided by the State of Florida through the School Board of Miami-Dade County, Florida. In accordance with the Charter Agreement, the School Board retains 2% as an administrative fee. This funding is received on a pro rata basis over the twelve-month period and is adjusted for changes in full-time equivalent student population. After review and verification of Full-Time Equivalent ("FTE") reports and supporting documentation, the Florida Department of Education may adjust subsequent fiscal period allocations of FTE funding for prior year's errors disclosed by its review as well as to prevent the statewide allocation from exceeding the amount authorized by the State Legislature. Normally, such adjustments are reported in the year the adjustments are made.

AVENTURA CITY OF EXCELLENCE SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates:

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

Interfund transfers:

Other financing sources include \$ 100,000 in revenue from the Intersection Safety Camera Program, from the City's general fund, to assist in the support of general operations of the School.

Date of management review:

Subsequent events were evaluated by management through August 19, 2013, which is the date the financial statements were available to be issued.

NOTE 3 -DEPOSITS AND INVESTMENTS

As discussed in Note 2, the School's cash, cash equivalents, and investments are maintained by the City in a pooled account for all funds.

Deposits:

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

The Florida SBA Pool is not a registrant with the Securities and Exchange Commission ("SEC"); however, its board has adopted operating procedures consistent with the requirements for a 2a-7 fund. The SBA investments are allocated among two funds, Fund A and Fund B (hereinafter referred to as "Florida PRIME" and "LGIP-B"). For the Florida PRIME, a 2a7-like pool, the value of the City's position is the same as the value of the pool shares and is recorded at amortized cost. At June 30, 2013, the School's investment share in the Florida PRIME was that of \$ 944,446. The LGIP-B pool is accounted for as a fluctuating net asset value "NAV." The balance of the School's investment share in LGIP-B at year end amounted to \$ 2,400, with a net asset value factor of 1.11845939. The SBA is governed by Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of the SBA. Additionally, the Office of the Auditor General of the State of Florida performs the operational audit of the activities and investment of the SBA. The SBA accounts are not subject to custodial credit risk as these investments are not evidenced by securities that exist in physical or bank entry form.

AVENTURA CITY OF EXCELLENCE SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2013

NOTE 3 –DEPOSITS AND INVESTMENTS (continued)

Investments:

On June 2, 2009 and on November 1, 2011, the City adopted and re-adopted, respectively, Chapter 6.6 of the Administrative Policy and Directives and Procedures Manual, entitled "Investments Objective and Parameters," as the City's Investment Policy for the management of Public Funds ("the policy"). The policy was created in accordance with Section 218.415, Florida Statutes. The policy applies to all investments held and controlled by the City, with the exception of a defined benefit pension plan and debt issuance where there are other existing policies or indentures in effect for the investment of related funds.

The City's policy for investments other than pension plan and debt issuance is summarized herein. The Finance Director has responsibility for the type of investments the City makes. The investment policy establishes permitted investments, asset allocation, issuer limits, credit rating requirements and maturity limits to protect the City's assets. All investment securities are held by a Trust custodian, and are managed by financial advisors. In general, the City's policy allows to invest in the following: (1) securities and obligations of the United States and its agencies; (2) non-negotiable interest bearing time deposits or savings accounts provided that such deposits are secured by collateral as prescribed by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes; (3) repurchase agreements collateralized by full or general faith and credit obligations of the U. S. Government or Agency securities; (4) the Florida Local Government Surplus Funds Trust Fund "SBA"; (5) intergovernmental investment pools authorized pursuant to the Florida Interlocal Cooperation Act, provided by Section 163.01, Florida Statutes, and provided that such funds contain no derivatives; (6) money market mutual funds - registered investment companies with the highest credit quality rating; (7) commercial paper of any U.S. company; (8) corporate notes; and (9) taxable/tax-exempt municipal bonds.

As of June 30, 2013, the School's cash, cash equivalents and investments consisted of the following:

State Board of Administration -		
SBA, Florida PRIME	\$	944,446
Deposits and money market funds		
with financial institutions		777,785
U.S. Treasury bills		306,629
U.S. Government obligations		296,729
Mortgage and asset backed securities		68,690
Municipal obligations		67,007
Corporate bonds		59,235
Commercial paper		32,737
Collateralized mortgage obligations		21,087
State Board of Administration -		
SBA, Fund B		2,400
Petty cash		400
		400
	\$	2,577,145

Interest rate risk - The City's policy is to limit its exposure to fair value losses arising from changes in interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds or similar investment pools.

