

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF AVENTURA, FLORIDA
FOR THE YEAR ENDED
SEPTEMBER 30, 2012



Prepared By
The Finance Department
Brian K. Raducci, Finance Director
Brent Rogers, Controller

CITY OF AVENTURA, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 TABLE OF CONTENTS
 September 30, 2012

	<u>PAGES</u>
INTRODUCTORY SECTION:	
Letter of Transmittal	i-iv
List of Principal Officials	v
Organizational Chart	vi
Certificate of Achievement for Excellence in Financial Reporting	vii
FINANCIAL SECTION:	
Independent Auditor's Report	1-2
Management's Discussion and Analysis (Unaudited)	3-12
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14-15
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Net Assets - Proprietary Fund	20
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Fund	21
Statement of Cash Flows - Proprietary Fund	22
Statement of Fiduciary Net Assets - Police Officers' Retirement Plan Fund	23

CITY OF AVENTURA, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 TABLE OF CONTENTS
 (continued)
 September 30, 2012

	<u>PAGES</u>
Statement of Changes in Fiduciary Net Assets - Police Officers' Retirement Plan Fund	24
Notes to Basic Financial Statements	25-52
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedules:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	53-55
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual - Street Maintenance Fund	56
Schedules of Funding Progress - Police Officers' Retirement Plan Fund and Other Post-Employment Benefits	57
Schedule of Contributions From the Employer and the State of Florida - Police Officers' Retirement Plan Fund	58
Notes to Required Supplementary Information	59
OTHER FINANCIAL INFORMATION:	
Combining Fund Financial Statements:	
Combining Balance Sheet - Other Nonmajor Governmental Funds	60-61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Other Nonmajor Governmental Funds	62-63
Budgetary Comparison Schedules:	
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Special Revenue Funds	64-67
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Funds	68-71
STATISTICAL SECTION (NOT COVERED BY INDEPENDENT AUDITORS' REPORT):	
Table 1 - Net Assets by Component	72
Table 2 - Changes in Net Assets	73-74
Table 3 - Governmental Activities Tax Revenues by Source	75

CITY OF AVENTURA, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 TABLE OF CONTENTS
 (continued)
 September 30, 2012

	<u>PAGES</u>
Table 4 - Fund Balances of Governmental Funds	76
Table 5 - Changes in Fund Balances of Governmental Funds	77-78
Table 6 - General Governmental Tax Revenues by Source	79
Table 7 - Assessed Value and Estimated Actual Assessed Value of Taxable Property	80
Table 8 - Property Tax Rates - Direct and Overlapping Governments	81-82
Table 9 - Principal Property Taxpayers	83
Table 10 - Property Tax Levies and Collections	84
Table 11 - Ratios of Outstanding Debt by Type	85
Table 12 - Ratios of General Bonded Debt Outstanding	86
Table 13 - Direct and Overlapping Governmental Activity Debt	87
Table 14 - Legal Debt Margin Information	88
Table 15 - Demographic and Economic Statistics	89
Table 16 - Occupational Employment by Group - Miami-Dade County, Florida	90
Table 17 - Full-Time Equivalent City Government Employees by Function	91
Table 18 - Operating Indicators by Function	92
Table 19 - Capital Asset Statistics by Function	93
 COMPLIANCE SECTION:	
Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	94-95
Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	96-97
Independent Auditors' Report to City Management	98-99
Schedule of Expenditures of Federal Awards	100
Notes to Schedule of Expenditures of Federal Awards	101
Schedule of Findings and Questioned Costs	102

(This page intentionally left blank.)

INTRODUCTORY SECTION



City of Aventura

Government Center
19200 West Country Club Drive
Aventura, Florida 33180

SUSAN GOTTLIEB
MAYOR

COMMISSIONERS

ENBAR COHEN
TERI HOLZBERG
BILLY JOEL
MICHAEL STERN
HOWARD WEINBERG
LUZ URBÁEZ WEINBERG

ERIC M. SOROKA, ICMA-CM
CITY MANAGER

February 19, 2013

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

In accordance with Section 11.45, Florida Statutes and Section 4.11 of the City of Aventura (the "City") Charter, submitted herewith is the City's Comprehensive Annual Financial Report (the "CAFR") for the fiscal year ended September 30, 2012.

The financial statements included in this report conform to the generally accepted accounting principles in the United States ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). The City is responsible for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. The financial statements have been audited by Keefe, McCullough & Co., LLP., C.P.A.'s. 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 contents of this report are aimed at compliance with GASB pronouncements, including Statement No. 34, requiring the preparation of government-wide financial statements on a full accrual basis of accounting for all funds and including Management's Discussion and Analysis. Also included are additional and enhanced Statistical Tables required by GASB Statement No. 44.

THE REPORTING ENTITY AND ITS SERVICES

The City 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 (6) Commissioners are responsible for establishing the City's policies. The Mayor and Commission appoint the City Manager who is the Chief Administrative Officer of the City and is responsible for implementing policies adopted by the Commission.

This report includes all of the funds for which the City 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 City's corporate limits, 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 serves an area of approximately 4 square miles with a population of nearly 37,000 residents. Prior to incorporation, the City received services from Miami-Dade County (the "County") as a part of their unincorporated municipal services taxing unit. The City received no real property, facilities or equipment from the County upon incorporation.

Fiscal Year 2012

The City's combination of upscale residential and commercial developments resulted in a taxable value of approximately \$7.3 billion within a land area of less than 4 square miles. After three consecutive years of decline due to the economic recession, the City's taxable value has increased this year and overall property values are beginning to stabilize. Recently, we have witnessed positive signs that the local economy has shown some improvement. The number of building permits and applications for commercial and residential projects are on the upswing. Importantly, these new projects will produce jobs for the local economy. However, as we continue to observe, the recovery from this economic downturn is slower and longer than previous recoveries.

MAJOR INITIATIVES

In the continued effort in making the maintenance of its infrastructure a priority, the City completed the following major capital improvements during fiscal year 2012:

- ✓ Founders Park Improvements
- ✓ Mall Informational Sign
- ✓ Biscayne Boulevard Decorative Lighting Improvements Phase I
- ✓ Country Club Drive Bus Shelters
- ✓ NE 191st Street, NE 188th Street and NE 31st Avenue Asphalt Overlay

In addition, the following major capital improvements were in process at the end of fiscal year 2012:

- ✓ Biscayne Boulevard Decorative Lighting Improvements Phase II
- ✓ Government Center Parking Expansion

In 2012, the Aventura Police Department completed the construction of a new Training Center that is located on the 3rd floor of the Aventura Government Center. The Training Center includes a state of the art classroom, simulation room, a defensive tactics room and office space. This project recognizes that the foundation for improved police officer safety, professionalism and liability reduction relies on making officer training an ongoing priority.

The Aventura Arts & Cultural Center completed its second season and doubled the number of ticket buyers from the previous year. The Center has become the cultural heart of the City since opening in 2010. Thousands have enjoyed a wide range of shows in this beautiful waterfront facility.

Since its opening on August 25, 2003, the Aventura Charter Elementary School ("School") has achieved several milestones in the City's short history. The School was the first within the City's boundaries and the first municipal sponsored charter school in Miami-Dade County. The 2011/12 school year represented the ninth year of operations of the School. The School has been well received and has been at full capacity since its inception. The School has obtained academic success receiving an "A" grade issued by the State of Florida for the past eight (8) years. The School served 972 students in the 2011/12 school year and will serve 984 students in the 2012/13 school year.

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 GAAP. 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

An annual appropriated budget is adopted for all governmental funds with the exception of the Charter School Fund, Federal Forfeiture Fund and Law Enforcement Trust Fund (Special Revenue Funds). 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 funds are recorded in the accounting records and is utilized throughout the fiscal year.

Overview of Financial Activity

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

Fund Balances

In fiscal year 2011, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" for its governmental activities. GASB Statement No. 54 establishes various classifications of fund balance based on a hierarchy which details constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments and those internally imposed. Fund balances classified as restricted are those with externally enforceable limitations on use. Fund balances classified as committed can only be used for specific purposes determined by formal action of the City Commission through an ordinance. Commitments can only be changed or lifted only by the City Commission through formal action. Assigned fund balances are amounts that the City intends to use for a specific purpose but are neither restricted nor committed. The intent to utilize these funds is delegated to the City Manager. Unassigned fund balance can be viewed as the net resources available at the end of the year.

Retirement Programs

The City contributed to four (4) 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 7% and an amount equal to the annual IRS maximum, depending on the employee classification. There are no employee contributions. Employer contributions for the fiscal year ended September 30, 2012 were approximately \$843,000.

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

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

As discussed in the Notes to the Financial Statements, the City, through collective bargaining with the City's police officers agreed to establish a defined benefit retirement program covering all sworn officers. This program is funded by a combination of City and employee contributions and state insurance premium taxes. Please see Note 12 in the Notes to the Financial Statements for a detailed discussion of the retirement program.

Financing Programs and Debt Administration

The City currently has four (4) outstanding long-term debt issues. At September 30, 2012, the principal balance outstanding totaled \$28,805,000.

The Series 2000 Revenue Bonds are bank qualified debt, secured solely by a 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 on October 1st and semi-annual interest payments due on April 1st and October 1st of each year with the final maturity on October 1, 2020. Debt service requirements average approximately \$535,000 per year over the 20-year life of the obligation. The interest rate is locked at 5.04%.

Due to a very favorable interest rate environment, in June of 2012, the City refunded the original Series 2002 Revenue Bonds with a Bank Loan (described below) that resulted in a more than \$2.5M NPV savings over the life of the loan.

The Series 2012 Refunding Revenue Bonds are bank qualified debt, secured solely by a 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 semi-annual interest payments due on February 1st and August 1st of each year with the final maturity on August 1, 2027. Debt service requirements average approximately \$779,000 per year over the 15-year life of the obligation. The interest rate is locked at 2.18%.

The Series 2010 Refunding Revenue Bonds are bank qualified debt, secured solely by a 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 on April 1st and semi-annual interest payments due on April 1st and October 1st of each year with the final maturity on April 1, 2029. Debt service requirements average approximately \$751,000 per year over the 19-year life of the obligation. The interest rate is locked at 3.42%.

The Series 2011 Refunding Revenue Bonds are bank qualified debt, secured solely by a 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 on April 1st and semi-annual interest payments due on April 1st and October 1st of each year with the final maturity on April 1, 2029. Debt service requirements average approximately \$406,000 per year over the 19-year life of the obligation. The interest rate is locked at 3.64%.

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, to perform the independent audit of the City's accounts and records. The independent auditors' reports are included in the Financial section.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Aventura for its CAFR for the fiscal year ended September 30, 2011. This was the sixteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

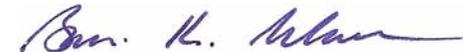
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

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

Respectfully submitted,


Eric M. Soroka, ICMA-CM
City Manager

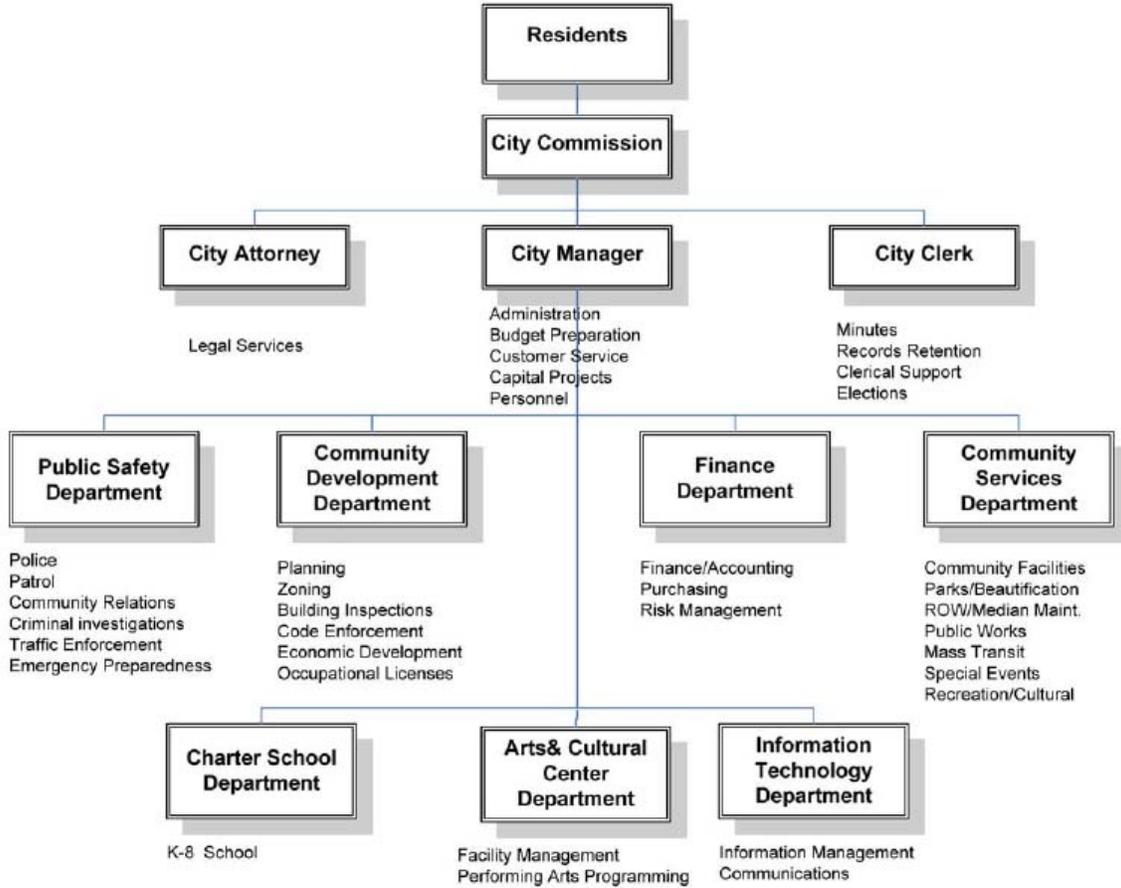

Brian K. Raducci
Finance Director

CITY OF AVENTURA, FLORIDA
LIST OF PRINCIPAL OFFICIALS

<u>Title</u>	<u>Name</u>
Mayor	Susan Gottlieb
Commissioner	Teri Holzberg
Commissioner	Michael Stern
Commissioner	Howard Weinberg
Commissioner	Billy Joel
Commissioner	Enbar Cohen
Commissioner	Luz Urbaz Weinberg
City Manager	Eric M. Soroka
Finance Director	Brian K. Raducci
Community Services Director	Robert M. Sherman
City Clerk	Teresa M. Soroka
Community Development Director	Joanne Carr
Police Chief	Steven Steinberg
Information Technology Director	Karen J. Lanke
Charter School Principal	Julie Alm
Arts & Cultural Center General Manager	Steven D. Clark
City Attorney	Weiss Serota Helfman Pastoriza Cole & Boniske, P.L.
City Auditor	Keefe, McCullough & Co., LLP

CITY OF AVENTURA

Organizational Chart



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, 2011

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.



Christopher P. Moville

President

Jeffrey R. Emer

Executive Director

(This page intentionally left blank.)

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Aventura, Florida (the "City"), as of and for the fiscal year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Aventura Police Officers' Retirement Plan Pension Trust Fund, which represent 100% of the total assets and the total revenues of the fiduciary funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Aventura Police Officers' Retirement Plan Pension Trust Fund, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City, as of September 30, 2012, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2013, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress for pension and other post-employment benefits, and contributions from the employer and the State of Florida on pages 3 through 12 and 57 through 58, 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 and the other auditors 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 regarding 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, other financial information, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the financial statements. The other financial information, budgetary comparison schedules, and schedule of expenditures of Federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
February 19, 2013

CITY OF AVENTURA, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
 September 30, 2012

As management of the City of Aventura (the “City”), we offer readers of the City’s financial statements this narrative overview and analysis of the City’s financial activities for the fiscal year ended September 30, 2012. We encourage readers to consider the information presented herein in conjunction with the Letter of Transmittal, which can be found on pages i through iv of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

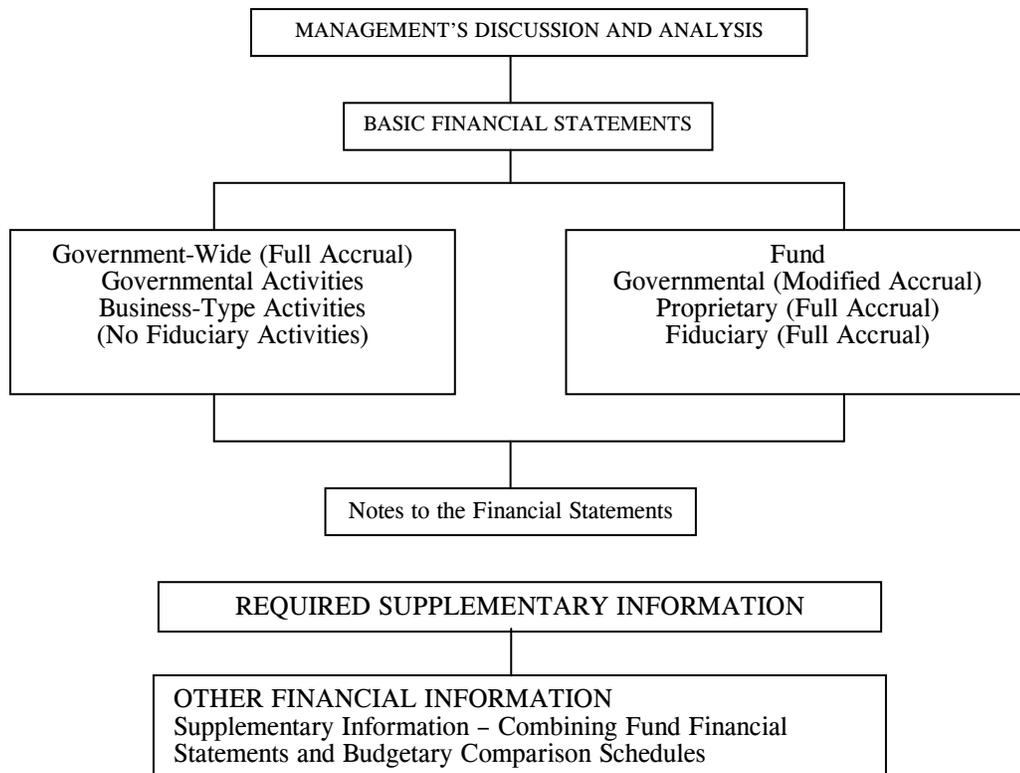
Financial Highlights

- The City’s total net assets increased by \$ 1.9 million over the course of this year’s operations. Net assets of our business-type activities increased by \$ 0.1 million, and the net assets of our governmental activities increased by \$ 1.8 million.
- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$ 109.9 million (net assets). Of this amount, \$ 41.3 million (unrestricted net assets) may be used to meet the government’s ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, unrestricted fund balance for the General Fund was \$ 39.6 million or 137% of total General Fund expenditures.

Overview of the Financial Statements

The financial section of this annual report consists of four (4) parts—management’s discussion and analysis (this section), the basic financial statements, required supplementary information, and a supplementary information section that presents combining and individual fund statements and schedules.

Financial Section



CITY OF AVENTURA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012

Major Features of the Basic Financial Statements

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

Basic Financial Statements

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

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

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

CITY OF AVENTURA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012

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

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

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

Fund financial statements. Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the City rather than the City as a whole. Except for the General Fund, separate funds are established to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three (3) categories: governmental funds, proprietary funds and fiduciary funds.

