

# AVENTURA

## CITY OF EXCELLENCE SCHOOL

A Special Revenue Fund of the  
City of Aventura, Florida



Special Purpose Financial Report  
For the Fiscal Year Ended

# June 30, 2021



**Aventura City of Excellence School**  
(A Special Revenue Fund of the  
City of Aventura, Florida)

Basic Financial Statements  
and Supplemental Information  
For the Year Ended June 30, 2021



## Aventura City of Excellence School

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Aventura City of Excellence School (the "School"), a Special Revenue Fund of the City of Aventura, Florida (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the School, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note 1, the financial statements of the School present only the Special Revenue Fund of the City and they do not purport to, and do not, present fairly the financial position of the City as of June 30, 2021, and its changes in financial position or budgetary comparisons, where applicable, for the year ended June 30, 2021 in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

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

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2021, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
August 24, 2021

# MANAGEMENT'S DISCUSSION AND ANALYSIS



**Aventura City of Excellence School  
Management's Discussion and Analysis  
June 30, 2021**

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As management of Aventura City of Excellence School (the "School"), a Special Revenue Fund of the City of Aventura, Florida, we offer readers of the School's basic financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2021.

Management's discussion and analysis is included at the beginning of the School's basic financial statements to provide, in layman's terms, the past and current position of the School's financial condition. This summary should not be taken as a replacement for the audit which consists of the basic financial statements and other supplementary information.

### **Financial Highlights**

Our basic financial statements provide these insights into the results of this year's operations.

- The School's net position was \$ 2,724,501 as of June 30, 2021. Of this amount, \$ 919,220 represents unrestricted net position.
- The School's net position decreased by \$ 741,298 during the current fiscal year as a result of this year's operations.
- As of June 30, 2021, the School's fund balance was \$ 390,338; which was a decrease of \$ 1,169,015 from its prior year. Revenues earned but not received within the School's current fiscal year are considered to be deferred inflows of resources rather than income at the fund level. At June 30, 2021, the School had over \$570,000 of deferred inflows of resources relating to the ESSER grant that the School's management fully anticipates will be received and recognized as income during the coming fiscal year. Due to the timing differences of when the ESSER grant's revenues and expenditures will/are be recognized, the School's loss in the current year appears to be higher than anticipated by \$570,000, resulting in a temporary reduction of fund balance which will reverse in the coming year.

### **Overview of the Financial Statements**

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

**Government-Wide Basic Financial Statements:** The government-wide basic financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

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

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

The government-wide basic financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instructional support services.

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

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

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

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

The School maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance.

The governmental fund basic financial statements can be found on pages 11 through 14 of this report.

**Notes to Basic Financial Statements:** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 15 through 26 of this report.

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

**Aventura City of Excellence School  
Management's Discussion and Analysis  
June 30, 2021**

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**Government-Wide Financial Analysis**

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

| Aventura City of Excellence School<br>Summary of Net Position |                            |                            |                            |            |
|---|----------------------------|----------------------------|----------------------------|------------|
|   | June 30,<br>2021           | June 30,<br>2020           | Variance                   | % Variance |
| <b>Assets:</b>  |                            |                            |                            |            |
| Current assets  | \$ 2,144,252               | \$ 2,223,435               | \$ (79,183)                | -3.56%     |
| Capital assets, net of depreciation                           | <u>1,805,281</u>           | <u>1,933,328</u>           | <u>(128,047)</u>           | -6.62%     |
| <b>Total assets</b>   | <u><b>3,949,533</b></u>    | <u><b>4,156,763</b></u>    | <u><b>(207,230)</b></u>    | -4.99%     |
| <b>Liabilities:</b>   |                            |                            |                            |            |
| Current liabilities   | 1,192,129                  | 670,802                    | 521,327                    | 77.72%     |
| Noncurrent liabilities  | <u>32,903</u>              | <u>20,162</u>              | <u>12,741</u>              | 63.19%     |
| <b>Total liabilities</b>                                      | <u><b>1,225,032</b></u>    | <u><b>690,964</b></u>      | <u><b>534,068</b></u>      | 77.29%     |
| <b>Net Position:</b>  |                            |                            |                            |            |
| Net investment in capital assets                              | 1,805,281                  | 1,933,328                  | (128,047)                  | -6.62%     |
| Unrestricted  | <u>919,220</u>             | <u>1,532,471</u>           | <u>(613,251)</u>           | -40.02%    |
| <b>Total net position</b>                                     | <u><b>\$ 2,724,501</b></u> | <u><b>\$ 3,465,799</b></u> | <u><b>\$ (741,298)</b></u> | -21.39%    |

The decrease in current assets from the prior year is the result of the School paying cash for a significant amount of costs, which was mostly offset by a large increase in accounts receivable. The decrease in capital assets is the result the current year depreciation as there were no new additions during the year.