**AVENTURA CITY OF EXCELLENCE SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2013

**NOTE 3 –DEPOSITS AND INVESTMENTS (continued)**

This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City’s policy is that unless matched with specific cash flow, the City will not directly invest in securities maturing more than seven (7) years from the date of purchase. Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds to ensure that proper liquidity is maintained to meet ongoing obligations.

Information about the exposure of the School’s debt-type investments to this risk using the segmented time distribution model is as follows:

Summary of Investments and Interest Rate Risk	Fair Value	Time to Maturity		
		Less Than 1 Year	1-5 Years	6-10 Years
State Board of Administration - SBA, Florida PRIME	\$ 944,446	\$ 944,446	\$ -	\$ -
U.S. Treasury bills	306,629	71,082	235,547	-
U.S. Government obligations	296,729	84,387	212,342	-
Mortgage and asset backed securities	68,690	-	68,690	-
Municipal obligations	67,007	32,921	34,086	-
Corporate bonds	59,235	46,969	12,266	-
Commercial paper	32,737	32,737	-	-
Collateralized mortgage obligations	21,087	-	11,219	9,868
State Board of Administration - SBA, Fund B	2,400	-	2,400	-
	<u>\$ 1,798,960</u>	<u>\$ 1,212,542</u>	<u>\$ 576,550</u>	<u>\$ 9,868</u>

**Credit Risk** - Generally, credit risk is the risk that an issuer of a debt-type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally-recognized rating organization. The City’s investment policy provides strict guidelines and limits investments to highly rated securities with minimum ratings of AAA/Aaa (long term securities), A-1/P-1 (short term securities), and AAAM (money market mutual funds). The Finance Director shall determine the appropriate action for any investment held that is downgraded below the minimum rating by one or more rating agencies.

The School’s portfolio is rated by Standard & Poor’s as follows:

Rating	Fair Value
AAA	\$ 94,136
AAAm	944,445
AA+	637,763
AA	42,100
AA-	18,354
A+	3,298
A-1+	18,008
A-1	27,279
Not Rated	13,577
	<u>\$ 1,798,960</u>

**AVENTURA CITY OF EXCELLENCE SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2013

**NOTE 3 –DEPOSITS AND INVESTMENTS (continued)**

Concentration of credit risk - The City's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from concentration of assets in a specific issuer. Specific limits have been established which limit the percentage of portfolio assets that can be invested with a specific issuer. GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires disclosure when the percentage is 5% or more in any one issuer. Investments issues or explicitly guaranteed by the U.S. government and investments in mutual funds, external investments pools, or other pooled investments are excluded from this requirement. As of June 30, 2013, the School had investments in the Federal National Mortgage Association (Fannie Mae) amounting to 6.91% of the total investments held by the School.

Custodial credit risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's investment policy requires securities, with the exception of certificates of deposit, to be registered in the City's name and held with a third party custodian.

Foreign credit risk – For an investment, foreign credit risk is the risk that fluctuations in currency exchange rates may affect transactions conducted in currencies other than U.S. dollars and the carrying value of foreign investments. The City is not exposed to foreign credit risk.

**NOTE 4 –CAPITAL ASSETS**

A summary of changes in governmental capital assets is as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Leasehold improvements	\$ 2,204,862	\$ 19,035	\$ -	\$ 2,223,897
Equipment	479,552	88,410	-	567,962
Less: accumulated depreciation	697,649	116,604	-	814,253
	<u>\$ 1,986,765</u>	<u>\$ (9,159)</u>	<u>\$ -</u>	<u>\$ 1,977,606</u>

The provision for depreciation for the year ended June 30, 2013 amounted to \$ 116,604. The School allocated depreciation to operation of facility.

**NOTE 5 – LONG-TERM LIABILITIES**

The following is a summary of long-term liabilities for fiscal year ended June 30, 2013:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Amount Due Within One Year (Estimate)
Compensated absences	\$ 29,286	\$ 32,159	\$ (21,766)	\$ 39,679	\$ 9,920

AVENTURA CITY OF EXCELLENCE SCHOOL  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2013

NOTE 6 - COMMITMENTS AND CONTINGENCIES

Management contract:

The City has a contract with Charter Schools USA, Inc. (“CSUSA”) for administrative and educational management services for the operations of the School. All staff of the School, except the principal, two assistant principals (former position classifications as dean of discipline & operations and dean of curriculum) and a custodian, are employees of CSUSA. For the year ended June 30, 2013, the contract provided for a 6% fee based on a percentage of certain funding sources of the School; however, the fees were negotiated at a flat rate of \$ 27,000 per month. Total fees paid to the management company for fiscal year 2012/13 were \$ 324,000. The majority of other reimbursed expenditures by the City to CSUSA relate to teachers’ salaries and benefits.