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

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

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

CITY OF AVENTURA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012

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

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

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

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

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

Required Supplementary Information

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

Combining and Individual Fund Statements and Schedules

Combining statements referred to earlier in connection with nonmajor governmental, internal service and fiduciary funds are presented immediately following the required supplementary information. Additional budgetary schedules are presented in this section including, as applicable, nonmajor special revenue funds, debt services funds, and capital projects funds.

CITY OF AVENTURA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012

Government-Wide Financial Analysis

The table below presents a summary of net assets as of September 30, 2012 and 2011, derived from the government-wide Statement of Net Assets:

	Net Assets (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 48,263	\$ 46,190	\$ 1,473	\$ 1,037	\$ 49,736	\$ 47,227
Capital assets	<u>87,374</u>	<u>89,013</u>	<u>7,127</u>	<u>7,424</u>	<u>94,501</u>	<u>96,437</u>
Total assets	<u>135,637</u>	<u>135,203</u>	<u>8,600</u>	<u>8,461</u>	<u>144,237</u>	<u>143,664</u>
Long-term liabilities	30,928	32,460	-	-	30,928	32,460
Other liabilities	<u>3,392</u>	<u>3,211</u>	<u>44</u>	<u>44</u>	<u>3,436</u>	<u>3,255</u>
Total liabilities	<u>34,320</u>	<u>35,671</u>	<u>44</u>	<u>44</u>	<u>34,364</u>	<u>35,715</u>
Net assets:						
Invested in capital assets, net of related debt	59,177	59,216	7,127	7,424	66,304	66,640
Restricted	2,240	1,694	-	-	2,240	1,694
Unrestricted	<u>39,900</u>	<u>38,622</u>	<u>1,429</u>	<u>993</u>	<u>41,329</u>	<u>39,615</u>
Total net assets	<u>\$ 101,317</u>	<u>\$ 99,532</u>	<u>\$ 8,556</u>	<u>\$ 8,417</u>	<u>\$ 109,873</u>	<u>\$ 107,949</u>

As noted earlier, net assets may serve over time as a useful indication of a government's financial position. At the close of the most recent fiscal year, the City's assets exceeded its liabilities by \$ 110 million.

The largest portion of the City's net assets is net assets invested in capital assets net of related debt and is 60% of total net assets. This category reflects its investment in capital assets net of any outstanding related debt used to acquire these assets. The City uses these capital assets to provide services to the citizens of the City; consequently these net assets are not available for future spending. Although the capital assets are shown net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources. The next largest portion of the City's net assets is unrestricted and is 38% of total net assets. Unrestricted net assets represent resources that are available for spending. Restricted net assets represent 2% of total net assets. Restricted net assets represent resources that are subject to external restrictions on how they can be used.

Capital assets and invested in capital assets, net of related debt, decreased \$ 1.6 million and \$ 0.04 million, respectively, in the governmental activities primarily due to the increase in accumulated depreciation, disposal of equipment and decrease in related debt. Current and other assets and unrestricted net assets in the governmental activities increased by \$ 2.1 million and \$ 1.3 million, respectively, due to the increase in cash which primarily resulted from higher than anticipated revenues from intergovernmental activities, licenses and permits, charges for services, and fines and forfeitures and lower than anticipated expenditures. There were no significant changes in business-type activities.

CITY OF AVENTURA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012

Over time, increases and decreases in net assets measure whether the City's financial position is improving or deteriorating. In the current fiscal year, property taxes remained relatively stable as the assessed value of our taxable property increased modestly over the prior year coupled with no change in our ad valorem millage rate. Franchise fees – electric increased by \$ 0.36 million as Florida Power & Light Co. experienced an increase in its total revenue. We also experienced an increase of \$ 0.74 million in intergovernmental revenues as state revenue sharing and half cent sales tax grew \$ 0.04 million and \$ 0.38 million, respectively as the economy showed some signs of recovery.

The table below presents a summary of changes in net assets for the years ended September 30, 2012 and 2011, as derived from the government-wide Statement of Activities:

	Changes in Net Assets (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 7,035	\$ 6,513	\$ 893	\$ 844	\$ 7,928	\$ 7,357
Operating grants and contributions	7,032	7,560	-	-	7,032	7,560
Capital grants and contributions	677	500	-	109	677	609
General revenues:						
Property taxes	11,724	11,734	-	-	11,724	11,734
Utility service taxes	7,772	7,380	-	-	7,772	7,380
Franchise fees	3,070	2,684	-	-	3,070	2,684
Intergovernmental revenues	4,917	4,182	-	-	4,917	4,182
Other revenues	481	782	4	3	485	785
Total revenues	42,708	41,335	897	956	43,605	42,291
Expenses:						
General government	4,977	4,917	-	-	4,977	4,917
Public safety	19,571	18,928	-	-	19,571	18,928
Community services	15,188	14,948	-	-	15,188	14,948
Interest on long-term debt	1,187	1,396	-	-	1,187	1,396
Stormwater utility	-	-	758	827	758	827
Total expenses	40,923	40,189	758	827	41,681	41,016
Increase in net assets before transfers	1,785	1,146	139	129	1,924	1,275
Transfers	-	-	-	-	-	-
Change in net assets	1,785	1,146	139	129	1,924	1,275
Net assets, beginning	99,532	98,386	8,417	8,288	107,949	106,674
Net assets, ending	<u>\$ 101,317</u>	<u>\$ 99,532</u>	<u>\$ 8,556</u>	<u>\$ 8,417</u>	<u>\$ 109,873</u>	<u>\$ 107,949</u>

Financial Analysis of the City of Aventura's Funds

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

CITY OF AVENTURA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012

Governmental Funds

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

The General Fund is the City's chief operating fund. At end of the current fiscal year, unrestricted fund balance of the General Fund was \$ 38.1 million while the total fund balance reached \$ 39.6 million. Much of the unrestricted fund balance will be utilized in future years to fund various capital needs and to maintain a hurricane/emergency and disaster recovery reserve. As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total general fund expenditures. Unrestricted fund balance and total fund balance represent 137% of total general fund expenditures. Approximately 36% of the General Fund total fund balance - \$ 14.1 million constitutes unassigned fund balance, which is available for spending at the government's discretion.

The fund balance of the City's General Fund increased by \$ 1.4 million during the current fiscal year. Key factors of this increase are as follows:

- An increase in franchise fees – electric of \$ 0.36 million as Florida Power & Light Co. experienced an increase in its total revenue.
- An increase of \$ 0.04 million in state revenue sharing and an increase of \$ 0.38 million in half cent sales tax as the economy began to recover.
- An increase in licenses and permits revenue of \$ 0.08 million primarily due to higher than anticipated building activity.
- Capital outlay budgeted expenditures of \$ 1.5 million which were incomplete at the end of the fiscal year which will be reappropriated in fiscal year 2013.

The Charter School Fund is used to record the operations of the Aventura City of Excellence School. The School's intergovernmental revenues decreased by \$ 0.7 million due to revenue reductions imposed by the State to balance the State Budget. Additionally, expenditures increased \$ 0.1 million primarily as a result of teachers salary increases based on years of service and new teacher positions added to accommodate the capacity of students.

The Street Maintenance Fund is used to record the operations of the street maintenance and construction costs, which are designated by State Statute. Debt Service Fund 2000 Series is used to record principal retirement and did not have any significant changes from the prior year.

Proprietary Fund

The proprietary fund showed a \$ 0.1 million increase in net assets from the prior year. Total revenues increased by approximately \$ 49,000 and expenses decreased by approximately \$ 69,000; due to a decrease in cost of sales and services of approximately \$ 67,000 and a reduction in depreciation expense of approximately \$ 2,000.

CITY OF AVENTURA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012

General Fund Budgetary Highlights

During the year, the original budget was amended and revenues and expenditures were increased by approximately \$ 1.9 million as follows:

- \$ 0.66 million related to the reappropriation of remaining capital funds from fiscal year 2011 for various capital projects which were incomplete at the end of that fiscal year.
- \$ 0.56 million related to the increase in building permit activity.
- \$ 0.38 million related to operational overages in various departments which were offset by additional revenue.
- \$ 0.30 million related to capital outlay overages in various departments which were offset by additional revenue.

During the year, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, resulting in a positive variance in the net change in fund balance of approximately \$ 1.4 million. As explained earlier, much of the unrestricted fund balance will be utilized in future years to fund various capital needs. Utility service taxes, intergovernmental revenues, licenses and permits, charges for services, and fines and forfeitures revenue exceeded the revised budget by \$ 0.07 million, \$ 0.3 million, \$ 0.1 million, \$ 0.2 million and \$ 0.08 million, respectively. Nondepartmental capital outlay was \$ 14.8 million less than budgeted because the City budgets a reserve for future capital expenditures which accounts for the majority of the appropriated beginning fund balance.

Capital Assets and Debt Administration

Capital Assets

As of September 30, 2012 and 2011, the City had \$ 94.5 and \$ 96.4, respectively, invested in a variety of capital assets, as reflected in the following schedule:

Capital assets (in thousands, net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 17,102	\$ 17,102	\$ -	\$ -	\$ 17,102	\$ 17,102
Buildings	34,197	35,063	-	-	34,197	35,063
Improvements other than buildings	8,033	8,195	-	-	8,033	8,195
Furniture, machinery and equipment	3,644	4,149	-	-	3,644	4,149
Infrastructure	23,823	23,991	7,127	7,424	30,950	31,415
Construction in progress	575	513	-	-	575	513
Total	\$ 87,374	\$ 89,013	\$ 7,127	\$ 7,424	\$ 94,501	\$ 96,437

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

Debt Administration

As of year-end, the City had \$ 28.805 million in debt outstanding compared to the \$ 30.045 million last year, a 4.1% decrease. All debt is secured only by a covenant to budget and appropriate.

CITY OF AVENTURA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012

Defeasance of bonds - On June 15, 2012, the City issued \$ 9,885,000 in Series 2012 Refunding Revenue Bonds with a rate of 2.18% to advance refund \$ 10,165,000 (including a City contribution of \$ 597,856) of the then outstanding Series 2002 Revenue Bonds. The gross proceeds of \$ 10,482,856 were deposited in an irrevocable trust with an escrow agent to provide for the costs of issuance (\$ 75,000) and debt service payments (\$ 10,165,000 of principal and \$ 242,856 of interest) on the call date of *August 1, 2012*. The reacquisition price exceeded the net carrying amount of the old debt by \$ 380,930. The amount is being netted against the new debt and amortized over the life of the new debt issued. The City advance refunded the Series 2002 Revenue Bonds to reduce its total debt service payments over the next fifteen years by approximately \$ 3,810,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt, net of City's contribution) of approximately \$ 2,595,000.

The debt position of the City is summarized below and is more fully explained in Note 7:

Bonded Debt and Notes Payable (in thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Non-Ad Valorem bonds	\$ 28,805	\$ 30,045	\$ -	\$ -	\$ 28,805	\$ 30,045

Economic Factors and Next Year's Budgets and Rates

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

The adopted operating and capital budget for fiscal year 2013 totals approximately \$ 53.1 million, 4.3% higher than the final operating and capital budget for fiscal year 2012. This was due primarily to the capital project expenditures including the proposed Government Center Parking Garage. Operating costs were limited to a 1.5% increase as compared to the previous year. The 2013 budget does not include any expansion or additional services. Lower costs associated with service delivery contracts and implementing various energy saving measures throughout the organization assisted greatly in reducing our overall costs. The City's "Go Green" efforts have been very beneficial in keeping our operating costs down.

After three consecutive years of decline due to the economic recession, the City's taxable value has increased this year and overall property values are beginning to stabilize. This year the City experienced a 2.89% increase in property values. The new value of \$7.501 Billion is still sharply down from the pre-recession value of \$9.609 Billion. The Miami-Dade County Property Appraiser reported that coastal cities with a concentration of high-end properties experienced the most growth in property values. Cautiously, it appears we may have turned the corner toward recovery. Recently, we have witnessed positive signs that the local economy has shown some improvement. The number of building permits and applications for commercial and residential projects are on the upswing. Importantly, these new projects will produce jobs for the local economy. The new construction values rose moderately to \$ 42.2 million. However, as we continue to observe, the recovery from this economic downturn is slower and longer than previous recoveries. All indications are that for the next several years we will experience slow growth in the South Florida economy.

CITY OF AVENTURA, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2012

In these economic times it is important that we continue to provide a high level of service to our residents, while preserving our long term financial viability. Although the local economy has made strides, we need to continue to remain prudent and conservative in our financial management of the City.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability. If you should have any questions pertaining to the information presented in this report or would like additional information, please contact the City's Finance Director at 19200 W. Country Club Drive, Aventura, Florida 33180.

CITY OF AVENTURA, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash, cash equivalents and investments	\$ 45,388,061	\$ 1,299,305	\$ 46,687,366
Receivables, net of allowance for uncollectibles	687,761	-	687,761
Due from other governments	1,261,226	173,903	1,435,129
Prepaid expenses	36,859	-	36,859
Inventories	26,945	-	26,945
Bond issuance costs, net	154,918	-	154,918
Net pension asset	205,783	-	205,783
Restricted cash, cash equivalents and investments	500,657	-	500,657
Capital assets:			
Nondepreciable	17,676,898	-	17,676,898
Depreciable, net of accumulated depreciation	<u>69,697,423</u>	<u>7,126,772</u>	<u>76,824,195</u>
 Total assets	 <u>135,636,531</u>	 <u>8,599,980</u>	 <u>144,236,511</u>
 LIABILITIES:			
Accounts payable	1,381,596	44,165	1,425,761
Accrued liabilities	1,290,906	-	1,290,906
Due to other governments	2,149	-	2,149
Unearned revenues	672,160	-	672,160
Accrued interest payable	45,094	-	45,094
Due within one year:			
Compensated absences payable	631,568	-	631,568
Bonds payable	1,590,000	-	1,590,000
Due in more than one year:			
Compensated absences payable	1,894,704	-	1,894,704
Bonds payable	26,607,449	-	26,607,449
OPEB obligation	<u>204,000</u>	<u>-</u>	<u>204,000</u>
 Total liabilities	 <u>34,319,626</u>	 <u>44,165</u>	 <u>34,363,791</u>
 NET ASSETS:			
Invested in capital assets, net of related debt	59,176,872	7,126,772	66,303,644
Restricted for:			
Public safety	1,146,329	-	1,146,329
Capital improvements	819,090	-	819,090
Debt service	274,594	-	274,594
Unrestricted	<u>39,900,020</u>	<u>1,429,043</u>	<u>41,329,063</u>
 Total net assets	 <u>\$ 101,316,905</u>	 <u>\$ 8,555,815</u>	 <u>\$ 109,872,720</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, 2012

FUNCTIONS/PROGRAMS:	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 4,977,304	\$ -	\$ 9,676	\$ -
Public safety	19,571,423	5,413,866	220,726	-
Community services	15,187,991	1,621,334	6,801,643	676,604
Interest and fiscal charges	1,187,024	-	-	-
Total governmental activities	40,923,742	7,035,200	7,032,045	676,604
Business-type activities:				
Stormwater utility	758,185	892,395	-	-
Total	\$ 41,681,927	\$ 7,927,595	\$ 7,032,045	\$ 676,604

General revenue:
Taxes:
 Ad valorem taxes
 Utility service taxes
 Franchise fees
Intergovernmental, not restricted for specific purposes
Interest income
Impact fees
Miscellaneous

Total general revenues

Change in net assets

Net assets at beginning of year

Net assets at end of year

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

Net Revenue (Expense) and
Change in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (4,967,628)	\$ -	\$ (4,967,628)
(13,936,831)	-	(13,936,831)
(6,088,410)	-	(6,088,410)
<u>(1,187,024)</u>	<u>-</u>	<u>(1,187,024)</u>
(26,179,893)	-	(26,179,893)
-	134,210	134,210
<u>(26,179,893)</u>	<u>134,210</u>	<u>(26,045,683)</u>
11,724,189	-	11,724,189
7,772,000	-	7,772,000
3,070,065	-	3,070,065
4,917,107	-	4,917,107
174,152	4,124	178,276
22,426	-	22,426
284,916	-	284,916
<u>27,964,855</u>	<u>4,124</u>	<u>27,968,979</u>
1,784,962	138,334	1,923,296
<u>99,531,943</u>	<u>8,417,481</u>	<u>107,949,424</u>
<u>\$ 101,316,905</u>	<u>\$ 8,555,815</u>	<u>\$ 109,872,720</u>

CITY OF AVENTURA, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2012

	General Fund	Charter School Fund	Street Maintenance Fund	Debt Service Fund Series 2000	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and cash equivalents and investments	\$ 40,412,854	\$ 2,575,042	\$ 767,186	\$ 46,675	\$ 1,586,304	\$ 45,388,061
Restricted cash, cash equivalents and investments	-	-	-	500,533	124	500,657
Accounts receivable, net	615,916	12,500	-	-	59,345	687,761
Due from other governments	920,957	5,900	333,021	-	1,348	1,261,226
Inventories	26,945	-	-	-	-	26,945
Prepaid expenditures	6,100	30,759	-	-	-	36,859
	<u>41,982,772</u>	<u>2,624,201</u>	<u>1,100,207</u>	<u>547,208</u>	<u>1,647,121</u>	<u>47,901,509</u>
Total assets	<u>\$ 41,982,772</u>	<u>\$ 2,624,201</u>	<u>\$ 1,100,207</u>	<u>\$ 547,208</u>	<u>\$ 1,647,121</u>	<u>\$ 47,901,509</u>
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts payable	\$ 967,910	\$ 176,677	\$ 177,926	\$ -	\$ 59,083	\$ 1,381,596
Accrued liabilities	396,222	218,138	-	409,036	267,510	1,290,906
Due to other governments	-	2,149	-	-	-	2,149
Deferred revenue	980,449	-	110,968	-	30,000	1,121,417
	<u>2,344,581</u>	<u>396,964</u>	<u>288,894</u>	<u>409,036</u>	<u>356,593</u>	<u>3,796,068</u>
Total liabilities	<u>2,344,581</u>	<u>396,964</u>	<u>288,894</u>	<u>409,036</u>	<u>356,593</u>	<u>3,796,068</u>
Fund balances:						
Nonspendable:						
Inventories	26,945	-	-	-	-	26,945
Prepaid expenditures	6,100	30,759	-	-	-	36,859
Restricted for:						
Capital improvements	-	-	811,313	-	7,777	819,090
Public safety	-	-	-	-	1,146,329	1,146,329
Debt service	-	-	-	138,172	136,422	274,594
Committed to:						
Capital reserves	14,773,488	-	-	-	-	14,773,488
Hurricane/emergency and disaster recovery operating reserves	5,000,000	-	-	-	-	5,000,000
Assigned to:						
Charter school operations	-	2,196,478	-	-	-	2,196,478
Public safety/police communication radio system upgrades	1,560,000	-	-	-	-	1,560,000
Subsequent year's budget	4,187,436	-	-	-	-	4,187,436
Unassigned:						
General Fund	14,084,222	-	-	-	-	14,084,222
	<u>39,638,191</u>	<u>2,227,237</u>	<u>811,313</u>	<u>138,172</u>	<u>1,290,528</u>	<u>44,105,441</u>
Total fund balances	<u>39,638,191</u>	<u>2,227,237</u>	<u>811,313</u>	<u>138,172</u>	<u>1,290,528</u>	<u>44,105,441</u>
Total liabilities and fund balances	<u>\$ 41,982,772</u>	<u>\$ 2,624,201</u>	<u>\$ 1,100,207</u>	<u>\$ 547,208</u>	<u>\$ 1,647,121</u>	<u>\$ 47,901,509</u>

The accompanying notes to 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, 2012