The increase in current liabilities is primarily the result of several large computer related expenditures and health insurance costs which were incurred prior to year-end that were accrued in the final month of operation. The decrease in total net position is the result of an operational loss related to normal salary increases and additional stipends in order to compensate teachers for the Miami-Dade County Referendum. In addition, certain funding sources were negatively impacted by the COVID-19 pandemic.

Resources that are subject to external restrictions on how they may be used are classified as restricted assets. As of June 30, 2021 and 2020, the School had no restricted assets. The remaining unrestricted balance may be used in any of the School's ongoing operations.

**Aventura City of Excellence School  
Management's Discussion and Analysis  
June 30, 2021**

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**Government-Wide Financial Analysis (continued)**

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

| Aventura City of Excellence School<br>Summary of Changes in Net Position |                     |                   |                     |                 |
|--|---------------------|-------------------|---------------------|-----------------|
|  | June 30,<br>2021    | June 30,<br>2020  | Variance            | % Variance      |
| <b>Revenues:</b>   |                     |                   |                     |                 |
| General revenues   | \$ 8,240,161        | \$ 8,322,397      | \$ (82,236)         | -0.99%          |
| <b>Program revenues:</b>   |                     |                   |                     |                 |
| Charges for services   | 169,618             | 527,723           | (358,105)           | -67.86%         |
| Operating grants and contributions                                       | 791,414             | 298,216           | 493,198             | 165.38%         |
| Capital grants and contributions   | 658,364             | 642,732           | 15,632              | 2.43%           |
| <b>Total revenues</b>  | <b>9,859,557</b>    | <b>9,791,068</b>  | <b>68,489</b>       | <b>0.70%</b>    |
| <b>Expenses:</b>   |                     |                   |                     |                 |
| Instruction  | 6,805,096           | 6,154,559         | 650,537             | 10.57%          |
| Instructional media services   | 102,717             | 73,203            | 29,514              | 40.32%          |
| Operation of facility  | 2,307,669           | 2,034,349         | 273,320             | 13.44%          |
| School administration  | 1,121,964           | 1,119,805         | 2,159               | 0.19%           |
| Pupil transportation services  | 194,582             | 167,443           | 27,139              | 16.21%          |
| Community services   | 68,827              | 99,338            | (30,511)            | -30.71%         |
| <b>Total expenses</b>  | <b>10,600,855</b>   | <b>9,648,697</b>  | <b>952,158</b>      | <b>9.87%</b>    |
| <b>Change in net position</b>  | <b>\$ (741,298)</b> | <b>\$ 142,371</b> | <b>\$ (883,669)</b> | <b>-620.68%</b> |

- General revenues remained relatively consistent in comparison with 2020.
- Program revenues (operating grants and contributions) increased by approximately 165.4% primarily as a result of new grants, such as the Elementary and Secondary Emergency Assistance Grants (ESSER). Charges for services decreased by approximately 67.9% primarily as a result of the cancellation of after school activities, field trips and the elimination of paid lunches.
- Total expenses increased by approximately 9.9% primarily related to the following:
  - Legislatively earmarked salary increases and City-provided stipends to compensate teachers under the Miami-Dade County Referendum.
  - Significant new purchases of technology equipment to facilitate mobile learning.

## **Financial Analysis of the School's Funds**

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

As of the end of fiscal year 2020/21 the School's governmental fund reported an ending fund balance of \$ 390,338. The fund balance decreased by \$ 1,169,015 from the prior year. As a result, at June 30, 2021, the School had assigned the entire balance for its subsequent year's budget. The decrease in fund balance is partially as a result of having to defer certain ESSER revenues that were not received within the period of availability.

## **Budgetary Highlights**

The 2021/22 school year represents the 19th year of operations for ACES. During the past year a great deal of time and effort was expended on professional development and curriculum alignment based on Florida's State Standards, increasing parental involvement, revamping the approach to data-driven instructional decisions in all grades and core subjects, maintaining an emotionally responsive discipline model by incorporating mindfulness, focusing on learning gains and student growth at all levels while addressing learning loss related to disruptions caused by COVID-19, and identifying and working with at-risk students who make up the bottom 25% and Special Populations.