The current agreement with CSUSA expired on June 30, 2013 and both parties have agreed to a five-year renewal term through June 30, 2018. The renewed agreement provides for an additional renewal term of up to five years upon agreement of both parties and provided the Miami-Dade County School Board extends the charter granted to the City. The fee for services will be \$ 279,000 for the fiscal year 2013/14; 4.3% to be calculated based on certain funding sources of the school for the fiscal year 2014/15 through 2017/18; and to be negotiated thereafter upon reaching a renewal arrangement.

Lease agreement:

The School's operations are located at a facility that is owned by the City. In September 2002, the City entered into a bond indenture agreement with the Florida Intergovernmental Finance Commission through an interlocal governmental agreement. As a result, the City issued \$ 12,610,000 in Series 2002 Revenue Bonds to finance the acquisition of land and the construction of a charter school as well as the construction of a community center. Approximately \$ 6,650,000 of the bond issue was related to the acquisition, construction and equipping of the School facility. On June 15, 2012, the City issued \$ 9,885,000 in Series 2012 Revenue Bonds with a rate of 2.18% to refund the outstanding balance of the Series 2002 Revenue Bonds. Approximately \$ 5,213,000 of the Series 2012 Revenue Bonds relates to that portion of the original Series 2002 Revenue Bonds that was utilized for the acquisition, construction and equipping of the School facility. The City refunded the Series 2002 Revenue Bonds to reduce its total debt service payments through maturity (2027) by approximately \$ 3,810,000.

The School is leasing its premises from the City under an operating lease agreement, which expired June 30, 2013, but was renewed for an additional year. The lease can renew each additional year as long as the School operates pursuant to the Charter issued by the School Board of Miami-Dade County. The rent amount is determined annually and is based on the annual debt service of the Revenue Bonds. Future minimum payments required from the School by the City for the debt service of the Revenue Bonds are estimated to be approximately as follows:

Year Ending <u>June 30,</u>	
2014	\$ 444,000
2015	442,000
2016	442,000
2017	443,000
2018	443,000
Thereafter	<u>3,951,000</u>
	<u>\$ 6,165,000</u>

AVENTURA CITY OF EXCELLENCE SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2013

NOTE 6 - COMMITMENTS AND CONTINGENCIES (continued)

Litigation:

A legal action, which arose in the normal course of operations of the School, remains pending against the City. It is management's opinion, based on the advice of legal counsel, that the outcome of this legal action will not have a material adverse effect on the financial statements of the City. Management and legal counsel believes that the litigation against the City will be covered by insurance.

Grant Funding:

The School received financial assistance from Federal and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. In accordance with OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*, the School was not required to conduct a "single audit" since the required threshold of Federal money is currently \$ 500,000 and the School did not exceed such threshold.

NOTE 7 - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions, employee health, workers' compensation and natural disasters for which the City carried commercial insurance. Settlement amounts have not exceeded insurance coverage for the past three (3) years. In addition, there were no reductions in insurance coverage from those in the prior year.

NOTE 8 - DEFINED CONTRIBUTION PENSION PLANS

The City is a single-employer that contributes to four (4) defined contribution pension plans based on employee classification created in accordance with *Internal Revenue Code Section 401 (a)*. The employees of the School are eligible to participate in three (3) of the City's defined contribution pension plans. The School has four (4) full-time employees who are eligible to participate in these plans. Under these plans, the City contributes 15%, 14% or 7% of employee salary for each of the four School employees. The City contributions for the Principal vest in the year they are contributed. The City's contributions to the other employees vest beginning after one (1) year of service through year five (5) in 20% increments. Participants are not permitted to make contributions during the year. The City made plan contributions for these four employees of approximately \$ 32,000 during the year. Plan provisions and contribution requirements may be amended by the City Commission.

In addition, the City provides to these full-time employees a deferred compensation plan under *Section 457 of the Internal Revenue Code*. Under this program, employees may voluntarily elect to defer a portion of their salary to future years; with no required contributions from the City.