Total Fund balances - governmental funds		\$ 44,105,441
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds:		
The cost of capital assets is	\$ 125,308,078	
Accumulated depreciation is	<u>(37,933,757)</u>	87,374,321
Intergovernmental revenue is not available to pay for current period expenditures and, therefore, is deferred in the funds.		449,257
Net pension asset resulting from excess contributions to pension plans is not reported in the fund financial statements.		205,783
OPEB obligation resulting from deficiency of contributions to OPEB plans is not reported in the fund financial statements as it is not due and payable in the current period.		(204,000)
Other assets used in governmental activities are not financial resources and therefore are not reported in governmental funds:		
Deferred charge on bond issuance costs	154,918	
Deferred loss on bond refunding	<u>607,551</u>	762,469
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Compensated absences	(2,526,272)	
Bonds payable	(28,805,000)	
Accrued interest payable	<u>(45,094)</u>	<u>(31,376,366)</u>
Net assets of governmental activities		\$ <u>101,316,905</u>

The accompanying notes to 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, 2012

	General Fund	Charter School Fund	Street Maintenance Fund	Debt Service Fund Series 2000	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Ad valorem taxes	\$ 11,724,189	\$ -	\$ -	\$ -	\$ -	\$ 11,724,189
Utility service taxes	7,486,791	-	-	-	-	7,486,791
Franchise fees	3,070,065	-	-	-	-	3,070,065
Intergovernmental	3,345,393	6,347,667	1,869,446	-	176,104	11,738,610
Licenses and permits	2,522,665	-	-	-	-	2,522,665
Charges for services	2,334,060	557,587	-	-	-	2,891,647
Fines and forfeitures	1,752,696	-	-	-	706,580	2,459,276
Impact fees	-	-	20,830	-	1,596	22,426
Interest income	131,059	10,572	2,768	25,099	4,654	174,152
Miscellaneous	77,205	226,590	-	-	-	303,795
	<u>32,444,123</u>	<u>7,142,416</u>	<u>1,893,044</u>	<u>25,099</u>	<u>888,934</u>	<u>42,393,616</u>
Total revenues						
EXPENDITURES:						
Current:						
General government	4,266,981	-	-	-	-	4,266,981
Public safety	18,287,013	-	-	-	126,312	18,413,325
Community services	4,732,985	6,819,502	753,233	-	-	12,305,720
Capital outlay	1,601,779	131,435	775,307	-	541,735	3,050,256
Debt service:						
Principal	-	-	-	310,000	650,000	960,000
Advance refunding escrow	-	-	-	-	597,856	597,856
Interest	-	-	-	198,072	789,231	987,303
Trustee fees and other	-	-	-	-	77,909	77,909
	<u>28,888,758</u>	<u>6,950,937</u>	<u>1,528,540</u>	<u>508,072</u>	<u>2,783,043</u>	<u>40,659,350</u>
Total expenditures						
Excess (deficiency) of revenues over expenditures	<u>3,555,365</u>	<u>191,479</u>	<u>364,504</u>	<u>(482,973)</u>	<u>(1,894,109)</u>	<u>1,734,266</u>
OTHER FINANCING SOURCES (USES):						
Issuance of debt	-	-	-	-	9,885,000	9,885,000
Transfers in	82,250	100,000	-	508,465	2,057,088	2,747,803
Transfers out	(2,218,622)	(446,931)	-	-	(82,250)	(2,747,803)
Payment to refunded bond escrow agent	-	-	-	-	(9,810,000)	(9,810,000)
	<u>(2,136,372)</u>	<u>(346,931)</u>	<u>-</u>	<u>508,465</u>	<u>2,049,838</u>	<u>75,000</u>
Total other financing sources (uses)						
Net change in fund balances	1,418,993	(155,452)	364,504	25,492	155,729	1,809,266
FUND BALANCES, beginning	<u>38,219,198</u>	<u>2,382,689</u>	<u>446,809</u>	<u>112,680</u>	<u>1,134,799</u>	<u>42,296,175</u>
FUND BALANCES, ending	<u>\$ 39,638,191</u>	<u>\$ 2,227,237</u>	<u>\$ 811,313</u>	<u>\$ 138,172</u>	<u>\$ 1,290,528</u>	<u>\$ 44,105,441</u>

The accompanying notes to 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, 2012

Net change in fund balances - total governmental funds \$ 1,809,266

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capitalized capital outlays in the current period:

Expenditures for capital assets	\$ 2,548,801	
Less current year's depreciation	<u>(4,172,316)</u>	(1,623,515)

In the statement of activities, the loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. The change in net assets differs from the change in fund balance by:

Cost of the assets disposed	(370,471)	
Related accumulated depreciation	<u>355,332</u>	(15,139)

The issuance of long-term debt provides current financial resources to governmental funds: however, has no effect on net assets:

Bond issue costs, net	(256,716)	
Issuance of debt	<u>(9,885,000)</u>	(10,141,716)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

11,125,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Net pension obligation (asset)	(13,255)	
OPEB obligation	(14,000)	
Interest	35,858	
Deferred loss on refunding, net of amortization	359,757	
Amortization of bond issuance costs	(17,855)	
Compensated absences	<u>(53,085)</u>	297,420

Receivables and deferred revenues in governmental funds are susceptible to full accrual on the government-wide statements

333,646

Change in net assets of governmental activities \$ 1,784,962

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

CITY OF AVENTURA, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
September 30, 2012

	<u>Stormwater Utility Fund</u>
ASSETS:	
Current assets:	
Cash, cash equivalents and investments	\$ 1,299,305
Due from other governments	<u>173,903</u>
Total current assets	<u>1,473,208</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>7,126,772</u>
Total noncurrent assets	<u>7,126,772</u>
Total assets	<u>8,599,980</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	<u>44,165</u>
Total liabilities	<u>44,165</u>
NET ASSETS:	
Invested in capital assets	7,126,772
Unrestricted	<u>1,429,043</u>
Total net assets	<u>\$ 8,555,815</u>

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

CITY OF AVENTURA, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
For the Year Ended September 30, 2012

	<u>Stormwater Utility Fund</u>
OPERATING REVENUES:	
Charges for services	\$ <u>892,395</u>
 OPERATING EXPENSES:	
Cost of sales and services	460,862
Depreciation expense	<u>297,323</u>
Total operating expenses	<u>758,185</u>
Operating income	134,210
 NONOPERATING REVENUES:	
Interest income	<u>4,124</u>
Change in net assets	<u>138,334</u>
NET ASSETS, beginning	<u>8,417,481</u>
NET ASSETS, ending	\$ <u><u>8,555,815</u></u>

The accompanying notes to 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, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers, users and other	\$ 794,177
Cash paid to suppliers	<u>(461,054)</u>
Net cash provided by operating activities	<u>333,123</u>
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES:	
Interest received	<u>4,124</u>
Net cash provided by investing activities	<u>4,124</u>
Net increase in cash, cash equivalents and investments	337,247
CASH, CASH EQUIVALENTS AND INVESTMENTS, beginning	<u>962,058</u>
CASH, CASH EQUIVALENTS AND INVESTMENTS, ending	<u><u>\$ 1,299,305</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ <u>134,210</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	297,323
Changes in assets and liabilities:	
Increase in due from other governments	(98,218)
Decrease in accounts payable	<u>(192)</u>
Total adjustments	<u>198,913</u>
Net cash provided by operating activities	<u><u>\$ 333,123</u></u>

The accompanying notes to 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, 2012

ASSETS:

Investments, at fair value:

Common stocks	\$ 12,656,232
U.S. Government securities	3,079,672
Corporate bonds	3,090,033
Money market funds	1,189,750

Receivables:

Employer contributions	106,694
Employee contributions	18,906
Other receivables	3,864
Accrued interest	<u>52,899</u>

Total assets	<u>20,198,050</u>
--------------	-------------------

LIABILITIES:

Accounts payable	<u>1,925</u>
------------------	--------------

Total liabilities	<u>1,925</u>
-------------------	--------------

Net assets held in trust for pension benefits	<u><u>\$ 20,196,125</u></u>
-----------------------------------------------	-----------------------------

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, 2012

ADDITIONS:	
Contributions:	
Employer	\$ 1,655,005
Employees	519,494
State of Florida, premium tax	<u>268,692</u>
Total contributions	<u>2,443,191</u>
Investment earnings:	
Net appreciation in fair value of investments	2,440,457
Interest and dividend income	<u>399,374</u>
Total investment income	2,839,831
Less investment expense	<u>167,859</u>
Net investment income	<u>2,671,972</u>
Total additions	<u>5,115,163</u>
DEDUCTIONS:	
Administrative expenses	34,609
Benefits paid	<u>203,805</u>
Total deductions	<u>238,414</u>
Change in net assets	4,876,749
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, beginning	<u>15,319,376</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, ending	<u>\$ 20,196,125</u>

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

CITY OF AVENTURA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Aventura, Florida (the "City") was incorporated on November 7, 1995, under the provisions of Chapter 63-1675 Laws of Florida. The City operates under a commission-manager form of government and provides the following full range of municipal services as authorized by its charter: public safety, highways and streets, building, licensing and code compliance, culture and recreation, public works and stormwater management, public records and general administrative services.

The Comprehensive Annual Financial Report (the "CAFR") of the City includes all funds. The financial statements of the City have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting and reporting policies and practices used by the City are described below:

A. Financial Reporting Entity

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

B. Government Wide and Fund Financial Statements

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

The net cost (by function) is normally covered by general revenue (i.e., property taxes, sales taxes, franchise taxes, unrestricted intergovernmental revenues, interest income, etc.)

CITY OF AVENTURA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Separate fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise, combined or funds that management deems of public importance) for the determination of major funds. The nonmajor funds are combined and presented in a single column in the fund financial statements.

The government-wide-focus is more on the-sustainability of the City as an entity and the-change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, (by category). Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary 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 when an enforceable lien exists and when levied for. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

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

Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from non-operating 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 non-operating revenues or expenses.

CITY OF AVENTURA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City reports the following major governmental funds:

General Fund - This 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.

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

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

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

The City reports the following major proprietary fund:

Stormwater Utility Fund - This fund accounts for the operation of the City's stormwater system.

Additionally, the government reports the following fiduciary fund type:

Police Officers' Retirement Plan Fund - This fund accounts for the activities of the Police Officers' Retirement Plan that accumulates resources for pension benefits to qualifying police officers.

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

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

The City uses restricted amounts to be spent 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 City would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

CITY OF AVENTURA, FLORIDA
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Cash, cash equivalents and investments – Cash and cash equivalents are defined as demand deposits, money market accounts and other short-term investments with original maturities of three months or less from the date of acquisition.

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 City fund. Resources of all funds, with the exception of the pension fund, are also combined into investment pools for the purpose of maximizing investment yields. Interest earned on pooled cash and investments is allocated monthly based on cash balances of the respective funds.

The City's investments are reported at their fair value based on quoted market prices as reported by recognized security exchanges except for the Guaranteed Investment Contract which is recorded at cost and the City's investment in the Florida PRIME which is recorded at the amortized cost method.

The pension plan's investments in common stocks, corporate bonds and U.S. government securities are reported at fair value based on quoted market price. Investments in money market funds are valued at amortized cost.

2. Receivables and payables - Transactions between funds that are representative of an outstanding lending/borrowing arrangement at the end of the year are referred to as either "interfund receivables/payables." Any residual outstanding balances between the governmental activities and business-type activities at year-end are reported in the government-wide financial statements as internal balances.
3. Prepaid expenses/expenditures - Certain payments to vendors reflect costs applicable to a future accounting period and are recorded as prepaid items in both government-wide and fund financial statements.
4. Inventories - Inventories are valued at the lower of cost (first-in, first-out) or market. These amounts are reported as nonspendable in governmental fund financial statements. Inventory is accounted for using the consumption method whereby inventories are recorded as expenditures when they are used.
5. Capital assets - Capital assets purchased or acquired with an original cost of \$ 5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

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

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

CITY OF AVENTURA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Unearned/deferred revenue - Unearned revenues at the government-wide level, governmental and business-type activities, are reported when the City receives resources before it has earned the revenues. Furthermore, governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.
7. Compensated absences payable - The City's sick leave policy permits employees to accumulate earned but unused sick pay benefits. Upon termination, sick pay is paid out, between 0 - 100% based on length of service.

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

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

8. Long-term obligations - In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the straight line method, which approximates the effective interest method. Bonds payable are reported net of the applicable premiums and discounts. For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements and proprietary fund types in the fund financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. The accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction of the face amount of the new debt.

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

9. Equity classifications

Government-Wide and Proprietary Fund Statements:

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

- a. Invested in capital assets, net of related debt - consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets.
- b. Restricted net assets - consists of net assets with constraints placed on the use either by: 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

CITY OF AVENTURA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Equity:

The City follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* which requires that governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact. In fiscal year 2012, this represents \$ 63,804.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. In fiscal year 2012, this represents \$ 2,240,013.

Committed: This classification includes amounts that can be used only for the specific purposes determined by a 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 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. Resources accumulated pursuant to stabilization arrangements are reported in this category. In fiscal year 2012, this represents \$ 19,773,488.

Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. The City Commission has by resolution authorized the City Manager to assign fund balance. The City Commission may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's budget. Unlike commitments, assignments generally can only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. In fiscal year 2012, this represents \$ 7,943,914. In the general fund, assigned fund balance for subsequent year's budget is comprised of \$ 3,942,564 and \$ 244,872 representing the appropriation of a portion of existing fund balance in the 2012 budget and outstanding encumbrances, respectively.

Unassigned: This classification includes the residual fund balance for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes. In fiscal year 2012, this represents \$ 14,084,022.

CITY OF AVENTURA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Minimum Fund Balance Policy and Hurricane/Emergency and Disaster Recovery Reserve - The City's policy is to maintain an adequate General Fund balance to meet seasonal shortfalls in cash flow and reduce susceptibility to emergency and unanticipated expenditures and/or revenue shortfalls. The City's Commission has adopted a financial standard to maintain a Hurricane/Emergency and Disaster Recovery's Operating Reserve at a minimum level of \$ 5,000,000 and a Fiscal Stability Reserve of 10% of the annual General Fund revenue.
11. 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.

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. Encumbrances 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 re-appropriated in the next fiscal year and are therefore presented as committed or assigned fund balance for the subsequent year.
12. 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.
13. Date of management review - Subsequent events were evaluated by management through February 19, 2013, which is the date the financial statements were available to be issued.

NOTE 2 - PROPERTY TAXES

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

Under 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, 2012 was 1.7261 mills.

The City's tax levy 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 Florida Department of Revenue for review to determine if the assessment rolls meet all of the appropriate requirements of State Statutes.

CITY OF AVENTURA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE 2 - PROPERTY TAXES (continued)

All real and tangible personal property taxes are due and payable on November 1 each year or as soon as practicable thereafter as the assessment roll is certified by the County Property Appraiser. Miami-Dade County mails each property owner on the assessment roll a notice of the taxes due and collects the taxes for the City. Taxes may be paid upon receipt of the notice from Miami-Dade County, with discounts at the rate of 4% if paid in the month of November, 3% if paid in the month of December, 2% if paid in the month of January and 1% if paid in the month of February. Taxes paid during the month of March are without discount, and all unpaid taxes on real and tangible personal property become delinquent and liens are placed on April 1 of the year following the year in which the taxes were assessed. Procedures for the collection of delinquent taxes by Miami-Dade County are provided for in the laws of Florida. There were no material delinquent property taxes as of September 30, 2012.

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits:

The City's custodial credit risk policy is in accordance with Florida Statutes. Florida Statutes authorize the deposit of City funds in demand deposits or time deposits of financial institutions approved by the State Treasurer. These are defined as public deposits. All City public deposits are held in qualified public depositories pursuant to Chapter 280, Florida Statutes, "Florida Security for Public Deposits Act." Under the act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The collateral pledging level may range from 50% to 125% depending upon the depository's financial condition and the length of time that the depository has been established. All collateral must be deposited with the State Treasurer. Any losses to public 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 September 30, 2012, the City's investment in the Florida PRIME was that of \$ 17,231,105. In accordance with these requirements, the method used to determine the participants' shares sold and redeemed is the amortized cost method. The amortized cost method is the same method used to report investments. Amortized cost includes accrued income and is a method of calculating an investment's value by adjusting its acquisition cost for the amortization of discount or premium over the period from purchase to maturity. Thus, the City's account balance in the SBA is its amortized cost. The LGIP-B pool is accounted for as a fluctuating net asset value "NAV." The balance of the City's investment in LGIP-B at year end amounted to \$ 87,412, with a net asset value factor of 0.94896811. 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.

CITY OF AVENTURA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

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 the Police Officers' Pension Plan and its 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) nonnegotiable 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.

The City policy for pension investments is under the oversight of the Plan's Board of Trustees (the "Board"). The Board contracts with investment advisory firms and approves any new investment vehicles presented by the consultants. The Board follows all applicable state statutes.

The City has a Guaranteed Investment Contract ("GIC") that is not subject to interest rate risk classification because it is a direct contractual investment and is not a security. The GIC also is not rated for credit risk classification purposes. The GIC provides for a guaranteed return on investments over a specific period of time at a rate of 5.04% per annum. The collateral value of the GIC as of September 30, 2012 is \$ 525,205 and is expected to continue to be sufficient to meet the reserve fund requirement for the Series 2000A Revenue Note of a minimum of \$ 500,000. The GIC is recorded at the contract amount which is \$ 500,657.

CITY OF AVENTURA, FLORIDA
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2012

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

As of September 30, 2012, the City's cash, cash equivalents and investments consisted of the following:

Cash and cash equivalents and investments:	
State Board of Administration -	
SBA, Florida PRIME	\$ 17,231,105
Deposits with financial institutions	13,748,308
U.S. Government obligations	6,050,354
U.S. Treasury bills	5,339,664
Municipal obligations	1,218,924
Corporate bonds	1,164,332
Asset backed securities	813,185
Guarenteed investment contract	500,657
Commercial paper	499,531
Collateralized mortgage obligations	324,303
Motgage-backed securitires	113,322
Money market funds	94,471
State Board of Administation-Fund B	87,412
Petty Cash	2,455
	47,188,023
Fiduciary fund investments:	
Common stocks	12,656,232
Corporate bonds	3,090,033
U.S. Government securities	3,079,672
Money market funds	1,189,750
	20,015,687
	\$ 67,203,710

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

Statement of Net Assets:	
Cash, cash equivalents and investments	\$ 46,687,366
Restricted cash, cash equivalents and investments	500,657
	47,188,023
Statement of Fiduciary Net Assets:	
Common stocks	12,656,232
Corporate bonds	3,090,033
U.S. Government securities	3,079,672
Money market funds	1,189,750
	20,015,687
	\$ 67,203,710

CITY OF AVENTURA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

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.

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.

The City does not have a formal investment policy for its pension funds that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the exposure of the City'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 (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	Greater Than 10 Years
City Investments:					
State Board of Administration - SBA, Florida PRIME	\$ 17,231,105	\$ 17,231,105	\$ -	\$ -	\$ -
U.S. Government obligations	6,050,354	2,082,402	3,967,952	-	-
U.S. Treasury bills	5,339,664	1,291,201	4,048,463	-	-
Municipal obligations	1,218,924	200,543	1,018,381	-	-
Corporate bonds	1,164,332	566,756	597,576	-	-
Asset backed securities	813,185	-	813,185	-	-
Commercial paper	499,531	499,531	-	-	-
Collateralized mortgage obligations	324,303	-	206,173	118,130	-
Mortgage-backed securities	113,322	-	113,322	-	-
Money market funds	94,471	94,471	-	-	-
State Board Administration - SBA, Fund B	87,412	-	-	87,412	-
Subtotal - City Investments	32,936,603	21,966,009	10,765,052	205,542	-
Fiduciary Fund:					
Corporate bonds	3,090,033	285,840	1,888,838	915,355	-
U.S. Government securities	3,079,672	985,551	1,784,342	309,779	-
Money market funds	1,189,750	1,189,750	-	-	-
Subtotal - Fiduciary Fund	7,359,455	2,461,141	3,673,180	1,225,134	-
Total investments	\$ 40,296,058	\$ 24,427,150	\$ 14,438,232	\$ 1,430,676	\$ -

CITY OF AVENTURA, FLORIDA
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2012

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Credit Risk - Generally, credit risk is the risk that an issuer of a debt-type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally-recognized rating organization. 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 pension fund limits its credit risk by limiting its fixed income investments to securities with the top (4) ratings issued by nationally recognized statistical rating organizations.