## **Capital Assets and Debt Administration**

As of June 30, 2021, the School had an investment in capital assets of \$ 1,805,281. This amount is net of accumulated depreciation of \$ 1,754,021. This amount represents a net decrease of \$ 128,047 or approximately 6.6%.

The School has no outstanding debt.

## **Economic Factors**

Facts, decisions or conditions that are expected to have a significant effect on the financial position or results of operations of the School in fiscal year 2021/22 include the following:

- At the time this Special Purpose Financial Report was prepared, we were and continue to be in the middle of the "COVID-19" global pandemic. Since the full financial impact is unknown at this time and cannot be reasonably estimated as these events are still developing, the Administration has prepared a very conservative budget by holding most operating revenues and expenditures relatively flat and increasing teacher compensation where needed.
- Over the past years, the School has continually demonstrated that it can operate as a high performing school that provides quality educational services for its students, within the school-based revenues. We have also been fortunate to have had a very involved parent base that participates in fund-raising activities for school improvements.
- Teacher salary increases reflect the previously adopted performance pay plan in accordance with Florida Statute 1012.22, rewarding teachers who are rated effective and highly effective.

The following items represent important highlights:

- Build on a Foundation of Innovation – A one-to-one computing environment is being expanded to now include all students in grades Kindergarten through Eighth Grade. Students have the opportunity to collaborate through authentic integration of online creation tools, with a focus on embedded technology enhancing access to rigorous content and future-ready learning opportunities. Through these means students acquire 21<sup>st</sup> century skills that are essential for success in the growing global society. Students' access to a continually enhanced wireless infrastructure ensures reliable and efficient availability to instructional resources.

The 2021/22 operating budget increased by \$ 89,123 or 0.85%, primarily due to the increase in salaries and employee benefits. FTE revenues are driven by a net enrollment increase from 1020 to 1032 students. The budget provides funding for lease payments to the City to satisfy long-term financing costs related to the construction of the elementary school wing. However, the most impactful factor will be the actions required to continue to respond to the COVID-19 Pandemic.

### **Requests for Information**

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

# BASIC FINANCIAL STATEMENTS

**Aventura City of Excellence School**  
**Statement of Net Position**  
**June 30, 2021**

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|   | <b>Governmental<br/>Activities</b> |
|---|------------------------------------|
| <b>Current Assets:</b>                          |                                    |
| Cash and cash equivalents                       | \$ 82,226                          |
| Investments                                     | 1,404,951                          |
| Due from other governments                      | 647,609                            |
| Prepaid expenses                                | 9,466                              |
|   | <hr/>                              |
| Total current assets                            | 2,144,252                          |
|   | <hr/>                              |
| <b>Noncurrent Assets:</b>                       |                                    |
| Capital assets, net of accumulated depreciation | 1,805,281                          |
|   | <hr/>                              |
| Total assets                                    | 3,949,533                          |
|   | <hr/>                              |
| <b>Current Liabilities:</b>                     |                                    |
| Accounts payable                                | 640,481                            |
| Accrued expenses                                | 540,681                            |
| Compensated absences                            | 10,967                             |
|   | <hr/>                              |
| Total current liabilities                       | 1,192,129                          |
|   | <hr/>                              |
| <b>Noncurrent Liabilities:</b>                  |                                    |
| Compensated absences                            | 32,903                             |
|   | <hr/>                              |
| Total noncurrent liabilities                    | 32,903                             |
|   | <hr/>                              |
| Total liabilities                               | 1,225,032                          |
|   | <hr/>                              |
| <b>Net Position:</b>                            |                                    |
| Net investment in capital assets                | 1,805,281                          |
| Unrestricted                                    | 919,220                            |
|   | <hr/>                              |
| Total net position                              | \$ <u><u>2,724,501</u></u>         |