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

# SUPPLEMENTARY INFORMATION

**AVENTURA CITY OF EXCELLENCE SCHOOL**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL - SPECIAL REVENUE FUND**  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Budget to GAAP Differences Over (Under)	Actual Amounts GAAP Basis	Variance
	Original	Final				
<b>REVENUES AND TRANSFERS:</b>						
FTE nonspecific revenues	\$ 5,790,983	\$ 5,790,983	\$ 5,896,729	\$ 30,437	\$ 5,927,166	\$ 105,746
Capital grant funds	500,000	500,000	434,013	-	434,013	(65,987)
Charges for services	306,100	306,100	412,712	-	412,712	106,612
Miscellaneous income	165,500	165,500	184,929	-	184,929	19,429
Field trip revenue	200,034	200,034	226,374	-	226,374	26,340
Transportation funds	147,000	147,000	105,689	-	105,689	(41,311)
Transfers from other funds of the City	100,000	100,000	100,000	-	100,000	-
Operating grants and contributions	71,000	71,000	68,670	-	68,670	(2,330)
Investment earnings	10,000	10,000	4,656	-	4,656	(5,344)
Allocation of fund balance	394,279	394,279	-	-	-	(394,279)
<b>Total revenues and transfers</b>	<b>7,684,896</b>	<b>7,684,896</b>	<b>7,433,772</b>	<b>30,437</b>	<b>7,464,209</b>	<b>(251,124)</b>
<b>EXPENDITURES:</b>						
Salaries	4,217,497	4,217,497	4,245,678	-	4,245,678	(28,181)
Professional services	613,000	613,000	637,311	30,437	667,748	(24,311)
Lease expense - transfers	444,000	444,000	444,000	(444,000)	-	-
Repairs and maintenance	316,500	316,500	293,215	-	293,215	23,285
Payroll taxes	322,639	322,639	316,879	-	316,879	5,760
Employee health insurance	352,582	352,582	284,459	-	284,459	68,123
Supplies	277,000	277,000	298,441	-	298,441	(21,441)
Field trips	215,000	215,000	203,522	-	203,522	11,478
Capital outlay	102,000	102,000	224,535	-	224,535	(122,535)
Utilities	181,000	181,000	158,708	-	158,708	22,292
Textbooks	144,000	144,000	135,843	-	135,843	8,157
Bonuses	123,800	123,800	76,320	-	76,320	47,480
Food services	64,000	64,000	69,162	-	69,162	(5,162)
Workers' compensation insurance	54,754	54,754	88,029	-	88,029	(33,275)
Telephone	53,000	53,000	70,812	-	70,812	(17,812)
Pension contributions	59,792	59,792	48,060	-	48,060	11,732
Insurance	38,000	38,000	43,644	-	43,644	(5,644)
Travel	26,400	26,400	17,988	-	17,988	8,412
Stipends	70,605	70,605	-	-	-	70,605
Dues and fees	6,327	6,327	1,016	-	1,016	5,311
Sick day buyout	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Lease expense	3,000	3,000	-	444,000	444,000	3,000
<b>Total expenditures</b>	<b>7,684,896</b>	<b>7,684,896</b>	<b>7,657,622</b>	<b>30,437</b>	<b>7,688,059</b>	<b>27,274</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (223,850)</b>	<b>\$ -</b>	<b>\$ (223,850)</b>	<b>\$ (223,850)</b>

See Notes to Supplementary Information.

AVENTURA CITY OF EXCELLENCE SCHOOL  
NOTES TO SUPPLEMENTARY INFORMATION  
June 30, 2013

*Note A:*

The School formally adopted a budget for the year ended June 30, 2013. Budgeted amounts may be amended by resolution or ordinance by the City Commission. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America with the exception of the items described in Note B. A comparison of the actual results of operations to the budgeted amounts for the Special Revenue Fund is presented as supplementary information.

*Note B:*

The budget is adopted using the same basis of accounting on which the financial statements are prepared except for a 2% administrative charge that is retained by the School Board of Miami-Dade County. This amount is not reflected on the School's budget basis due to the lack of availability of such funds. For fiscal year 2012/13 this amount was \$ 30,437.

For budgeting purposes, certain amounts are budgeted as transfers out to the City's Debt Service Fund. For separate reporting of the Charter School Special Revenue Fund, these amounts are reclassified as follows:

Lease expense for School facility	\$ 444,000
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**OTHER INDEPENDENT  
AUDITORS' REPORTS**



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

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

We have audited, in accordance with the 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, the financial statements of the Aventura City of Excellence School, a special revenue fund of the City of Aventura, Florida (the "School"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 19, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
August 19, 2013



## INDEPENDENT AUDITORS' REPORT TO MANAGEMENT

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

We have audited the financial statements of the Aventura City of Excellence School, a special revenue fund of the City of Aventura, Florida (the "School"), as of and for the fiscal year ended June 30, 2013, and have issued our report thereon dated August 19, 2013.

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 issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated August 19, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which govern the conduct of charter school and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports:

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations in the preceding annual financial audit report.

Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the charter school or center has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Aventura City of Excellence School

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the school is Aventura City of Excellence School.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(11), Rules of the Auditor General (for charter schools and centers only), we applied financial condition assessment procedures. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representative, the Florida Auditor General, Federal and other granting agencies, and the School Board of Miami-Dade County, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
August 19, 2013