U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Investments in the LGIP-B, certain money market funds, certain U.S. government obligations and certain corporate bonds are not rated. The City's and fiduciary fund's portfolio is rated by Standard & Poor's and Moody's Investor Services, respectively, as follows:

Rating	Fair Value
City Investments:	
AAA	\$ 1,528,823
AAAm	17,325,576
AA+	12,151,606
AA	642,348
AA-	181,416
A+	103,072
A-1+	513,827
A-1	199,699
Not Rated	290,236
	32,936,603
Fiduciary Fund:	
A1	930,003
A2	1,116,957
A3	438,484
AA2	62,189
AA3	542,400
Not rated	4,269,422
	7,359,455
	\$ 40,296,058

CITY OF AVENTURA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Concentration - 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 issued 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. At September 30, 2012 the City had investments in the Federal National Mortgage Association (Fannie Mae) amounting to 6.15% of the total investments held by the City.

The pension fund limits investments that may be invested in any one issuer to no more than 5% of plan net assets, other than those issued by the U.S. Government or its Agencies. More than 5% of the Fund's plan net assets are invested in debt securities issued by the U. S. Treasury. The U. S. Treasury investments represented 11.69% of Plan Net Assets. Given the restriction to the highest rating, this concentration is not viewed to be an additional risk to the City.

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. The pension fund's exposure to foreign credit risk derives mainly from its investments in international equity securities which amounted to \$ 2,759,188 in U.S. dollars. The pension fund's investment policy limits the foreign investments to no more than 25% of the pension fund's investment balance. As of the year end, the foreign investments were 13.78% of total investments. The investments by currency type are as follows:

Currency	Fair Value
Australia	99,971
Canada	319,906
France	219,935
Germany	99,971
Japan	279,918
Netherlands	359,894
United Kingdom	499,853
Switzerland	139,959
Other	739,781
Total	\$ 2,759,188

CITY OF AVENTURA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE 4 - RECEIVABLES

Receivables as of September 30, 2012 consist of the following:

	<u>General Fund</u>	<u>Charter School Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Governmental funds:				
Utility service taxes	\$ 436,252	\$ -	\$ -	\$ 436,252
Police services	96,688	-	59,345	156,033
Vendors	47,051	12,500	-	59,551
Franchise fees	<u>35,925</u>	<u>-</u>	<u>-</u>	<u>35,925</u>
 Total governmental funds	 \$ <u>615,916</u>	 \$ <u>12,500</u>	 \$ <u>59,345</u>	 \$ <u>687,761</u>

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers during the year ended September 30, 2012 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 82,250	\$ 2,218,622
Charter School Fund	100,000	446,931
Debt Service Fund Series 2000	508,465	-
Other nonmajor governmental funds	<u>2,057,088</u>	<u>82,250</u>
	 \$ <u>2,747,803</u>	 \$ <u>2,747,803</u>

Transfers are used to: (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them from or (2) use of unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers to the General Fund represent reimbursement of cost from the 911 Fund of \$ 82,250. The transfer to the Charter School Fund consists of \$ 100,000 from the General Fund which is being used to support future capital projects occurring in the Charter School Special Revenue Fund. The remaining transfers represent transfers to meet debt service requirements in the Debt Service Funds.

CITY OF AVENTURA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2012 was as follows:

	Balance October 1, 2011	Additions	Retirements and Transfers	Balance September 30, 2012
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 17,102,344	\$ -	\$ -	\$ 17,102,344
Construction in progress	<u>513,337</u>	<u>574,554</u>	<u>(513,337)</u>	<u>574,554</u>
Total capital assets, not being depreciated	<u>17,615,681</u>	<u>574,554</u>	<u>(513,337)</u>	<u>17,676,898</u>
Capital assets, being depreciated:				
Buildings	43,822,365	417,573	-	44,239,938
Improvements other than buildings	10,976,633	261,202	(4,036)	11,233,799
Infrastructure	36,703,862	1,217,005	-	37,920,867
Furniture, machinery and equipment	<u>14,011,207</u>	<u>591,804</u>	<u>(366,435)</u>	<u>14,236,576</u>
Total capital assets, being depreciated	<u>105,514,067</u>	<u>2,487,584</u>	<u>(370,471)</u>	<u>107,631,180</u>
Less accumulated depreciation for:				
Buildings	8,759,315	1,283,074	-	10,042,389
Improvements other than buildings	2,781,704	420,441	(1,170)	3,200,975
Infrastructure	12,713,424	1,384,793	-	14,098,217
Furniture, machinery and equipment	<u>9,862,330</u>	<u>1,084,008</u>	<u>(354,162)</u>	<u>10,592,176</u>
Total accumulated depreciation	<u>34,116,773</u>	<u>4,172,316</u>	<u>(355,332)</u>	<u>37,933,757</u>
Total capital assets, being depreciated, net	<u>71,397,294</u>	<u>(1,684,732)</u>	<u>(15,139)</u>	<u>69,697,423</u>
Governmental activities capital assets, net	<u>\$ 89,012,975</u>	<u>\$ (1,110,178)</u>	<u>\$ (528,476)</u>	<u>\$ 87,374,321</u>
Business-type activities:				
Capital assets, being depreciated:				
Infrastructure	\$ 9,658,576	\$ -	\$ -	\$ 9,658,576
Less accumulated depreciation	<u>2,234,481</u>	<u>297,323</u>	<u>-</u>	<u>2,531,804</u>
Total capital assets, being depreciated, net	<u>7,424,095</u>	<u>(297,323)</u>	<u>-</u>	<u>7,126,772</u>
Business-type activities capital assets, net	<u>\$ 7,424,095</u>	<u>\$ (297,323)</u>	<u>\$ -</u>	<u>\$ 7,126,772</u>

CITY OF AVENTURA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE 6 - CAPITAL ASSETS (continued)

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

Governmental activities:		
General government	\$	500,084
Public safety		713,800
Community services		<u>2,958,432</u>
	\$	<u><u>4,172,316</u></u>
Business-type activities:		
Stormwater utility	\$	<u><u>297,323</u></u>

NOTE 7 - LONG-TERM LIABILITIES OF GOVERNMENTAL ACTIVITIES

Changes in Governmental Activities long-term liabilities during the year ended September 30, 2012 were as follows:

	Balance October 1, 2011	Additions	Reductions	Balance September 30, 2012	Due Within One Year
Series 2000 Revenue Bonds payable	\$ 3,930,000	\$ -	\$ (310,000)	\$ 3,620,000	\$ 325,000
Series 2002 Revenue Bonds payable	10,165,000	-	(10,165,000)	-	-
Series 2010 Refunding Revenue Bonds payable	10,385,000	-	(430,000)	9,955,000	445,000
Series 2011 Refunding Revenue Bonds payable	5,565,000	-	(220,000)	5,345,000	230,000
Series 2012 Refunding Revenue Bonds payable	-	9,885,000	-	9,885,000	590,000
Compensated absences payable	2,473,187	1,226,733	(1,173,648)	2,526,272	631,568
Other post-employment benefits	190,000	14,000	-	204,000	-
Deferred loss on early retirement of Revenue Bonds payable of Series 1999 and 2002	<u>(247,794)</u>	<u>(380,930)</u>	<u>21,173</u>	<u>(607,551)</u>	<u>-</u>
	<u>\$ 32,460,393</u>	<u>\$ 10,744,803</u>	<u>\$ (12,277,475)</u>	<u>\$ 30,927,721</u>	<u>\$ 2,221,568</u>

Revenue bonds as of September 30, 2012 were comprised of the following:

Series 2000 Revenue Bonds, principal is due annually over 20 years in various amounts through October 2020. The bonds bear interest at 5.04% and are payable semi-annually on October 1 and April 1 of each year. The bonds are collateralized by available Non-Ad Valorem revenues.

\$ 3,620,000

CITY OF AVENTURA, FLORIDA
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2012

NOTE 7 - LONG-TERM LIABILITIES OF GOVERNMENTAL ACTIVITIES (continued)

Series 2010 Refunding Revenue Bonds, principal is due annually over 18 years in various amounts through April 2029. The bonds bear interest at 3.42% and are payable semi-annually on October 1 and April 1 of each year. The bonds are collateralized by available Non-Ad Valorem revenues. 9,955,000

Series 2011 Refunding Revenue Bonds, principal is due annually over 18 years in various amounts through April 2029. The bonds bear interest at 3.64% and are payable semi-annually on October 1 and April 1 of each year. The bonds are collateralized by available Non-Ad Valorem revenues. 5,345,000

Series 2012 Refunding Revenue Bonds, principal is due annually over 15 years in various amounts through August 2027. The bonds bear interest at 2.18% and are payable semi-annually on February 1 and August 1 of each year. The bonds are collateralized by available Non-Ad Valorem revenues. 9,885,000

\$ 28,805,000

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

Series 2000 Revenue Bonds

The City previously issued \$ 6,555,000 in Series 2000 Revenue Bonds to finance the acquisition of land for parks and recreational purposes and for the construction of a community recreation center. The bond indenture relating to this issue requires that a reserve fund of \$ 500,000 be established, the balance of which as of September 30, 2012 was sufficient to meet this requirement. The indenture also requires the maintenance of a minimum debt service coverage ratio of 2.50:1.00.

Series 2002 and Series 2012 (refunding) Revenue Bonds

The City 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.

Defeasance of bonds - On June 15, 2012, the City issued \$ 9,885,000 in Series 2012 Refunding Revenue Bonds with a rate of 2.18% to advance refund \$ 10,165,000 (including a City contribution of \$ 597,856) of the then outstanding Series 2002 Revenue Bonds. The gross proceeds of \$ 10,482,856 were deposited in an irrevocable trust with an escrow agent to provide for the costs of issuance (\$ 75,000) and debt service payments (\$ 10,165,000 of principal and \$ 242,856 of interest) on the call date of *August 1, 2012*.

CITY OF AVENTURA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE 7 - LONG-TERM LIABILITIES OF GOVERNMENTAL ACTIVITIES (continued)

The reacquisition price exceeded the net carrying amount of the old debt by \$ 380,930. The amount is being netted against the new debt and amortized over the life of the new debt issued. The City advance refunded the Series 2002 Revenue Bonds to reduce its total debt service payments over the next fifteen years by approximately \$ 3,810,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt, net of City's contribution) of approximately \$ 2,595,000.

Series 2010 and 2011 Refunding Revenue Bonds

The City previously issued \$ 21,000,000 in Series 1999 Revenue Bonds to finance the acquisition of land, buildings and other improvements related to municipal parks and the City's administrative complex and police station. At September 30, 2012, this bond series was fully defeased.

In fiscal year 2010, the City issued Series 2010 Refunding Revenue Bonds to partially advance refund \$ 10,580,000 of the then outstanding Series 1999 Revenue Bonds. The City partially advance refunded the Series 1999 Revenue bonds to reduce its total debt service payments by approximately \$ 2,081,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt, net of City's contribution) of approximately \$ 1,110,200. In fiscal year 2011, the City issued Series 2011 Refunding Revenue Bonds to advance refund the remaining \$ 5,700,000 of the then outstanding Series 1999 Revenue Bonds. The City advance refunded the Series 1999 Revenue bonds to reduce its total debt service payments by approximately \$ 1,085,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt, net of City's contribution) of approximately \$ 530,000. The call date of these refunding transactions was on *April 1, 2011*.

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

<u>Year Ending September 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,590,000	\$ 948,700	\$ 2,538,700
2014	1,675,000	868,000	2,543,000
2015	1,735,000	811,900	2,546,900
2016	1,790,000	753,900	2,543,900
2017	1,850,000	693,700	2,543,700
2018-2022	9,255,000	2,480,500	11,735,500
2023-2027	8,610,000	1,092,600	9,702,600
2028-2029	2,300,000	81,200	2,381,200
	<u>\$ 28,805,000</u>	<u>\$ 7,730,500</u>	<u>\$ 36,535,500</u>

CITY OF AVENTURA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Litigation:

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

Government grants:

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

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 (2) 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 allows for Aventura City of Excellence School to provide the residents of the City of Aventura an elementary and middle school education choice. During the year, the City Commission acting in their capacity as the School's Governing Board, signed their third contract amendment with the County to increase the School's capacity from 972 (school year 2011/2012) to 1032 students over the next five years. The contract ends on June 30, 2018 but provides for a renewal of up to 15 years by mutual agreement of both parties. The City has entered into an agreement with Charter School USA, Inc. ("CSUSA") to provide administrative and educational services for the City's charter school. The agreement terminates on June 30, 2013. The City intends to renew this agreement after its expiration.

Other agreements:

The City has entered into a three-year nonexclusive agreement with an engineering consulting firm (the "Consultant") to provide building inspections and plan review services. Pursuant to the agreements, the Consultant receives 70% of the gross building permit fee revenues for the first \$ 50,000 in fees in a month and 65% of the amount in excess of \$ 50,000 per month. However, the Consultant receives 35% of the permit fee for all projects owned, paid for and to be operated by the City. The agreement may be renewed for one additional three-year term.

Pension funding:

There have been significant negative economic developments surrounding the overall market-liquidity, credit availability and market collateral levels which have resulted in previous declines in the value of the investment securities held by the Police Officers' Retirement Plan. Consequently, the City's required contribution amount to the Plan, which is necessary to maintain the actuarial soundness and to provide the level of assets sufficient to meet participant benefits, could significantly increase in future periods. It is management's opinion that future contributions to the Plan will not have a material adverse effect on the City's financial position.

CITY OF AVENTURA, FLORIDA
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2012

NOTE 8 - COMMITMENTS AND CONTINGENCIES (continued)

Construction agreements:

The City has entered into various agreements in reference to the construction and maintenance of the City streets. At year-end, there was one outstanding construction commitment amounting to approximately \$ 204,000.

NOTE 9 - RISK MANAGEMENT

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

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS

The City had previously implemented the Governmental Accounting Standards Board Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pension (OPEB)*, for certain postemployment health care benefits provided by the City.

As of October 1, 2011, the latest actuarial valuation, health care and dental plan participants consisted of:

Active Plan participants	178
Retiree Plan participants	6
	184
	184

Plan Description:

Pursuant to Section 112.0801, Florida Statutes, the City is required to permit participation in the health insurance program to retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Other than certain department directors, retirees must pay a monthly premium as determined by the insurance carrier. Retirees pay 100% of the blended equivalent premium rates. The blended rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Pursuant to Resolution 2006-64; department directors who retire at age 55 or later with at least 10 years of service are not required to pay a premium for medical or dental coverage for themselves prior to age 65. For these individuals, there is an explicit subsidy where the City provides for the retiree's coverage.

The plan described above is currently offered by the City under a "single employer plan" structure. The City provides all financial information and required disclosures of its other post-employment benefit plan in this document; therefore, a separate audited post-employment benefits plan report is not available.

CITY OF AVENTURA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Funding Policy:

The City is funding the post-employment benefits on a pay-as-you-go basis. For the fiscal year ended September 30, 2012, the annual required contribution was \$ 122,000. The City made estimated explicit and implicit contributions of \$ 95,000 towards this amount. Retirees contributed approximately \$ 55,000 towards the cost of these benefits, for the fiscal year ended September 30, 2012. At September 30, 2012 the City recorded a net OPEB obligation of \$ 204,000 for governmental activities, in its government-wide statement of net assets.

Annual OPEB Cost and Net OPEB Obligation:

The annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed, and the changes in the net OPEB obligation.

Annual Required Contribution (ARC)	\$	122,000
Interest on net pension obligation		8,000
Adjustment to annual required contribution		(19,000)
Total annual OPEB cost		111,000
Employer contributions made	*	(95,000)
Interest on employer contributions		(2,000)
Increase in net OPEB obligation		14,000
Net OPEB obligation, beginning of year		190,000
Net OPEB obligation, end of year	\$	204,000

**estimated, reflects both the explicit and implicit subsidy.*

The City's annual OPEB cost, the percentage of annual OPEB costs contributed to the plan, and the net OPEB obligation for 2012 and two preceding years were as follows:

<u>Year Ending September 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$ 111,000	85.59%	\$ 204,000
2011	\$ 113,000	84.07%	\$ 190,000
2010	\$ 142,000	44.37%	\$ 174,000

CITY OF AVENTURA, FLORIDA
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2012

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Funded Status and Funding Progress:

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. An analysis of funding progress (the last plan year valuation date) is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability at Entry Age (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/01/11	\$ -	\$ 710,000	\$ 710,000	0.0%	\$ 12,781,000	5.6%

Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2011 actuarial valuation, the projected unit credit cost method was used. The annual required contribution (ARC) reflects a 12-year open period, level dollar payment amortization of the unfunded actuarial accrued liability (UAAL). The actuarial assumptions included a 4.0% investment rate of return.

The following assumptions were made:

Eligibility:

For police officers, retirement was assumed to occur at the earlier of any age with at least 25 years of service or at age 55 with at least six (6) years of service; for all other employees eligibility was assumed to occur at the earlier of any age with at least 30 years of service or at age 62 with at least six (6) years of service.

Mortality:

Sex-distinct mortality rates set forth in the RP-2000 mortality table for annuitants and non-annuitants, projected to 2013 by Scale AA, as published by the IRS for purposes of IRC section 430.

Disability:

Sex-distinct disability rates set forth in the Wyatt 1985 Disability Study; class 4 rates were used for police officers and class 1 rates were used for all other employees.

Permanent Withdrawal from Active Status:

Sex-distinct withdrawal rates set forth in Scale 155 table.

CITY OF AVENTURA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Investment Rate of Return:

A discount rate of 4.00% per annum (includes inflation at 2.50% per annum).

Healthcare Cost Trend Rate:

The cost of covered medical services has been assumed to increase in accordance with the following rates, compounded annually:

2011/2012	8.00%
2012/2013	7.50%
2013/2014	7.00%
2014/2015	6.50%
2015/2016	6.00%
2016/2017	5.50%
2017/2018 and later	5.00%

With respect to the fully subsidized dental insurance, the assumed dental costs increase at the rate of 3.00% per year

Implied Subsidy (Medical Insurance):

The implied subsidy for a 62-year old retiree is assumed to be \$ 5,400 per year for the retiree and \$ 5,400 per year for the retiree's spouse.

Implied Subsidy (Dental Insurance):

There is no implied subsidy for the dental insurance since we have assumed that the premium charged for the covered individuals does not increase with age.

Age-Related Morbidity:

The cost of the medical services has been assumed to increase with age at the rate of 3.50% per annum.

Retiree Contribution:

Other than eligible department directors, retirees electing post-employment healthcare coverage have been assumed to make monthly contributions equal to the premium charged to active employees. Eligible department directors have been assumed to make the required contribution for healthcare coverage for their spouses.

Cost-of-Living Increase:

Retiree contributions have been assumed to increase in accordance with the healthcare cost trend assumption.

Future Participation Rates:

Other than eligible department directors, 5% of eligible employees were assumed to elect coverage until age 65 upon retirement or disability; 100% of department directors who are eligible for the explicit subsidy from the City were assumed to elect coverage until age 65.