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

**Aventura City of Excellence School  
Statement of Activities  
For the Year Ended June 30, 2021**

|                               | <u>Expenses</u>      | <u>Program Revenues</u>             |   |   | <u>Governmental</u>  |
|-------------------------------|----------------------|-------------------------------------|---|---|--|
|                               |                      | <u>Charges<br/>for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Capital<br/>Grants and<br/>Contributions</u> | <u>Activities<br/>Net Revenue<br/>(Expense) and<br/>Change in<br/>Net Position</u> |
| <b>Functions/Programs:</b>    |                      |                                     |   |   |  |
| Instruction                   | \$ 6,805,096         | \$ -                                | \$ -  | \$ -  | \$ (6,805,096)   |
| Instructional media services  | 102,717              | -                                   | -   | -   | (102,717)  |
| Operation of facility         | 2,307,669            | 54,627                              | 748,842   | 658,364   | (845,836)  |
| School administration         | 1,121,964            | -                                   | -   | -   | (1,121,964)  |
| Pupil transportation services | 194,582              | -                                   | 42,572  | -   | (152,010)  |
| Community services            | 68,827               | 114,991                             | -   | -   | 46,164   |
|                               |                      |                                     |   |   |  |
| Total governmental activities | <u>\$ 10,600,855</u> | <u>\$ 169,618</u>                   | <u>\$ 791,414</u>                                 | <u>\$ 658,364</u>                               | <u>(8,981,459)</u>   |
|                               |                      |                                     |   |   |  |
| General revenues:             |                      |                                     |   |   |  |
| FTE nonspecific revenues      |                      |                                     |   |   | 7,880,543  |
| Miscellaneous income          |                      |                                     |   |   | 253,183  |
| Investment earnings           |                      |                                     |   |   | 6,435  |
| Other revenues                |                      |                                     |   |   | 100,000  |
|                               |                      |                                     |   |   |  |
| Total general revenues        |                      |                                     |   |   | <u>8,240,161</u>   |
|                               |                      |                                     |   |   |  |
| Change in net position        |                      |                                     |   |   | (741,298)  |
|                               |                      |                                     |   |   |  |
| Net position, July 1, 2020    |                      |                                     |   |   | <u>3,465,799</u>   |
|                               |                      |                                     |   |   |  |
| Net position, June 30, 2021   |                      |                                     |   |   | <u>\$ 2,724,501</u>  |

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

**Aventura City of Excellence School  
Balance Sheet - Governmental Fund  
June 30, 2021**

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|  | <b>General<br/>Fund</b> |
|--|-------------------------|
| <b>Assets:</b>   |                         |
| Cash and cash equivalents  | \$ 82,226               |
| Investments  | 1,404,951               |
| Due from other governments   | 647,609                 |
| Prepaid expenditures   | <u>9,466</u>            |
| Total assets   | <u>\$ 2,144,252</u>     |
| <b>Liabilities:</b>  |                         |
| Accounts payable   | \$ 640,481              |
| Accrued expenses   | <u>540,681</u>          |
| Total liabilities  | <u>1,181,162</u>        |
| <b>Deferred Inflows of Resources:</b>                                |                         |
| Unavailable revenues   | <u>572,752</u>          |
| <b>Fund Balance:</b>   |                         |
| Nonspendable   | 9,466                   |
| Assigned for subsequent year's expenditures                          | <u>380,872</u>          |
| Total fund balance   | <u>390,338</u>          |
| Total liabilities, deferred inflows of<br>resources and fund balance | <u>\$ 2,144,252</u>     |

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

**Aventura City of Excellence School  
 Reconciliation of the Balance Sheet - Governmental  
 Fund to the Statement of Net Position  
 June 30, 2021**

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|   |    |                    |                         |
|---|----|--------------------|-------------------------|
| <b>Total Fund Balance - Governmental Fund</b>   |    | \$                 | 390,338                 |
| <p>Amounts reported for governmental activities in the statement of net position are different because:</p>                                   |    |                    |                         |
| <p>Capital assets used in governmental activities are not financial resources; and therefore, are not reported in the governmental funds:</p> |    |                    |                         |
| Cost of capital assets  | \$ | 3,559,302          |                         |
| Accumulated depreciation  |    | <u>(1,754,021)</u> | 1,805,281               |
| <p>Unavailable revenue in the governmental fund is susceptible to full accrual in the government-wide statements.</p>                         |    |                    |                         |
|   |    |                    | 572,752                 |
| <p>Long-term liability which is not due and payable in the current period; and therefore, is not reported in the governmental fund:</p>       |    |                    |                         |
| Compensated absences  |    |                    | <u>(43,870)</u>         |
| <b>Net Position of Governmental Activities</b>  |    | \$                 | <u><u>2,724,501</u></u> |

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

**Aventura City of Excellence School  
Statement of Revenues, Expenditures and  
Changes in Fund Balance - Governmental Fund  
For the Year Ended June 30, 2021**

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|                                    | <b>General<br/>Fund</b>  |
|------------------------------------|--------------------------|
| <b>Revenues:</b>                   |                          |
| Federal sources                    | \$ 205,044               |
| State sources                      | 8,613,519                |
| Local sources                      | 461,807                  |
| Investment earnings                | 6,435                    |
|                                    | <u>9,286,805</u>         |
| Total revenues                     | <u>9,286,805</u>         |
| <b>Expenditures:</b>               |                          |
| Current:                           |                          |
| Instruction                        | 6,805,096                |
| Instructional media services       | 102,717                  |
| Operation of facility              | 1,767,429                |
| School administration              | 1,104,976                |
| Pupil transportation services      | 194,582                  |
| Community services                 | 68,827                   |
| Capital outlay                     | 412,193                  |
|                                    | <u>10,455,820</u>        |
| Total expenditures                 | <u>10,455,820</u>        |
|                                    |                          |
| Net change in fund balance         | <u>(1,169,015)</u>       |
|                                    |                          |
| <b>Fund Balance, July 1, 2020</b>  | <u>1,559,353</u>         |
|                                    |                          |
| <b>Fund Balance, June 30, 2021</b> | \$ <u><u>390,338</u></u> |

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

**Aventura City of Excellence School  
 Reconciliation of the Statement of Revenues,  
 Expenditures and Changes in Fund Balance -  
 Governmental Fund to the Statement of Activities  
 For the Year Ended June 30, 2021**

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**Net Change in Fund Balance - Governmental Fund** \$ (1,169,015)

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 these costs are allocated over their estimated useful lives as a provision for depreciation:

|  |    |                  |           |
|--|----|------------------|-----------|
| Capital outlay   | \$ | 412,193          |           |
| Current year provision for depreciation                            |    | (128,047)        |           |
| Capital outlay which did not meet the threshold for capitalization |    | <u>(412,193)</u> | (128,047) |

Revenues that are earned but not received within the availability period are recognized in the statement of activities when earned and subsequently in the governmental fund financial statements when they become available. 572,752

Certain items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund:

|                                |  |  |                 |
|--------------------------------|--|--|-----------------|
| Change in compensated absences |  |  | <u>(16,988)</u> |
|--------------------------------|--|--|-----------------|

**Change in Net Position of Governmental Activities** \$ (741,298)

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

## **Note 1 - Organization and Operations**

Aventura City of Excellence School (the "School"), is a special revenue fund of the financial statements of the City of Aventura, Florida (the "City"). The School commenced operations in August 2003 in the City and offers classes for kindergarten through eighth grade with an enrollment of 1,032 for the fiscal year ended June 30, 2021. The School is funded from public funds based on enrollment and can also be eligible for grants in accordance with state and federal guidelines, including food service and capital outlay. The School can accept private donations and the City can incur debt for the operation of the School.

## **Note 2 - Summary of Significant Accounting Policies**

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

**Reporting entity:** The School operates under a charter granted by the sponsoring school district, the Miami-Dade County Public School District (the "District"). The current charter is effective until June 30, 2033 but provides for renewals of up to 5 years by mutual agreement of both parties. In 2005, the School amended the charter to include grades six through eight. In 2012, the School amended the charter to increase the School capacity from 972 to 1032 over five years commencing with the fiscal year 2012/2013. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter for good cause as defined.

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

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

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

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

**Note 2 - Summary of Significant Accounting Policies (continued)**

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

**Fund financial statements:** The School's accounts are organized on the basis of funds. The operations of the fund is accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues and expenditures.

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

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

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

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

**Deposits and investments:** The School's cash, cash equivalents, and investments are maintained by the City in a pooled account for all funds. This enables the City to invest large amounts of idle cash for short periods of time and to optimize earnings potential. Cash, cash equivalents, and investments represent the amount owned by the Charter School operating fund. The City is responsible for all risks related to the School's cash, cash equivalents, and investments. These risks and the City's related policies are disclosed in the Note 3.