CITY OF AVENTURA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Marriage and Dependent Assumption:

80% of males and 50% of females are assumed to elect coverage at retirement for themselves and their spouses, with husbands assumed to be three (3) years older than their wives; active employees were not assumed to have any dependent children upon retirement or disability.

COBRA Assumption:

Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, it is assumed that the COBRA premium to be paid by the participant fully covers the cost of providing healthcare coverage during the relevant period.

NOTE 11 - 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 plans currently cover all full-time employees of the City. Under these plans, the City contributes between 7% and an amount equal to the annual IRS maximum depending on employee classifications. City contributions for the City Manager, department directors and assistant department directors vest in the year they are contributed. City contributions to general employees vest beginning after one year of service through year five in 20% increments. Participants are not permitted to make contributions during the year. The City made plan contributions of approximately \$ 843,000 during the year. Plan provisions and contribution requirements may be amended by the City Commission. In addition, the City provides to all 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. Therefore, the assets, liabilities and transactions are not included in the City's financial statements.

NOTE 12 - DEFINED BENEFIT PENSION PLAN

The City agreed to provide a defined benefit retirement plan effective October 1, 2003 through a collective bargaining contract between the City and the Miami-Dade County Police Benevolent Association City of Aventura Police Officers' Retirement Plan (the "Plan"). The Plan is a single-employer defined benefit retirement plan. The Plan was established by the City in accordance with a City ordinance and state statutes. The Plan covers, only sworn police officers and is funded by a combination of City contributions, employee contributions, rollover of 401(a) plan assets for certain employees and the proceeds of the state insurance premium tax on casualty insurance policies. The current funding levels of covered payroll are 20.955% for the City's contribution, 6.775% for the employee's contribution and 4.133% for the state premiums tax. The State is required to contribute pursuant to Chapter 185 of the Florida Statutes, a premium on certain casualty insurance contracts written on the City's property. The premium tax is collected by the State and remitted to the City. During the current fiscal year the City received \$ 268,692 from the State. 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.

CITY OF AVENTURA, FLORIDA
 NOTES TO BASIC FINANCIAL STATEMENTS
 September 30, 2012

NOTE 12 - DEFINED BENEFIT PENSION PLAN (continued)

The City utilizes the entry age normal cost method. The asset valuation method is a 5 year smooth.

Information as of the latest actuarial valuation, dated October 1, 2012, included no cost of living adjustments and a 3.00% annual inflation rate; an annual investment rate of return of 7.50%; projected annual salary increases of 5.00%; the amortization method is level dollar, closed; and a remaining amortization period of 21 years. There have been no plan changes, changes to assumptions or methods since the prior valuation report.

On October 1, 2012, (the most recent actuarial valuation date), Plan membership consisted of:

Retirees and beneficiaries receiving benefits	13
Active Plan members	82
	95
	95

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

The general administration, management and investment decisions of the Plan and the responsibility for carrying out its provisions is vested in the five (5) members 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's Finance Department.

Benefits:

Normal retirement may be received upon attainment the earlier of age 55 with 10 years of credited service or upon completion of 25 years of credited service, regardless of age. For the first 40 years of service, the monthly benefit received will be 3.00% of final monthly compensation multiplied by the number of years of service, to a maximum of 80.00%. Years credited beyond 40 will be taken into account at 2.00% of final compensation per year. Early retirement may be received upon the attainment of age 45 with 10 years of credited service. The benefit may be received either on a deferred basis or on an immediate basis. On an immediate basis, the benefit amount will be the normal retirement benefit reduced by 3.00% per year for each year by which the retirement date precedes the normal retirement date. On a deferred basis, the benefit amount will be the same as the normal retirement benefit except that the final compensation and credited service will be based upon the early retirement date.

Disability retirement:

Members who become disabled due to service-incurred injuries, which arise out of performance of service with the City, will receive a monthly benefit amount equal to the member's accrued benefit but not less than 42.00% of the member's final monthly compensation as of the date of disability, offset by any other payments, such as worker's compensation. Members who become disabled due to non-service-incurred injuries, which do not arise out of performance with the City, and who have completed at least 10 years of service, will receive a monthly benefit amount equal to 3.00% of final monthly compensation for each year of credited service, but not less than 30.00%.

CITY OF AVENTURA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE 12 - DEFINED BENEFIT PENSION PLAN (continued)

Trend information:

Trend information indicates the progress made in accumulating sufficient assets to pay benefits when due. An analysis of funding progress for the year ended September 30, 2012 is as follows:

<u>Year Ending September 30,</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation/ (Asset)</u>
2012	\$ 1,936,952	99%	\$ (205,783)
2011	\$ 1,659,953	99%	\$ (219,038)
2010	\$ 1,246,909	106%	\$ (233,148)

Funded status and funding progress:

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. An analysis of funding progress as of October 1, 2012, (the most recent actuarial valuation date), is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability at Entry Age (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as % of Covered Payroll</u>
10/01/12	\$ 19,610,921	\$ 25,129,927	\$ 5,519,006	78.04%	\$ 7,663,687	72.02%

The annual pension cost and net pension obligation (asset) for the Plan for year ended September 30, 2012 is as follows:

Annual Required Contribution (ARC)	\$ 1,923,697
Interest on net pension obligation	(16,428)
Adjustment to annual required contribution	29,683
Annual Pension Cost	<u>1,936,952</u>
Contributions made	<u>1,923,697</u>
Decrease in net pension (asset) obligation	13,255
Net pension (asset) obligation, beginning of year	<u>(219,038)</u>
Net pension (asset) obligation, end of year	<u><u>\$ (205,783)</u></u>

CITY OF AVENTURA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE 13 - PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

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

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, was issued November 2010. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2013.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34*, was issued November 2010. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also clarifies the reporting of equity interests in legally separate organizations. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2013.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, was issued December 2010. The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: 1) Financial Accounting Standards Board (FASB) Statements and Interpretations; 2) Accounting Principles Board Opinions; and 3) Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure. The provisions of this Statement will be effective for the fiscal year ending September 30, 2013.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, was issued June 2011. The objective of this Statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources as defined by GASB’s Concepts Statement No. 4. It also amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of net assets and by renaming it as net position, rather than net assets. The requirements of this Statement will improve financial reporting by standardizing the presentation and the effects on a government’s net position. The provisions of this Statement will be effective for the fiscal year ending September 30, 2013.

CITY OF AVENTURA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

NOTE 13 - PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE (continued)

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, was issued March 2012. The objective of this Statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These determinations are based on the definitions of those elements in Concepts Statement No. 4, *Elements of Financial Statements*. The provisions of this Statement will be effective for the fiscal year ending September 30, 2014.

GASB Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*, was issued March 2012. The objective of this Statement is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements—Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement will be effective for the fiscal year ending September 30, 2014.

GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, was issued June 2012. The objective of this Statement is to improve financial reporting by state and local governmental *pension plans*. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The provisions of this Statement will be effective for the fiscal year ending September 30, 2014.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, was issued June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for *pensions*. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The provisions of this Statement will be effective for the fiscal year ending September 30, 2015.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, was issued January 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The provisions of this Statement will be effective for the fiscal year ending September 30, 2015.

The City's management has not yet determined the effect that these unadopted standards may have on the City's financial statements.

CITY OF AVENTURA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Ad valorem taxes:				
Current	\$ 11,955,146	\$ 11,955,146	\$ 11,612,015	\$ (343,131)
Delinquent	50,000	50,000	112,174	62,174
Utility service taxes:				
Electric	3,908,625	3,908,625	3,990,392	81,767
Telecommunication	2,600,000	2,600,000	2,558,968	(41,032)
Water	850,000	850,000	909,950	59,950
Gas	51,000	51,000	27,481	(23,519)
Franchise fees:				
Electric	2,991,000	2,991,000	2,580,362	(410,638)
Gas	65,000	65,000	20,678	(44,322)
Sanitation	420,000	420,000	438,932	18,932
Towing	30,000	30,000	30,093	93
Total taxes	<u>22,920,771</u>	<u>22,920,771</u>	<u>22,281,045</u>	<u>(639,726)</u>
Intergovernmental revenues:				
Federal grants	7,542	247,542	262,989	15,447
State and local grants	8,677	8,677	16,672	7,995
State pension contribution	284,000	284,000	268,692	(15,308)
Alcoholic beverage licenses	20,000	20,000	17,454	(2,546)
State revenue sharing	350,000	350,000	413,739	63,739
Half cent sales tax	1,725,000	2,115,000	2,320,912	205,912
County occupational licenses	44,000	44,000	44,935	935
Total intergovernmental revenues	<u>2,439,219</u>	<u>3,069,219</u>	<u>3,345,393</u>	<u>276,174</u>
Licenses and permits:				
City business tax receipts	725,000	725,000	838,388	113,388
Building permits	1,300,000	1,630,000	1,634,745	4,745
Certificates of occupancy	10,000	10,000	33,227	23,227
Engineering	9,000	9,000	16,305	7,305
Total licenses and permits	<u>2,044,000</u>	<u>2,374,000</u>	<u>2,522,665</u>	<u>148,665</u>
Charges for services:				
Certificate of use fees	5,200	5,200	4,585	(615)
Lien search fees	35,000	35,000	90,124	55,124
Development review fees	35,000	35,000	153,067	118,067
Recreation/cultural events	985,000	1,035,000	1,063,747	28,747
Police services	1,000,000	1,000,000	1,022,537	22,537
Total charges for services	<u>2,060,200</u>	<u>2,110,200</u>	<u>2,334,060</u>	<u>223,860</u>

CITY OF AVENTURA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND

(continued)

For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fines and forfeitures:				
County court fees	400,000	400,000	426,897	26,897
Code violation fines	1,057,000	1,277,000	1,325,799	48,799
Total fines and forfeitures	1,457,000	1,677,000	1,752,696	75,696
Other:				
Interest income	150,000	150,000	131,059	(18,941)
Miscellaneous	56,000	56,000	77,205	21,205
Total other	206,000	206,000	208,264	2,264
Total revenues	31,127,190	32,357,190	32,444,123	86,933
Expenditures:				
Current				
General government:				
City Commission:				
Personnel services	62,063	62,063	63,276	(1,213)
Operating	57,875	57,875	53,524	4,351
City Manager:				
Personnel services	727,373	727,373	742,984	(15,611)
Operating	161,300	161,300	130,844	30,456
Capital outlay	4,000	4,000	7,332	(3,332)
Finance:				
Personnel services	776,024	776,024	686,470	89,554
Operating	99,040	99,040	80,930	18,110
Capital outlay	2,000	2,000	1,652	348
Information technology:				
Personnel services	734,626	734,626	553,886	180,740
Operating	234,550	234,550	204,728	29,822
Capital outlay	111,000	370,910	127,773	243,137
Legal:				
Operating	280,000	280,000	265,791	14,209
City Clerk:				
Personnel services	215,382	215,382	221,571	(6,189)
Operating	54,700	68,700	61,478	7,222
Total general government- departmental	3,519,933	3,793,843	3,202,239	591,604

CITY OF AVENTURA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
(continued)

For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Nondepartmental:				
Personnel services	15,000	15,000	13,485	1,515
Operating	1,589,000	1,589,000	1,188,014	400,986
Capital outlay	15,368,488	14,948,488	198,248	14,750,240
Total general government- nondepartmental	<u>16,972,488</u>	<u>16,552,488</u>	<u>1,399,747</u>	<u>15,152,741</u>
Total general government	<u>20,492,421</u>	<u>20,346,331</u>	<u>4,601,986</u>	<u>15,744,345</u>
Public safety:				
Police:				
Personnel services	14,373,177	14,421,177	14,452,890	(31,713)
Operating	1,762,542	1,982,542	1,826,943	155,599
Capital outlay	1,384,500	1,970,300	537,338	1,432,962
Community development:				
Personnel services	719,172	719,172	709,824	9,348
Operating	787,700	1,347,700	1,297,356	50,344
Capital outlay	3,500	47,500	2,479	45,021
Total public safety	<u>19,030,591</u>	<u>20,488,391</u>	<u>18,826,830</u>	<u>1,661,561</u>
Community services:				
Personnel services	1,344,404	1,344,404	1,287,196	57,208
Operating	2,724,700	2,809,700	2,818,717	(9,017)
Capital outlay	420,700	911,880	726,503	185,377
Arts and cultural center:				
Operating	673,253	673,253	627,072	46,181
Capital outlay	0	1,838	454	1,384
Total community services	<u>5,163,057</u>	<u>5,741,075</u>	<u>5,459,942</u>	<u>281,133</u>
Total expenditures	<u>44,686,069</u>	<u>46,575,797</u>	<u>28,888,758</u>	<u>17,687,039</u>
Excess (deficiency) of revenues over expenditures	<u>(13,558,879)</u>	<u>(14,218,607)</u>	<u>3,555,365</u>	<u>17,773,972</u>
Other financing sources (uses):				
Transfers in	82,250	82,250	82,250	-
Transfers out	(2,220,979)	(2,218,622)	(2,218,622)	-
Appropriated fund balance	15,697,608	16,354,979	-	(16,354,979)
Total other financing sources (uses)	<u>13,558,879</u>	<u>14,218,607</u>	<u>(2,136,372)</u>	<u>(16,354,979)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,418,993</u>	<u>\$ 1,418,993</u>

See Notes to Required Supplementary Information.

CITY OF AVENTURA, FLORIDA
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 SPECIAL REVENUE FUND
 STREET MAINTENANCE FUND
 For the Year Ended September 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 1,511,650	\$ 1,511,650	\$ 1,869,446	\$ 357,796
Impact fees	-	-	20,830	20,830
Interest income	500	500	2,768	2,268
	<u>1,512,150</u>	<u>1,512,150</u>	<u>1,893,044</u>	<u>380,894</u>
EXPENDITURES:				
Operating	775,000	775,000	753,233	21,767
Capital outlay	867,150	1,183,959	775,307	408,652
	<u>1,642,150</u>	<u>1,958,959</u>	<u>1,528,540</u>	<u>430,419</u>
Excess (deficiency) of revenues over expenditures	<u>(130,000)</u>	<u>(446,809)</u>	<u>364,504</u>	<u>811,313</u>
OTHER FINANCING SOURCES (USES):				
Appropriated fund balance	<u>130,000</u>	<u>446,809</u>	<u>-</u>	<u>(446,809)</u>
Total other financing sources (uses)	<u>130,000</u>	<u>446,809</u>	<u>-</u>	<u>(446,809)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 364,504</u>	<u>\$ 364,504</u>

See Notes to Required Supplementary Information.

**CITY OF AVENTURA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS
POLICE OFFICERS' RETIREMENT PLAN FUND
AND OTHER POST-EMPLOYMENT BENEFITS (UNAUDITED)**

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)- Frozen Initial Liability	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	(c) Covered Payroll	UAAL as a Percentage of Covered Payroll (b-a)/(c)
POLICE OFFICERS' RETIREMENT PLAN FUND (UNAUDITED)						
10/01/12	\$ 19,610,921	\$ 25,129,927	\$ 5,519,006	78.04%	\$ 7,663,687	72.02%
10/01/09	\$ 10,375,587	\$ 16,273,418	\$ 5,897,831	63.76%	\$ 6,418,797	91.88%
10/01/07	\$ 6,935,097	\$ 10,825,108	\$ 3,890,011	64.06%	\$ 5,576,592	69.76%
OTHER POST-EMPLOYMENT BENEFITS (UNAUDITED)						
10/01/11	\$ -	\$ 710,000	\$ 710,000	0.0%	\$ 12,781,000	5.54%
10/01/08	\$ -	\$ 735,000	\$ 735,000	0.0%	\$ 9,175,000	8.01%

See Notes to Required Supplementary Information.

CITY OF AVENTURA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND THE STATE
OF FLORIDA - POLICE OFFICERS' RETIREMENT PLAN FUND (UNAUDITED)

	<u>CITY</u>			<u>STATE OF FLORIDA</u>	
	<u>Annual Required Contribution</u>	<u>City Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Contribution</u>	<u>Percentage Contributed</u>
2012	\$ 1,655,005	\$ 1,655,005	100.00%	\$ 268,692	100.00%
2011	\$ 1,645,843	\$ 1,645,843	100.00%	\$ 250,125	100.00%
2010	\$ 1,245,754	\$ 1,320,667	106.01%	\$ 284,381	100.00%
2009	\$ 886,124	\$ 1,149,156	129.68%	\$ 265,314	100.00%
2008	\$ 1,006,054	\$ 1,024,908	101.87%	\$ 163,088	100.00%
2007	\$ 994,187	\$ 1,000,802	100.67%	\$ 160,063	100.00%

See Notes to Required Supplementary Information.

CITY OF AVENTURA, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2012

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

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

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

- a. The City Manager submits to the City 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 \$ 1,887,400 in the General Fund.
- f. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles ("GAAP").
- g. The City Manager is authorized to transfer part or all of an unencumbered appropriation balance within departments within a fund; however, any revisions that alter the total appropriations of any department or fund must be approved by the City Commission. The classification detail at which expenditures may not legally exceed appropriations is at the department level.
- h. Unencumbered appropriations lapse at fiscal year-end. Unencumbered amounts are reappropriated in the following year's budget for capital accounts only.
- i. Expenditures did not exceed appropriations in any of the governmental funds.

NOTE 2 - ACTUARIAL ASSUMPTIONS

Police Officers' Retirement Plan Fund - Information as of the latest actuarial valuation date of October 1, 2012 included no cost of living adjustments and a 3.00% annual inflation rate; an annual investment rate of return of 7.50%; projected annual salary increases of 5.00%; the amortization method is level dollar, closed; and a remaining amortization period of 21 years.

Other Post-Employment Benefits - Information as of the latest actuarial valuation date of October 1, 2011 included an annual investment rate of return of 4.0%; the amortization method is level dollar; an amortization period of 12 year-open and an actuarial cost method of projected unit credit.

(This page intentionally left blank.)

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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.

911 Fund - This fund is used to account for revenues and expenditures specifically earmarked for the City's emergency 911 system in accordance with Florida Statutes 365.172. The funds may be used to provide emergency dispatch systems, training, communication, maintenance and repairs and related capital outlay purchases. The fund offsets a portion of the emergency 911 operations.

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 principal and interest on all general long-term debt.

Debt Service Fund Series 2010 & 2011 - This fund is used to accumulate monies for the payment of the 2010 and 2011 Refunding Revenue Bonds. Non-ad valorem tax revenues in the governmental funds are pledged for the payment of principal and interest.

Debt Service Fund Series 2012 - Charter School Land Acquisition - This fund is used to accumulate monies for the payment of the 2012 Refunding Revenue Bonds. Non-ad valorem tax revenues in the governmental funds are pledged for the payment of principal and interest.

Debt Service Fund Series 2012 - Charter School Building Construction - This fund is used to accumulate monies for the payment of the 2002 Refunding Revenue Bonds. Non-ad valorem tax revenues in the governmental funds are pledged for the payment of principal and interest.