**Prepaid items:** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

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

**Note 2 - Summary of Significant Accounting Policies (continued)**

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

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

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School has one item that qualifies for reporting in this category. The governmental fund reports unavailable revenues that are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

**Net position:** Net position is classified in three categories. The general meaning of each is as follows:

- Net investment in capital assets - represents the difference between the cost of capital assets, less accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.
- Restricted - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - indicates that portion of net position that is available to fund future operations.

**Fund balance:** The governmental fund financial statements present fund balances based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements:

**Note 2 - Summary of Significant Accounting Policies (continued)**

- **Nonspendable** - this classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies prepaid items as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted** - this classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation.
- **Committed** - this classification includes amounts that can be used for specific purposes voted on through formal action of the City Commission (the highest level of decision making authority). The committed amount cannot be used for any other purpose unless the City Commission removes or changes the commitment through formal action.
- **Assigned** - this classification includes amounts that the School intends to use for a specific purpose but they are neither restricted nor committed. Assignments can be made by the City Manager, which the City Commission Members, by resolution, delegated such authority at their direction. The School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.
- **Unassigned** - this classification includes amounts that have not been restricted, committed or assigned for a specific purpose within the General Fund.

The details of the fund balances are included in the Governmental Fund Balance Sheet.

When the School incurs expenditures for which restricted or unrestricted fund balance is available, the School would consider restricted funds to be spent first unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

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

At June 30, 2021, there were encumbrances in the amount of approximately \$ 18,500 outstanding.

**Other post-employment benefits:** The City provides post-employment healthcare coverage, including medical and dental benefits, to eligible individuals which consist of an implicit subsidy. The estimated liability is recorded in the financial statements of the City. No amount is allocated to the School's primary operating fund since the amount is deemed immaterial by management as of June 30, 2021.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Compensated absences:** The School'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, and other applicable limits. The School's vacation policy is that earned vacation is cumulative although limited to certain maximums based on length of service.

Accumulated compensated absences are recorded in the government-wide financial statements when earned. Expenditures for accumulated compensated absences have been recorded in the governmental fund only if they have matured, (e.g., resulting from employee resignations, terminations or retirements).

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

**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.

**Subsequent events:** Subsequent events were evaluated by management through August 24, 2021, the date the financial statements were available for issuance.

**Note 3 - Deposits and Investments**

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

Deposits

The City's custodial credit risk policy is in accordance with Florida Statutes. Florida Statutes authorize the deposit of City funds in demand deposits or time deposits of financial institutions approved by the State Treasurer. These are defined as public deposits. All City public deposits are held in qualified public depositories pursuant to Chapter 280, Florida Statutes, "Florida Security for Public Deposits Act." Under the act, all qualified public depositories are required to pledge eligible collateral having a fair 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.

**Note 3 - Deposits and Investments (continued)**

The Florida SBA Pool, hereinafter referred to as "Florida PRIME", 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. For the Florida PRIME, a 2a-7 like pool, the value of the City's position is the same as the value of the pool shares and is recorded at amortized cost. At June 30, 2021, the School's investment in the Florida PRIME was that of \$ 641,649. In accordance with these requirements, the method used to determine the participants' shares sold and redeemed is the amortized cost method. 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 School's account balance in the SBA is its amortized cost. The SBA is governed by Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of the SBA. Additionally, the Office of the Auditor General of the State of Florida performs the operational audit of the activities and investment of the SBA. The SBA accounts are not subject to custodial credit risk as these investments are not evidenced by securities that exist in physical or bank entry form.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the City's investment in the Florida PRIME meets the definition of a qualifying investment pool that measures for financial reporting purposes all of its investments at amortized cost and should disclose the presence of any limitations or restrictions on withdrawals. As of June 30, 2021, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Investments

On February 7, 2019, the City re-adopted Chapter 6.6 of the Administrative Policy and Directives and Procedures Manual, entitled "Investments Objective and Parameters," as the City's Investment Policy for the management of Public Funds ("the policy"). The policy was created in accordance with Section 218.415, Florida Statutes. The policy applies to all investments held and controlled by the City, with the exception of a defined benefit pension plan and debt issuance where there are other existing policies or indentures in effect for the investment of related funds.