CITY OF AVENTURA, FLORIDA
COMBINING BALANCE SHEET
OTHER NONMAJOR GOVERNMENTAL FUNDS
September 30, 2012

	Special Revenue Funds					
	Police Education Fund	Police Capital Outlay Impact Fee Fund	Park Development Fund	911 Fund	Federal Forfeiture Fund	Law Enforcement Trust Fund
ASSETS:						
Cash, cash equivalents and investments	\$ 10,502	\$ 5,513	\$ 2,264	\$ 482	\$ 1,012,852	\$ 150,883
Restricted cash, cash equivalents and investments	-	-	-	-	-	-
Accounts receivable, net	-	-	-	59,345	-	-
Due from other governments	1,348	-	-	-	-	-
Total assets	\$ 11,850	\$ 5,513	\$ 2,264	\$ 59,827	\$ 1,012,852	\$ 150,883
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ 169	\$ 12,046	\$ 46,868
Accrued liabilities	-	-	-	-	-	-
Deferred revenue	-	-	-	30,000	-	-
Total liabilities	-	-	-	30,169	12,046	46,868
FUND BALANCES:						
Restricted for:						
Public safety	11,850	-	-	29,658	1,000,806	104,015
Debt service	-	-	-	-	-	-
Capital improvements	-	5,513	2,264	-	-	-
Total fund balances	11,850	5,513	2,264	29,658	1,000,806	104,015
Total liabilities and fund balances	\$ 11,850	\$ 5,513	\$ 2,264	\$ 59,827	\$ 1,012,852	\$ 150,883

Debt Service Funds

Debt Service Fund Series 2010 & 2011	Debt Service Fund Series 2012 Charter School Land Acquisition	Debt Service Fund Series 2012 Charter School Building Construction	Total Nonmajor Governmental Funds
\$ 279,099	\$ 3,427	\$ 121,282	\$ 1,586,304
-	63	61	124
-	-	-	59,345
-	-	-	1,348
<u>\$ 279,099</u>	<u>\$ 3,490</u>	<u>\$ 121,343</u>	<u>\$ 1,647,121</u>
\$ -	\$ -	\$ -	\$ 59,083
267,510	-	-	267,510
-	-	-	30,000
<u>267,510</u>	<u>-</u>	<u>-</u>	<u>356,593</u>
-	-	-	1,146,329
11,589	3,490	121,343	136,422
-	-	-	7,777
<u>11,589</u>	<u>3,490</u>	<u>121,343</u>	<u>1,290,528</u>
<u>\$ 279,099</u>	<u>\$ 3,490</u>	<u>\$ 121,343</u>	<u>\$ 1,647,121</u>

CITY OF AVENTURA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2012

	Special Revenue Funds					
	Police Education Fund	Police Capital Outlay Impact Fee Fund	Park Development Fund	911 Fund	Federal Forfeiture Fund	Law Enforcement Trust Fund
REVENUES:						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ 176,104	\$ -	\$ -
Fines and forfeitures	8,867	-	-	-	650,544	47,169
Impact fees	-	1,596	-	-	-	-
Interest income	32	102	8	65	3,207	792
Total revenues	8,899	1,698	8	176,169	653,751	47,961
EXPENDITURES:						
Current:						
Public safety	9,478	-	-	88,763	-	28,071
Capital outlay	-	31,388	-	-	364,114	146,233
Debt service:						
Principal	-	-	-	-	-	-
Advance refunding escrow	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Trustee fees and other	-	-	-	-	-	-
Total expenditures	9,478	31,388	-	88,763	364,114	174,304
Excess (deficiency) of revenues over expenditures	(579)	(29,690)	8	87,406	289,637	(126,343)
OTHER FINANCING SOURCES (USES):						
Issuance of debt	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(82,250)	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(82,250)	-	-
Net change in fund balances	(579)	(29,690)	8	5,156	289,637	(126,343)
FUND BALANCES, beginning	12,429	35,203	2,256	24,502	711,169	230,358
FUND BALANCES, ending	\$ 11,850	\$ 5,513	\$ 2,264	\$ 29,658	\$ 1,000,806	\$ 104,015

Debt Service Funds

Debt Service Fund Series 2010 & 2011	Debt Service Fund Series 2012 Charter School Land Acquisition	Debt Service Fund Series 2012 Charter School Building Construction	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 176,104
-	-	-	706,580
-	-	-	1,596
<u>231</u>	<u>4</u>	<u>213</u>	<u>4,654</u>
<u>231</u>	<u>4</u>	<u>213</u>	<u>888,934</u>
-	-	-	126,312
-	-	-	541,735
650,000	-	-	650,000
-	282,518	315,338	597,856
546,376	114,628	128,227	789,231
-	39,589	38,320	77,909
<u>1,196,376</u>	<u>436,735</u>	<u>481,885</u>	<u>2,783,043</u>
<u>(1,196,145)</u>	<u>(436,731)</u>	<u>(481,672)</u>	<u>(1,894,109)</u>
-	4,671,190	5,213,810	9,885,000
1,206,377	403,780	446,931	2,057,088
-	-	-	(82,250)
-	(4,635,749)	(5,174,251)	(9,810,000)
<u>1,206,377</u>	<u>439,221</u>	<u>486,490</u>	<u>2,049,838</u>
10,232	2,490	4,818	155,729
<u>1,357</u>	<u>1,000</u>	<u>116,525</u>	<u>1,134,799</u>
<u>\$ 11,589</u>	<u>\$ 3,490</u>	<u>\$ 121,343</u>	<u>\$ 1,290,528</u>

CITY OF AVENTURA, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SPECIAL REVENUE FUND
POLICE EDUCATION FUND
 For the Year Ended September 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 7,000	\$ 7,000	\$ 8,867	\$ 1,867
Interest income	-	-	32	32
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>8,899</u>	<u>1,899</u>
EXPENDITURES:				
Operating	<u>11,000</u>	<u>19,429</u>	<u>9,478</u>	<u>9,951</u>
Total expenditures	<u>11,000</u>	<u>19,429</u>	<u>9,478</u>	<u>9,951</u>
Excess (deficiency) of revenues over expenditures	<u>(4,000)</u>	<u>(12,429)</u>	<u>(579)</u>	<u>11,850</u>
OTHER FINANCING SOURCES (USES):				
Appropriated fund balance	<u>4,000</u>	<u>12,429</u>	<u>-</u>	<u>(12,429)</u>
Total other financing sources (uses)	<u>4,000</u>	<u>12,429</u>	<u>-</u>	<u>(12,429)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (579)</u>	<u>\$ (579)</u>

CITY OF AVENTURA, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SPECIAL REVENUE FUND
POLICE CAPITAL OUTLAY IMPACT FEE FUND
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Impact fees	\$ -	\$ -	\$ 1,596	\$ 1,596
Interest income	-	-	102	102
Total revenues	<u>-</u>	<u>-</u>	<u>1,698</u>	<u>1,698</u>
EXPENDITURES:				
Capital outlay	<u>16,557</u>	<u>35,203</u>	<u>31,388</u>	<u>3,815</u>
Total expenditures	<u>16,557</u>	<u>35,203</u>	<u>31,388</u>	<u>3,815</u>
Excess (deficiency) of revenues over expenditures	<u>(16,557)</u>	<u>(35,203)</u>	<u>(29,690)</u>	<u>5,513</u>
OTHER FINANCING SOURCES (USES):				
Appropriated fund balance	<u>16,557</u>	<u>35,203</u>	<u>-</u>	<u>(35,203)</u>
Total other financing sources (uses)	<u>16,557</u>	<u>35,203</u>	<u>-</u>	<u>(35,203)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (29,690)</u>	<u>\$ (29,690)</u>

CITY OF AVENTURA, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SPECIAL REVENUE FUND
PARK DEVELOPMENT FUND
 For the Year Ended September 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest income	\$ -	\$ -	\$ 8	\$ 8
Total revenues	-	-	8	8
 EXPENDITURES:				
Capital outlay	2,246	2,256	-	2,256
Total expenditures	2,246	2,256	-	2,256
Excess (deficiency) of revenues over expenditures	(2,246)	(2,256)	8	2,264
 OTHER FINANCING SOURCES (USES):				
Appropriated fund balance	2,246	2,256	-	(2,256)
Total other financing sources (uses)	2,246	2,256	-	(2,256)
Net change in fund balance	\$ -	\$ -	\$ 8	\$ 8

CITY OF AVENTURA, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SPECIAL REVENUE FUND
911 FUND
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 211,650	\$ 211,650	\$ 176,104	\$ (35,546)
Interest income	-	-	65	65
Total revenues	<u>211,650</u>	<u>211,650</u>	<u>176,169</u>	<u>(35,481)</u>
EXPENDITURES:				
Operating	129,400	129,400	88,763	40,637
Capital outlay	-	24,502	-	24,502
Total expenditures	<u>129,400</u>	<u>153,902</u>	<u>88,763</u>	<u>65,139</u>
Excess (deficiency) of revenues over expenditures	<u>82,250</u>	<u>57,748</u>	<u>87,406</u>	<u>29,658</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(82,250)	(82,250)	(82,250)	-
Appropriated fund balance	-	24,502	-	(24,502)
Total other financing sources (uses)	<u>(82,250)</u>	<u>(57,748)</u>	<u>(82,250)</u>	<u>(24,502)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,156</u>	<u>\$ 5,156</u>

CITY OF AVENTURA, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
DEBT SERVICE FUND SERIES 2010 & 2011
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest income	\$ -	\$ -	\$ 231	\$ 231
Total revenues	<u>-</u>	<u>-</u>	<u>231</u>	<u>231</u>
EXPENDITURES:				
Debt Service:				
Principal	650,000	650,000	650,000	-
Interest	<u>557,734</u>	<u>557,734</u>	<u>546,376</u>	<u>11,358</u>
Total expenditures	<u>1,207,734</u>	<u>1,207,734</u>	<u>1,196,376</u>	<u>11,358</u>
Excess (deficiency) of revenues over expenditures	<u>(1,207,734)</u>	<u>(1,207,734)</u>	<u>(1,196,145)</u>	<u>11,589</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>1,207,734</u>	<u>1,207,734</u>	<u>1,206,377</u>	<u>(1,357)</u>
Total other financing sources (uses)	<u>1,207,734</u>	<u>1,207,734</u>	<u>1,206,377</u>	<u>(1,357)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,232</u>	<u>\$ 10,232</u>

CITY OF AVENTURA, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
DEBT SERVICE FUND SERIES 2000
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest income	\$ -	\$ -	\$ 25,099	\$ 25,099
Total revenues	-	-	25,099	25,099
EXPENDITURES:				
Debt Service:				
Principal	310,000	310,000	310,000	-
Interest	198,465	198,465	198,072	393
Total expenditures	508,465	508,465	508,072	393
Excess (deficiency) of revenues over expenditures	(508,465)	(508,465)	(482,973)	25,492
OTHER FINANCING SOURCES (USES):				
Transfers in	508,465	508,465	508,465	-
Total other financing sources (uses)	508,465	508,465	508,465	-
Net change in fund balance	\$ -	\$ -	\$ 25,492	\$ 25,492

CITY OF AVENTURA, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
DEBT SERVICE FUND SERIES 2012-
CHARTER SCHOOL LAND ACQUISITION
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest income	\$ -	\$ -	\$ 4	\$ 4
Total revenues	-	-	4	4
EXPENDITURES:				
Debt Service:				
Advance refunding escrow	167,756	167,756	282,518	(114,762)
Interest	229,524	229,524	114,628	114,896
Trustee fees and other	7,500	42,941	39,589	3,352
Total expenditures	404,780	440,221	436,735	3,486
Excess (deficiency) of revenues over expenditures	(404,780)	(440,221)	(436,731)	3,490
OTHER FINANCING SOURCES (USES):				
Proceeds from refunding bonds	-	4,671,190	4,671,190	-
Transfers in	404,780	403,780	403,780	-
Appropriated fund balance	-	1,000	-	(1,000)
Payment to refunded bond escrow agent	-	(4,635,749)	(4,635,749)	-
Total other financing sources (uses)	404,780	440,221	439,221	(1,000)
Net change in fund balance	\$ -	\$ -	\$ 2,490	\$ 2,490

CITY OF AVENTURA, FLORIDA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
DEBT SERVICE FUND SERIES 2012 -
CHARTER SCHOOL BUILDING CONSTRUCTION
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest income	\$ -	\$ -	\$ 213	\$ 213
Total revenues	-	-	213	213
EXPENDITURES:				
Debt Service:				
Advance refunding escrow	187,244	187,244	315,338	(128,094)
Interest	256,187	256,187	128,227	127,960
Trustee fees and other	3,500	43,059	38,320	4,739
Total expenditures	446,931	486,490	481,885	4,605
Excess (deficiency) of revenues over expenditures	(446,931)	(486,490)	(481,672)	4,818
OTHER FINANCING SOURCES (USES):				
Proceeds from refunding bonds	-	5,213,810	5,213,810	-
Transfers in	446,931	446,931	446,931	-
Payment to refunded bond escrow agent	-	(5,174,251)	(5,174,251)	-
Total other financing sources (uses)	446,931	486,490	486,490	-
Net change in fund balance	\$ -	\$ -	\$ 4,818	\$ 4,818

(This page intentionally left blank.)

STATISTICAL SECTION

STATISTICAL SECTION

This part of City of Aventura's comprehensive annual financial report presents detailed information as a context for understanding what information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Net assets by component	72
Changes in net assets	73-74
Governmental activities tax revenues by source	75
Fund balances of governmental funds	76
Changes in fund balances of governmental funds	77-78
General governmental tax revenues by source	79

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Assessed value and estimated actual assessed value of taxable property	80
Property tax rates - direct and overlapping governments	81-82
Principal property taxpayers	83
Property tax levies and collections	84

Debt Capacity:

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Ratios of outstanding debt by type	85
Ratios of general bonded debt outstanding	86
Direct and overlapping governmental activity debt	87
Legal debt margin information	88

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Demographic and economic statistics	89
Occupational employment by group - Miami-Dade County, Florida	90

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Full-time equivalent city government employees by function	91
Operating indicators by function	92
Capital asset statistics by function	93

Sources: Unless otherwise indicated, information in these schedules is derived from the comprehensive annual financial reports for the respective years.

CITY OF AVENTURA, FLORIDA
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Table 1

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
GOVERNMENTAL ACTIVITIES:										
Invested in capital assets, net of related debt	\$ 19,880,605	\$ 22,471,893	\$ 23,896,000	\$ 26,151,708	\$ 45,438,705	\$ 50,968,930	\$ 54,916,084	\$ 60,320,654	\$ 59,215,769	\$ 59,176,872
Restricted	5,214,557	1,872,770	2,944,000	3,047,457	2,942,261	1,226,693	1,592,461	895,481	1,694,288	2,240,013
Unrestricted	<u>6,882,421</u>	<u>12,099,673</u>	<u>15,844,000</u>	<u>20,119,775</u>	<u>25,046,530</u>	<u>31,110,719</u>	<u>35,762,870</u>	<u>37,169,427</u>	<u>38,621,886</u>	<u>39,900,020</u>
Total governmental activities, net assets	<u>\$ 31,977,583</u>	<u>\$ 36,444,336</u>	<u>\$ 42,684,000</u>	<u>\$ 49,318,940</u>	<u>\$ 73,427,496</u>	<u>\$ 83,306,342</u>	<u>\$ 92,271,415</u>	<u>\$ 98,385,562</u>	<u>\$ 99,531,943</u>	<u>\$ 101,316,905</u>
BUSINESS-TYPE ACTIVITIES:										
Invested in capital assets, net of related debt	\$ 5,350,003	\$ 5,350,598	\$ 6,161,008	\$ 6,417,218	\$ 7,502,883	\$ 7,431,770	\$ 7,580,426	\$ 7,616,360	\$ 7,424,095	\$ 7,126,772
Unrestricted	<u>(221,770)</u>	<u>62,243</u>	<u>(278,512)</u>	<u>287,480</u>	<u>117,452</u>	<u>417,920</u>	<u>529,552</u>	<u>671,857</u>	<u>993,386</u>	<u>1,429,043</u>
Total business-type activities, net assets	<u>\$ 5,128,233</u>	<u>\$ 5,412,841</u>	<u>\$ 5,882,496</u>	<u>\$ 6,704,698</u>	<u>\$ 7,620,335</u>	<u>\$ 7,849,690</u>	<u>\$ 8,109,978</u>	<u>\$ 8,288,217</u>	<u>\$ 8,417,481</u>	<u>\$ 8,555,815</u>
PRIMARY GOVERNMENT:										
Invested in capital assets, net of related debt	\$ 25,230,608	\$ 27,822,491	\$ 30,057,008	\$ 32,568,926	\$ 52,941,588	\$ 58,400,700	\$ 62,496,510	\$ 67,937,014	\$ 66,639,864	\$ 66,303,644
Restricted	5,214,557	1,872,770	2,944,000	3,047,457	2,942,261	1,226,693	1,592,461	895,481	1,694,288	2,240,013
Unrestricted	<u>6,660,651</u>	<u>12,161,916</u>	<u>15,565,488</u>	<u>20,407,255</u>	<u>25,163,982</u>	<u>31,528,639</u>	<u>36,292,422</u>	<u>37,841,284</u>	<u>39,615,272</u>	<u>41,329,063</u>
Total primary government, net assets	<u>\$ 37,105,816</u>	<u>\$ 41,857,177</u>	<u>\$ 48,566,496</u>	<u>\$ 56,023,638</u>	<u>\$ 81,047,831</u>	<u>\$ 91,156,032</u>	<u>\$ 100,381,393</u>	<u>\$ 106,673,779</u>	<u>\$ 107,949,424</u>	<u>\$ 109,872,720</u>

CITY OF AVENTURA, FLORIDA
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Table 2

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EXPENSES:										
Governmental activities:										
General government	\$ 3,901,371	\$ 4,378,320	\$ 5,234,533	\$ 8,614,169	\$ 6,221,118	\$ 6,776,605	\$ 6,792,783	\$ 4,574,365	\$ 4,917,160	\$ 4,977,304
Public safety	10,262,009	11,548,304	13,042,732	14,480,174	15,364,893	15,517,221	16,107,437	18,460,900	18,928,521	19,571,423
Community services	4,822,153	8,395,691	8,958,704	10,057,441	13,061,771	13,030,566	12,666,857	15,059,743	14,947,707	15,187,991
Interest and fiscal charges	1,785,364	1,830,330	1,777,122	1,804,438	1,720,827	1,674,297	1,641,919	1,574,525	1,396,059	1,187,024
Total governmental activities	20,770,897	26,152,645	29,013,091	34,956,222	36,368,609	36,998,689	37,208,996	39,669,533	40,189,447	40,923,742
Business-type activities:										
Stormwater utility	125,727	147,242	249,947	360,712	557,635	670,602	651,175	843,251	827,090	758,185
Total business-type activities	125,727	147,242	249,947	360,712	557,635	670,602	651,175	843,251	827,090	758,185
Total primary government expenses	\$ 20,896,624	\$ 26,299,887	\$ 29,263,038	\$ 35,316,934	\$ 36,926,244	\$ 37,669,291	\$ 37,860,171	\$ 40,512,784	\$ 41,016,537	\$ 41,681,927
PROGRAM REVENUES:										
Governmental activities:										
Charges for services:										
General government	\$ 2,629,963	\$ 1,057,776	\$ 539,332	\$ 91,522	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	772,325	2,402,106	3,585,061	4,788,890	3,489,180	2,965,541	1,973,570	5,505,242	4,917,288	5,413,866
Community services	187,182	227,512	671,809	944,724	1,805,425	1,993,719	3,505,392	1,275,753	1,596,122	1,621,334
Operating grants and contributions	164,260	4,099,084	5,212,020	7,302,460	8,298,050	8,379,687	7,726,423	7,663,169	7,559,658	7,032,045
Capital grants and contributions	14,523	401,076	8,987	420,493	40,340	-	2,359,690	2,465,574	500,068	676,604
Total governmental activities program revenues	3,768,253	8,187,554	10,017,209	13,548,089	13,632,995	13,338,947	15,565,075	16,909,738	14,573,136	14,743,849
Business-type activities:										
Charges for services:										
Stormwater utility	820,926	826,199	820,554	815,454	889,178	882,429	801,532	842,867	843,930	892,395
Operating grants and contributions	650,000	-	-	415,000	580,759	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	107,364	175,303	108,862	-
Total business-type activities program revenues	1,470,926	826,199	820,554	1,230,454	1,469,937	882,429	908,896	1,018,170	952,792	892,395
Total primary government program revenues	\$ 5,239,179	\$ 9,013,753	\$ 10,837,763	\$ 14,778,543	\$ 15,102,932	\$ 14,221,376	\$ 16,473,971	\$ 17,927,908	\$ 15,525,928	\$ 15,636,244

CITY OF AVENTURA, FLORIDA
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(continued)

Table 2

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
NET EXPENSE/REVENUE:										
Governmental activities	\$ (17,002,644)	\$ (17,965,091)	\$ (18,995,882)	\$ (21,408,133)	\$ (22,735,614)	\$ (23,659,742)	\$ (21,643,921)	\$ (22,759,795)	\$ (25,616,311)	\$ (26,179,893)
Business-type activities	<u>1,345,199</u>	<u>678,957</u>	<u>570,607</u>	<u>869,742</u>	<u>912,302</u>	<u>211,827</u>	<u>257,721</u>	<u>174,919</u>	<u>125,702</u>	<u>134,210</u>
Total primary government, net expense	<u>\$ (15,657,445)</u>	<u>\$ (17,286,134)</u>	<u>\$ (18,425,275)</u>	<u>\$ (20,538,391)</u>	<u>\$ (21,823,312)</u>	<u>\$ (23,447,915)</u>	<u>\$ (21,386,200)</u>	<u>\$ (22,584,876)</u>	<u>\$ (25,490,609)</u>	<u>\$ (26,045,683)</u>
GENERAL REVENUES AND OTHER:										
Changes in net assets:										
Governmental activities:										
Taxes:										
Ad valorem taxes	\$ 9,075,096	\$ 10,143,246	\$ 11,842,689	\$ 14,089,388	\$ 17,127,913	\$ 15,942,020	\$ 15,189,005	\$ 13,253,848	\$ 11,734,232	\$ 11,724,189
Utility service taxes	5,397,011	5,460,119	5,719,554	6,015,016	6,269,809	6,741,903	7,451,872	7,362,899	7,379,830	7,772,000
Franchise fees	1,875,199	2,185,155	2,330,809	3,359,261	4,234,574	4,270,671	3,644,177	3,686,885	2,684,216	3,070,065
Intergovernmental revenue - unrestricted	2,861,600	3,203,912	3,427,647	3,003,546	4,041,947	4,799,706	3,577,758	3,838,972	4,182,305	4,917,107
Impact fees	56,609	754,954	959,264	-	-	-	15,581	101	189,440	22,426
Interest income	246,216	174,983	553,135	1,159,778	1,580,978	1,035,457	292,180	310,885	195,382	174,152
Miscellaneous revenues	104,436	107,193	298,875	365,705	92,987	748,831	438,421	420,352	397,287	284,916
Transfers	<u>567,037</u>	<u>402,282</u>	<u>103,210</u>	<u>50,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>20,183,204</u>	<u>22,431,844</u>	<u>25,235,183</u>	<u>28,043,436</u>	<u>33,348,208</u>	<u>33,538,588</u>	<u>30,608,994</u>	<u>28,873,942</u>	<u>26,762,692</u>	<u>27,964,855</u>
Business-type activities:										
Interest income	3,262	2,555	2,258	3,202	3,335	17,528	2,567	3,320	3,562	4,124
Transfers	<u>(567,037)</u>	<u>(396,904)</u>	<u>(103,210)</u>	<u>(50,742)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>(563,775)</u>	<u>(394,349)</u>	<u>(100,952)</u>	<u>(47,540)</u>	<u>3,335</u>	<u>17,528</u>	<u>2,567</u>	<u>3,320</u>	<u>3,562</u>	<u>4,124</u>
Total primary government	<u>\$ 19,619,429</u>	<u>\$ 22,037,495</u>	<u>\$ 25,134,231</u>	<u>\$ 27,995,896</u>	<u>\$ 33,351,543</u>	<u>\$ 33,556,116</u>	<u>\$ 30,611,561</u>	<u>\$ 28,877,262</u>	<u>\$ 26,766,254</u>	<u>\$ 27,968,979</u>
CHANGE IN NET ASSETS:										
Governmental activities	\$ 3,180,560	\$ 4,466,753	\$ 6,239,301	\$ 6,635,303	\$ 10,612,594	\$ 9,878,846	\$ 8,965,073	\$ 6,114,147	\$ 1,146,381	\$ 1,784,962
Business-type activities	<u>781,424</u>	<u>284,608</u>	<u>469,655</u>	<u>822,202</u>	<u>915,637</u>	<u>229,355</u>	<u>260,288</u>	<u>178,239</u>	<u>129,264</u>	<u>138,334</u>
Total primary government	<u>\$ 3,961,984</u>	<u>\$ 4,751,361</u>	<u>\$ 6,708,956</u>	<u>\$ 7,457,505</u>	<u>\$ 11,528,231</u>	<u>\$ 10,108,201</u>	<u>\$ 9,225,361</u>	<u>\$ 6,292,386</u>	<u>\$ 1,275,645</u>	<u>\$ 1,923,296</u>

CITY OF AVENTURA, FLORIDA
 GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
 LAST TEN FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

Table 3

Fiscal Year	Tax Roll Year	Ad Valorem Taxes	Utility Taxes	Franchise Fees	Total
2003	2002	\$ 9,075,096	\$ 5,397,011	\$ 1,875,199	\$ 16,347,306
2004	2003	10,143,246	5,460,119	2,185,155	17,788,520
2005	2004	11,842,689	5,719,554	2,330,809	19,893,052
2006	2005	14,089,388	6,015,016	3,359,261	23,463,665
2007	2006	17,127,913	6,269,809	4,234,574	27,632,296
2008	2007	15,942,020	6,741,903	4,270,671	26,954,594
2009	2008	15,189,005	7,451,872	3,644,177	26,285,054
2010	2009	13,253,848	7,362,899	3,686,885	24,303,632
2011	2010	11,734,232	7,379,830	2,684,216	21,798,278
2012	2011	11,724,189	7,772,000	3,070,065	22,566,254

CITY OF AVENTURA, FLORIDA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Table 4

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund:										
Reserved	\$ 1,111,025	\$ 4,560,475	\$ 1,358,556	\$ 3,799,001	\$ 1,523,001	\$ 439,385	\$ 215,174	\$ 139,823	\$ -	\$ -
Unreserved	10,488,460	8,089,508	9,975,843	12,635,078	21,765,557	29,087,603	34,184,317	36,344,556	-	-
Nonspendable	-	-	-	-	-	-	-	-	37,204	33,045
Committed	-	-	-	-	-	-	-	-	20,193,488	19,773,488
Assigned	-	-	-	-	-	-	-	-	2,119,548	5,747,436
Unassigned	-	-	-	-	-	-	-	-	15,868,958	14,084,222
Total General Fund	\$ 11,599,485	\$ 12,649,983	\$ 11,334,399	\$ 16,434,079	\$ 23,288,558	\$ 29,526,988	\$ 34,399,491	\$ 36,484,379	\$ 38,219,198	\$ 39,638,191
All other governmental funds:										
Reserved	\$ 18,485	\$ 34,811	\$ 44,124	\$ 1,206,173	\$ 186,560	\$ 170,219	\$ 1,067,451	\$ 253,040	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Funds	1,116,361	2,267,113	3,245,826	2,746,804	3,950,116	3,676,879	2,439,375	2,308,838	-	-
Debt Service Funds	-	-	(3,441)	(4,525)	133,053	136,790	137,175	280,321	-	-
Capital Projects Funds	4,079,711	4,089,706	4,310,386	3,963,362	1,823,597	99,664	811,979	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	30,575	30,759
Restricted	-	-	-	-	-	-	-	-	1,694,288	2,240,013
Assigned	-	-	-	-	-	-	-	-	2,352,114	2,196,478
Total all other governmental funds	\$ 5,214,557	\$ 6,391,630	\$ 7,596,895	\$ 7,911,814	\$ 6,093,326	\$ 4,083,552	\$ 4,455,980	\$ 2,842,199	\$ 4,076,977	\$ 4,467,250

(1) Information for fiscal years 2002 to 2010 have not been restated for Governmental Accounting Standards Board (GASB) Statement No. 54 classifications.

(This page intentionally left blank.)

CITY OF AVENTURA, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2003	2004	2005	2006
REVENUES:				
Ad valorem taxes	\$ 9,075,096	\$ 10,143,246	\$ 11,842,689	\$ 14,089,388
Utility service taxes	5,397,011	5,460,119	5,719,554	6,015,016
Franchise fees	1,875,199	2,185,155	2,330,809	3,359,261
Intergovernmental	2,965,158	7,663,308	7,263,468	10,905,885
Licenses and permits	2,185,654	2,146,913	3,335,034	3,277,960
Charges for services	965,067	1,099,321	1,598,230	1,904,741
Fines and forfeitures	399,899	351,698	472,465	601,339
Impact fees	56,609	754,954	959,264	398,436
Interest income	246,216	174,983	553,135	1,159,778
Developer contributions	30,000	85,842	-	-
Miscellaneous	74,436	134,768	298,875	610,584
	<u>23,270,345</u>	<u>30,200,307</u>	<u>34,373,523</u>	<u>42,322,388</u>
Total revenues				
EXPENDITURES:				
Current:				
General government	2,163,885	2,371,236	2,580,989	2,668,284
Public safety	9,438,156	10,594,453	12,256,346	13,781,535
Community services	4,226,979	7,495,145	7,997,769	9,019,229
Nondepartmental	1,040,052	1,292,580	1,623,794	2,978,900
Capital outlay	12,153,846	3,905,875	7,416,346	5,800,374
Debt service:				
Principal	595,000	900,000	930,000	965,000
Advance refunding escrow	-	-	-	-
Interest	1,746,446	1,786,797	1,753,446	1,719,392
Trustee fees and other	73,760	28,932	28,363	25,817
	<u>31,438,124</u>	<u>28,375,018</u>	<u>34,587,053</u>	<u>36,958,531</u>
Total expenditures				
Excess (deficiency of revenues over expenditures)	<u>(8,167,779)</u>	<u>1,825,289</u>	<u>(213,530)</u>	<u>5,363,857</u>
OTHER FINANCING SOURCES (USES):				
Issuance of debt	-	-	-	-
Transfers in	2,379,299	3,687,963	2,821,795	2,740,850
Transfers out	(1,812,262)	(3,285,681)	(2,718,585)	(2,690,108)
Payment to refunded bond escrow agent	-	-	-	-
	<u>567,037</u>	<u>402,282</u>	<u>103,210</u>	<u>50,742</u>
Total other financing sources (uses)				
Net change in fund balances	<u>\$ (7,600,742)</u>	<u>\$ 2,227,571</u>	<u>\$ (110,320)</u>	<u>\$ 5,414,599</u>
Debt service as a percentage of noncapital expenditures	12.14%	10.98%	9.88%	8.62%

Table 5

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$	17,127,913	\$ 15,942,020	\$ 15,189,005	\$ 13,253,848	\$ 11,734,232	\$ 11,724,189
	6,269,809	6,741,903	7,451,872	7,448,097	7,465,029	7,486,791
	4,234,574	4,270,671	3,644,177	3,686,885	2,684,216	3,070,065
	11,586,872	11,762,763	13,273,593	12,970,784	11,764,642	11,738,610
	3,229,778	2,808,112	1,892,862	2,025,310	2,374,902	2,522,665
	2,194,596	2,313,107	2,078,224	2,322,794	2,814,652	2,891,647
	577,148	652,747	2,275,882	3,107,179	2,096,677	2,459,276
	40,340	-	15,581	101	189,440	22,426
	1,580,978	1,035,457	292,180	310,885	195,382	174,152
	-	-	-	-	-	-
	<u>234,544</u>	<u>748,831</u>	<u>438,421</u>	<u>428,907</u>	<u>414,678</u>	<u>303,795</u>
	<u>47,076,552</u>	<u>46,275,611</u>	<u>46,551,797</u>	<u>45,554,790</u>	<u>41,733,850</u>	<u>42,393,616</u>
	4,884,708	4,561,020	4,639,737	4,360,999	4,274,015	4,266,981
	14,360,873	14,727,849	15,625,029	16,965,808	17,636,378	18,413,325
	10,817,310	10,798,272	11,057,179	11,950,071	12,083,949	12,305,720
	-	-	-	-	-	-
	9,265,681	9,256,902	7,278,743	8,576,499	2,596,599	3,050,256
	1,005,000	1,035,000	1,080,000	1,130,000	635,000	960,000
	-	-	-	520,000	336,928	597,856
	1,682,298	1,642,606	1,607,984	1,553,980	1,212,882	987,303
	<u>24,691</u>	<u>25,306</u>	<u>18,194</u>	<u>89,766</u>	<u>49,496</u>	<u>77,909</u>
	<u>42,040,561</u>	<u>42,046,955</u>	<u>41,306,866</u>	<u>45,147,123</u>	<u>38,825,247</u>	<u>40,659,350</u>
	<u>5,035,991</u>	<u>4,228,656</u>	<u>5,244,931</u>	<u>407,667</u>	<u>2,908,603</u>	<u>1,734,266</u>
	-	-	-	10,385,000	5,565,000	9,885,000
	2,898,498	2,907,111	5,254,251	4,526,447	2,316,510	2,747,803
	(2,898,498)	(2,907,111)	(5,254,251)	(4,526,447)	(2,316,510)	(2,747,803)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,321,560)</u>	<u>(5,504,006)</u>	<u>(9,810,000)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,440</u>	<u>60,994</u>	<u>75,000</u>
\$	<u><u>5,035,991</u></u>	<u><u>4,228,656</u></u>	<u><u>5,244,931</u></u>	<u><u>471,107</u></u>	<u><u>2,969,597</u></u>	<u><u>1,809,266</u></u>
	8.20%	8.17%	7.90%	7.15%	5.07%	5.11%

CITY OF AVENTURA, FLORIDA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Table 6

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Inter-Governmental</u>	<u>Licenses and Permits</u>	<u>Charges for Services</u>	<u>Fines and Forfeitures</u>	<u>Interest Income</u>	<u>Other</u>	<u>Total</u>
2003	\$ 16,347,306	\$ 2,965,158	\$ 2,185,654	\$ 965,067	\$ 399,899	\$ 246,216	\$ 161,045	\$ 23,270,345
2004	17,788,520	7,663,308	2,146,913	1,099,321	351,698	174,983	975,564	30,200,307
2005	19,893,052	7,263,468	3,335,034	1,598,230	472,465	553,135	1,258,139	34,373,523
2006	23,463,665	10,905,885	3,277,960	1,904,741	601,339	1,159,778	1,009,020	42,322,388
2007	27,632,296	11,586,872	3,229,778	2,194,596	577,148	1,580,978	274,884	47,076,552
2008	26,954,594	11,762,763	2,808,112	2,313,107	652,747	1,035,457	748,831	46,275,611
2009	26,285,054	13,273,593	1,892,862	2,078,224	2,275,882	292,180	454,002	46,551,797
2010	24,388,830	12,970,784	2,025,310	2,322,794	3,107,179	310,885	429,008	45,554,790
2011	21,883,477	11,764,642	2,374,902	2,814,652	2,096,677	195,382	604,118	41,733,850
2012	22,281,045	11,738,610	2,522,665	2,891,647	2,459,276	174,152	326,221	42,393,616

CITY OF AVENTURA, FLORIDA
ASSESSED VALUE AND ESTIMATED ACTUAL ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Table 7

<u>Fiscal Year</u>	<u>Tax Roll Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value (1)</u>	<u>Assessed Value as a Percentage of Actual Value</u>
2003	2002	\$ 4,007,501,399	\$ 160,384,595	\$ N/A	\$ 4,167,885,994	2.2270	\$ N/A	\$ N/A
2004	2003	4,569,228,195	161,725,854	N/A	4,730,954,049	2.2270	N/A	N/A
2005	2004	5,378,718,735	178,342,801	N/A	5,557,061,536	2.2270	N/A	N/A
2006	2005	6,780,880,599	187,347,215	(351,806,315)	6,616,421,499	2.2270	7,576,931,843	87.323%
2007	2006	8,331,742,670	201,721,611	(372,540,477)	8,160,923,804	2.2270	9,597,268,019	85.034%
2008	2007	9,774,193,983	227,245,274	(391,557,538)	9,609,881,719	1.7261	11,419,378,837	84.154%
2009	2008	9,860,466,135	209,118,365	(629,776,968)	9,439,807,532	1.7261	10,972,855,584	86.029%
2010	2009	8,433,846,719	221,526,640	(591,538,406)	8,063,834,953	1.7261	9,042,917,094	89.173%
2011	2010	7,607,087,842	216,861,227	(579,342,462)	7,244,606,607	1.7261	8,039,916,683	90.108%
2012	2011	7,599,224,177	212,774,157	(521,364,015)	7,290,634,319	1.7261	8,158,847,193	89.359%

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

**CITY OF AVENTURA, FLORIDA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$ 1,000 OF TAXABLE VALUE)
LAST TEN FISCAL YEARS**

Fiscal Year	Tax Roll Year	City of Aventura			School District			Overlapping Rates				Total State Millage
		Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total School Millage	Everglades Project	South Florida Water Management District	Florida Inland Navigational District		
2003	2002	2.2270	-	2.2270	8.4820	0.7700	9.2520	0.1000	0.5970	0.0385	0.7355	
2004	2003	2.2270	-	2.2270	8.4180	0.6820	9.1000	0.1000	0.5970	0.0385	0.7355	
2005	2004	2.2270	-	2.2270	8.0900	0.5970	8.6870	0.1000	0.5970	0.0385	0.7355	
2006	2005	2.2270	-	2.2270	7.9470	0.4910	8.4380	0.1000	0.5970	0.0385	0.7355	
2007	2006	2.2270	-	2.2270	7.6910	0.4140	8.1050	0.1000	0.5970	0.0385	0.7355	
2008	2007	1.7261	-	1.7261	7.5700	0.3780	7.9480	0.0894	0.5346	0.0345	0.6585	
2009	2008	1.7261	-	1.7261	7.5330	0.2640	7.7970	0.0894	0.5346	0.0345	0.6585	
2010	2009	1.7261	-	1.7261	7.6980	0.2970	7.9950	0.0894	0.5346	0.0345	0.6585	
2011	2010	1.7261	-	1.7261	7.8640	0.3850	8.2490	0.0894	0.5346	0.0345	0.6585	
2012	2011	1.7261	-	1.7261	7.7650	0.2400	8.0050	0.0624	0.3739	0.0345	0.4708	

Source: Miami-Dade County Appraiser's Office.

Table 8

Miami-Dade County			Overlapping Rates				Special Districts		Total Direct and Overlapping Rates
Operating Millage	Debt Service Millage	Total County Millage	Children's Trust	Fire and Rescue	Fire Debt	Library	Total District's Millage		
5.8890	0.3900	6.2790	-	2.5820	0.0790	0.4860	3.1470	21.6405	
5.9690	0.2850	6.2540	0.5000	2.5820	0.0790	0.4860	3.6470	21.9635	
5.9350	0.2850	6.2200	0.4442	2.5920	0.0690	0.4860	3.5912	21.4607	
5.8350	0.2850	6.1200	0.4288	2.6090	0.0520	0.4860	3.5758	21.0963	
5.6150	0.2850	5.9000	0.4223	2.6090	0.0420	0.4860	3.5593	20.5268	
4.5796	0.2850	4.8646	0.4223	2.2067	0.0420	0.3842	3.0552	18.2524	
4.8379	0.2850	5.1229	0.4212	2.1851	0.0420	0.3822	3.0305	18.3350	
4.8379	0.2850	5.1229	0.5000	2.1851	0.0420	0.3822	3.1093	18.6118	
5.4275	0.4450	5.8725	0.5000	2.5753	0.0200	0.2840	3.3793	19.8854	
4.8050	0.2850	5.0900	0.5000	2.4496	0.0131	0.1795	3.1422	18.4341	

**CITY OF AVENTURA, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Table 9

Taxpayer	Type of Use	Fiscal Year					
		2012			2003		
		Taxable Assessed Value	Rank	Percentage Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage Total Taxable Assessed Value
Aventura Mall Ventures	Shopping Center	\$ 398,448,027	1	5.47%	\$ 278,300,000	1	6.68%
Miami Beach Health Care Group, LTD	Hospital & Health Care Facility	158,497,479	2	2.17%	-	-	-
CC-Aventura, Inc.	Independent/Assisted Living Facility	91,532,393	3	1.26%	-	-	-
Turnberry Isle Resort, LP	Golf Course, Hotel & Marina	63,471,538	4	0.87%	72,949,000	2	1.75%
D. Soffer and B. Redich TRS	Commercial Developer	49,913,393	5	0.68%	35,245,000	7	0.85%
Summit Properties Partnership, LP	Rental Apartment Complex	47,000,000	6	0.64%	37,314,000	6	0.90%
Florida Power & Light Co.	Electrical Utility Company	41,398,827	7	0.57%	-	-	-
Bruce Strohm and D. Neithercut TRS	Rental Apartment Complex	40,000,000	8	0.55%	-	-	-
NNN Aventura Harbour Centre, LLC	Mixed Use Zones & Offices	38,100,000	9	0.52%	-	-	-
Lincoln Aventura LLC	Rental Apartment Complex	34,800,000	10	0.48%	-	-	-
The Bay Club of Aventura	Rental Apartment Complex	-	-	-	63,000,000	3	1.51%
The Prudential Insurance Co.	Shopping Center	-	-	-	48,667,000	4	1.17%
Aventura Development, LLC	Rental Apartment Complex	-	-	-	48,458,000	5	1.16%
Miami Beach Healthcare Group, Ltd.	Hospital/Medical Center	-	-	-	32,068,000	8	0.77%
Champion Retail, Ltd. & D. Soffer & B. Redich Trust	Developer	-	-	-	28,044,000	9	0.67%
Promventure Limited Partnership	Shopping Center	-	-	-	23,000,000	10	0.55%
Totals		\$ <u>963,161,657</u>		<u>13.21%</u>	\$ <u>667,045,000</u>		<u>16.00%</u>

Source: Tax Roll of Miami-Dade County, Florida.

CITY OF AVENTURA, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(\$ in 000'S)

Table 10

<u>Fiscal Year</u>	<u>Tax Roll Year</u>	<u>Property Tax Levy</u>	<u>(1) Property Tax Discount</u>	<u>Net Tax Levy</u>	<u>Current Tax Collection</u>	<u>Percentage of Current Tax Collections to Net Tax Levy</u>	<u>(2) Delinquent Tax Collection</u>	<u>Total Tax Collection</u>	<u>Percentage of Total Tax Collection to Property Tax Levy</u>
2003	2002	\$ 9,281,882	\$ 371,275	\$ 8,910,607	\$ 9,013,384	101.15%	\$ 61,712	\$ 9,075,096	97.77%
2004	2003	10,535,835	421,433	10,114,402	10,054,175	99.40%	89,071	10,143,246	96.27%
2005	2004	12,375,576	495,023	11,880,553	11,804,181	99.36%	38,508	11,842,689	95.69%
2006	2005	14,734,771	589,391	14,145,380	14,023,963	99.14%	65,425	14,089,388	95.62%
2007	2006	18,174,377	726,975	17,447,402	16,997,222	97.42%	130,691	17,127,913	94.24%
2008	2007	16,587,617	663,505	15,924,112	15,719,769	98.72%	222,251	15,942,020	96.11%
2009	2008	16,294,052	651,762	15,642,290	15,062,722	96.29%	126,283	15,189,005	93.22%
2010	2009	13,918,986	556,759	13,362,227	12,585,864	94.19%	667,984	13,253,848	95.22%
2011	2010	12,504,915	500,197	12,004,718	11,460,434	95.47%	273,798	11,734,232	93.84%
2012	2011	12,584,364	503,375	12,080,989	11,612,015	96.12%	112,174	11,724,189	93.16%

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.

CITY OF AVENTURA, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Table 11

Fiscal Year	Governmental Activities			Business-Type	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Revenue Bonds	Line of Credit	Outstanding Bonds			
2003	\$ -	\$ 38,055,000	\$ -	\$ -	\$ 38,055,000	4.87%	\$ 1,396.98
2004	-	37,155,000	-	-	37,155,000	4.32%	1,317.23
2005	-	36,225,000	-	-	36,225,000	3.92%	1,271.05
2006	-	35,260,000	-	-	35,260,000	3.38%	1,197.24
2007	-	34,255,000	-	-	34,255,000	3.09%	1,127.44
2008	-	33,220,000	-	-	33,220,000	2.87%	1,070.09
2009	-	32,140,000	-	-	32,140,000	2.90%	1,032.58
2010	-	30,815,000	-	-	30,815,000	2.71%	988.26
2011	-	30,045,000	-	-	30,045,000	*	841.05
2012	-	28,805,000	-	-	28,805,000	*	773.52

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

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

* Information not available.

CITY OF AVENTURA, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Table 12

Fiscal Year	Gross Bonded Debt	Less: Amounts Available in Debt Service Funds	Net Bonded Debt	Assessed Value of Taxable Property	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita (1)
2003	\$ 38,055,000	\$ 529,000	\$ 37,526,000	\$ 4,167,885,994	0.90%	\$ 1,377.56
2004	37,155,000	31,000	37,124,000	4,730,954,049	0.78%	1,316.13
2005	36,225,000	42,000	36,183,000	5,557,061,536	0.65%	1,269.58
2006	35,260,000	24,278	35,235,722	6,616,421,499	0.53%	1,196.42
2007	34,255,000	133,053	34,121,947	8,160,923,804	0.42%	1,123.06
2008	33,220,000	136,790	33,083,210	9,609,881,719	0.34%	1,065.69
2009	32,140,000	137,175	32,002,825	9,439,807,532	0.34%	1,028.17
2010	30,815,000	280,321	30,534,679	8,063,834,953	0.38%	979.27
2011	30,045,000	231,562	29,813,438	7,244,606,607	0.41%	834.57
2012	28,805,000	274,594	28,530,406	7,290,634,319	0.39%	766.14

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

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

CITY OF AVENTURA, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITY DEBT
September 30, 2012

Table 13

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to City of Aventura (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping debt:			
Miami-Dade Board of County Commissioners (2)	\$ 3,626,520,000	3.908%	\$ 141,724,402
Miami-Dade County School Board (2)	<u>3,278,381,000</u>	3.908%	<u>128,119,129</u>
Subtotal overlapping debt	<u>6,904,901,000</u>		<u>269,843,531</u>
Direct debt:			
City of Aventura	<u>28,805,000</u>	100.000%	<u>28,805,000</u>
Subtotal direct debt	<u>28,805,000</u>		<u>28,805,000</u>
Total direct and overlapping debt	<u>\$ 6,933,706,000</u>		<u>\$ 298,648,531</u>

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

(2) Source: Miami-Dade County Public Schools, Finance Department.

**CITY OF AVENTURA, FLORIDA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Table 14

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 416,788,600	\$ 473,095,400	\$ 555,706,154	\$ 661,642,150	\$ 816,092,380	\$ 960,988,172	\$ 943,980,753	\$ 806,383,495	\$ 724,460,661	\$ 729,063,432
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 416,788,600</u>	<u>\$ 473,095,400</u>	<u>\$ 555,706,154</u>	<u>\$ 661,642,150</u>	<u>\$ 816,092,380</u>	<u>\$ 960,988,172</u>	<u>\$ 943,980,753</u>	<u>\$ 806,383,495</u>	<u>\$ 724,460,661</u>	<u>\$ 729,063,432</u>
Total net debt applicable to the limit as a percentage of debt limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed valuation of taxable real and personal property	\$ 7,290,634,319
Bonded debt limit - 10% above (1)	\$ 729,063,432
Amount of debt applicable to debt limit:	
Total bonded debt	\$ 28,805,000
Less: debt to be repaid from specified revenue sources:	
Covenant to budget and appropriate	<u>(28,805,000)</u>
Total net debt applicable to limit	<u>-</u>
Legal Debt Margin (1)	<u>\$ 729,063,432</u>

Note: (1) The City Charter allows revenue bonds to be issued when authorized by the City Commission as long as five (5) of the seven (7) Commission members approve the debt. Ad Valorem (general obligation bonds) must be approved by referendum of the electorate. The Charter provides no limit on the amount of the general obligation debt; however, the adopted Capital Improvement Program provides that general obligation bonds shall not exceed 10% of the City's total assessed value.

**CITY OF AVENTURA, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Table 15

Fiscal Year	Population (1)	Personal Income (Amounts Expressed in Thousands)	Per Capita Personal Income (2)	Unemployment Rate (3)
2003	27,241	\$ 781,299	\$ 28,681	3.6%
2004	28,207	860,003	30,489	3.3%
2005	28,500	924,227	32,429	3.7%
2006	29,451	1,042,830	35,409	3.4%
2007	30,383	1,108,736	36,492	3.5%
2008	31,044	1,159,369	37,346	4.4%
2009	31,126	1,108,739	35,621	8.5%
2010	31,181	1,138,730	36,520	9.3%
2011	35,723	*	*	8.8%
2012	37,239	*	*	6.9%

Data sources:

- (1) Years are as of April 1 of each year per the University of Florida Bureau of Economics & Business Research.
- (2) Represents income per capita for Miami-Dade County as provided by the U.S. Department of Commerce, Bureau of Economic Analysis.
- (3) Florida Department of Labor, Bureau of Labor Market Information.

* Information not available.

CITY OF AVENTURA, FLORIDA
OCCUPATIONAL EMPLOYMENT BY GROUP - MIAMI-DADE COUNTY, FLORIDA
CURRENT YEAR AND NINE YEARS AGO

Table 16

Occupational Groups	Fiscal Year					
	2012			2003		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Office and administrative support	198,840	1	20.34%	N/A	N/A	N/A
Sales and related	134,200	2	13.73%	N/A	N/A	N/A
Food preparation and service related	84,980	3	8.69%	N/A	N/A	N/A
Transportation and material moving	67,720	4	6.93%	N/A	N/A	N/A
Healthcare practitioners and technical	59,200	5	6.05%	N/A	N/A	N/A
Education, training and library	51,840	6	5.30%	N/A	N/A	N/A
Business and financial operations	50,680	7	5.18%	N/A	N/A	N/A
Protective service	37,620	8	3.85%	N/A	N/A	N/A
Installation, maintenance and repair	36,470	9	3.73%	N/A	N/A	N/A
Production	34,110	10	3.49%	N/A	N/A	N/A
Building and grounds cleaning and maintenance	33,720	11	3.45%	N/A	N/A	N/A
Management	32,110	12	3.28%	N/A	N/A	N/A
Personal care and service	29,650	13	3.03%	N/A	N/A	N/A
Healthcare support	26,370	14	2.70%	N/A	N/A	N/A
Construction and extraction	23,600	15	2.41%	N/A	N/A	N/A
Computer and mathematical science	17,180	16	1.76%	N/A	N/A	N/A
Legal	15,110	17	1.55%	N/A	N/A	N/A
Arts, design, entertainment, sports and media	14,740	18	1.51%	N/A	N/A	N/A
Community and social services	11,830	19	1.21%	N/A	N/A	N/A
Architecture and engineering	10,010	20	1.02%	N/A	N/A	N/A
Life, physical and social sciences	4,000	21	0.41%	N/A	N/A	N/A
Farming, fishing and forestry	3,730	22	0.38%	N/A	N/A	N/A
Total	977,710		100.00%	N/A		N/A

Source: Represents Metropolitan and Nonmetropolitan Area Occupational Employment for the entire Miami-Miami Beach-Kendall, Florida Metropolitan Division as provided by the U.S. Department of Labor, Bureau of Labor Statistics as of May 2011. Estimates do not include self-employed workers.

N/A: Information not available.

CITY OF AVENTURA, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Table 17

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
FUNCTION:										
General government	24	26	25	26	23	23	19	20	19	19
Public safety:										
Sworn	74	74	77	74	80	80	80	83	83	83
Civilians	34	34	33	37	34	35	37	37	37	38
Community services	16	16	16	17	15	16	16	16	15	14
Community development	12	11	11	10	10	9	9	8	8	8
	<u>160</u>	<u>161</u>	<u>162</u>	<u>164</u>	<u>162</u>	<u>163</u>	<u>161</u>	<u>164</u>	<u>162</u>	<u>162</u>

Source: Various City departments.

**CITY OF AVENTURA, FLORIDA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Table 18

FUNCTION:	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety:										
Part 1 Crimes reported*	2,636	1,851	1,646	1,797	2,045	2,363	2,302	2,193	2,400	2,298
Arrests	2,463	2,106	2,090	1,733	1,966	2,215	2,387	2,203	2,137	2,258
Traffic citations and warnings	9,714	12,820	13,942	14,431	16,848	16,987	20,026	20,814	19,114	18,707
Parking citations issued	1,452	1,619	2,328	4,816	4,750	4,049	3,639	3,375	2,886	2,120
Calls for service	23,142	23,104	26,891	33,905	34,987	33,281	32,616	31,169	30,470	29,276
Accidents	1,614	1,903	1,939	1,816	2,222	2,087	1,961	1,878	1,437	1,102
Community development:										
Building permits issued	17,365	2,475	3,528	5,242	6,161	4,112	3,377	4,130	4,465	4,615
Building inspections conducted	12,771	7,779	9,112	10,292	13,891	9,365	6,015	6,963	7,903	7,963
Code notice of violations issued	283	312	152	170	199	118	122	134	153	135
Occupational licenses issued	2,523	3,107	3,035	2,966	2,978	2,875	2,817	2,884	2,776	2,580
Community services:										
Recreation center memberships	N/A	N/A	N/A	N/A	N/A	1,149	1,112	1,238	1,242	1,101
Special event attendance	16,100	33,500	34,728	36,365	38,714	22,242	23,068	24,017	24,849	24,957
Shuttle bus ridership	82,600	95,000	118,629	146,506	166,255	189,996	209,257	241,273	260,325	271,645
Charter school enrollment	600	600	700	800	800	900	900	932	972	984

Source: Various City departments.

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

N/A: Information not available.

**CITY OF AVENTURA, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Table 19

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
FUNCTION:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	2	1	-	-	-	-	-	-	-	-
Fire stations (1)	2	2	2	2	2	2	2	2	2	2
Parks and recreation:										
Parks	3	4	4	4	5	5	5	5	5	5
Park acreage	21.00	21.00	23.50	23.50	30.50	30.50	30.50	30.50	30.50	30.50
Baseball/softball diamonds	1	1	1	1	1	2	2	2	2	2
Soccer/football fields	3	3	3	3	3	3	3	3	3	3
Tennis courts	2	2	2	2	2	2	2	2	2	3
Community recreation centers	1	1	1	1	1	1	1	1	1	1
Libraries (1)	1	1	1	1	1	1	1	1	1	1
Public works:										
Street lights	N/A	N/A	N/A	639	654	712	712	712	712	712
Miles of roads	13.00	13.00	13.00	13.00	13.25	13.80	13.80	13.80	13.80	13.80
Charter schools (K-8)	1	1	1	1	1	1	1	1	1	1
Transit routes/minibuses (2)	4	4	4	5	5	5	5	5	5	5

Notes: (1) Owned and operated by Miami-Dade County, Florida.
(2) Operated under contractual agreement.

N/A: Information not available.

COMPLIANCE SECTION



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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Aventura, Florida (the "City"), as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 19, 2013. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the City of Aventura Police Officers' Retirement Plan Pension Trust Fund, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

Management of the City of Aventura, Florida is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

City of Aventura, Florida

Compliance and Other Matters

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

This report is intended solely for the information and use of City management, members of the City Commission, Federal and state awarding agencies, 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.

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
February 19, 2013



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Aventura, Florida (the "City") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major Federal program for the year ended September 30, 2012. The City's major Federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major Federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended September 30, 2012.

Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

City of Aventura, Florida

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 deficiencies, significant deficiencies or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of City management, members of the City Commission, Federal and state awarding agencies, and is not intended and should not be used by anyone other than these specified parties.

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
February 19, 2013



INDEPENDENT AUDITORS' REPORT TO CITY MANAGEMENT

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

We have audited the basic financial statements of City of Aventura, Florida (the "City"), as of and for the year ended September 30, 2012, and have issued our report thereon dated February 19, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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*, Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which is dated February 19, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports.

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial report.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include 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.

Section 10.554(1)(i)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 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of 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 more than inconsequential. In connection with our audit, we did not have any such findings.

City of Aventura, Florida

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information is disclosed in Note 1 to the financial statements.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity 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 City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2012, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2012. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City'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 Representatives, the Florida Auditor General, Federal and other granting agencies, 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
February 19, 2013

CITY OF AVENTURA, FLORIDA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended September 30, 2012

Federal Agency/ Pass-through Entity/ Federal Program	CFDA Number	Contract/Grant Number	Expenditures	Transfers to Sub recipients
FEDERAL AGENCY NAME:				
Direct Programs:				
United States Department of Justice - Equitable Sharing Program -	* 16.922	FL0139100	\$ 364,114	\$ -
Bulletproof Vest Partnership Program -	16.607	---	11,947	-
Indirect Programs:				
United States Department of Transportation - Passed through the Florida Department of Transportation: ARRA - Highway Planning and Construction	20.205	428931-1 / AQ284	247,257	-
United States Department of Agriculture - Passed through the Florida Department of Education: National School Lunch Program	10.555	---	65,115	-
United States Department of Education - Passed through the Florida Department of Education: ARRA - Race to the Top	84.395	130-RL111-1C301	30,588	-
United States Department of Justice - Passed through the Florida Department of Law Enforcement: Edward Byrne Memorial Justice Assistance Grant -	16.738	---	3,785	-
Total expenditures of Federal awards			\$ <u>722,806</u>	\$ <u>-</u>

* Denotes a major program.

CITY OF AVENTURA, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
September 30, 2012

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the grant activity of the City and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 2 – CONTINGENCY

The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the City of Aventura, Florida. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

NOTE 3 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE

Complete Catalog of Federal Domestic Assistance (“CFDA”) numbers are presented for those programs for which such numbers were available. CFDA prefixes are presented for programs for which a complete CFDA number is not available.

CITY OF AVENTURA, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2012

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements.
2. No material weaknesses relating to the audit of the basic financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the basic financial statements of City of Aventura, Florida, were disclosed during the audit.
4. No material weaknesses relating to the audit of the major Federal program are reported in the Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major Federal program for City of Aventura, Florida expresses an unqualified opinion.
6. No audit findings relative to the major Federal program for City of Aventura, Florida are reported in Part C of this schedule.
7. The program tested as major program is as follows:

Federal Program:

Federal CFDA No.

United States Department of Justice
Equitable Sharing Program

16.922

8. The threshold for distinguishing Types A and B programs was \$ 300,000 for the major Federal programs.
9. City of Aventura, Florida was not determined to be a low-risk auditee pursuant to OMB Circular A-133.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAM

NONE

D. OTHER ISSUES

No Summary Schedule of Prior Audit Findings for Federal Awards is required because there were no prior audit findings related to Federal programs.

No Corrective Action Plan is required because there were no findings required to be reported under the Federal Single Audit Act.

(This page intentionally left blank.)