The City's policy for investments other than pension plan and debt issuance is summarized herein. The Finance Director is designated as investment officer of the City and is responsible for investment decisions and the day-to-day administration of the cash management program. The investment policy establishes permitted investments, asset allocation, issuer limits, credit rating requirements and maturity limits to protect the City's assets. All investment securities are held by a Trust custodian and are managed by financial advisors. In general, the City's policy allows to invest in the following: (1) securities and obligations of the United States and its agencies; (2) non-negotiable interest bearing time deposits or savings accounts provided that such deposits are secured by collateral as prescribed by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes; (3) repurchase agreements collateralized by full or general faith and credit obligations of the U. S. Government or Agency securities; (4) the Florida Local Government Surplus Funds Trust Fund "SBA"; (5) intergovernmental investment pools authorized pursuant to the Florida Interlocal Cooperation Act, provided by Section 163.01, Florida Statutes, and provided that such funds contain no derivatives; (6) money market mutual funds - registered investment companies with the highest credit quality rating; (7) commercial paper of any U.S. company; (8) corporate notes; (9) asset backed securities issued by corporations organized and operating within the United States or by depository institutions licensed by the United States; (10) taxable/tax exempt municipal bonds; and (11) Israel bonds.

**Note 3 - Deposits and Investments (continued)**

As of June 30, 2021, the School's allocation of cash, cash equivalents and investments consisted of the following:

|   |                     |
|---|---------------------|
| <u>Cash and cash equivalents</u>                            |                     |
| Deposits and money market funds with financial institutions | \$ 81,826           |
| Petty cash  | <u>400</u>          |
|   | <u>\$ 82,226</u>    |
| <br><u>Investments</u>                                      |                     |
| State Board of Administration - SBA, Florida PRIME          | \$ 641,649          |
| Government bonds  | 267,504             |
| Corporate bonds   | 154,499             |
| Government agencies   | 115,294             |
| Government mortgage backed securities                       | 105,508             |
| Municipal/provincial bonds                                  | 44,958              |
| Asset backed securities                                     | 37,893              |
| Government issued commercial mortgage backed securities     | 22,690              |
| International bonds   | 8,158               |
| Short term bills and notes                                  | <u>6,798</u>        |
|   | <u>\$ 1,404,951</u> |

Interest rate risk

This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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'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.

The dollar weighted average days to maturity (WAM) of Florida PRIME at June 30, 2021, is 50 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME at June 30, 2021, is 69 days.

**Note 3 - Deposits and Investments (continued)**

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

| Investment Type   | Time to Maturity (in Years) |                   |                   |                  |                       |
|---|-----------------------------|-------------------|-------------------|------------------|-----------------------|
|   | Fair Value                  | Less than 1 Year  | 1-5 Years         | 6-10 Years       | Greater than 10 Years |
| State Board of Administration - SBA, Florida PRIME      | \$ 641,649                  | \$ 641,649        | \$ -              | \$ -             | \$ -                  |
| Government bonds  | 267,504                     | 4,842             | 262,662           | -                | -                     |
| Corporate bonds   | 154,499                     | 27,382            | 127,117           | -                | -                     |
| Government agencies                                     | 115,294                     | 899               | 114,395           | -                | -                     |
| Government mortgage backed securities                   | 105,508                     | -                 | 9,433             | 77,834           | 18,241                |
| Municipal/provincial bonds                              | 44,958                      | -                 | 44,958            | -                | -                     |
| Asset backed securities                                 | 37,893                      | -                 | 37,893            | -                | -                     |
| Government issued commercial mortgage backed securities | 22,690                      | -                 | 22,690            | -                | -                     |
| International bonds                                     | 8,158                       | 8,158             | -                 | -                | -                     |
| Short term bills and notes                              | 6,798                       | 6,798             | -                 | -                | -                     |
| <b>Total</b>  | <b>\$ 1,404,951</b>         | <b>\$ 689,728</b> | <b>\$ 619,148</b> | <b>\$ 77,834</b> | <b>\$ 18,241</b>      |

**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 A (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. U.S. Government securities or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk exposure.

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

| Rating    | Fair Value          |
|-----------|---------------------|
| AAA       | \$ 55,751           |
| A-1+      | 6,798               |
| AA+       | 519,296             |
| AA        | 5,366               |
| AA-       | 12,628              |
| A         | 99,053              |
| A+        | 22,266              |
| A-        | 26,355              |
| AAAm      | 641,649             |
| Not Rated | 15,789              |
|           | <b>\$ 1,404,951</b> |

**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. Investment issues 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 June 30, 2021, the School had investments in the Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) amounting to 7.78% and 6.29% respectively, of its total investments held.

Custodial credit risk

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

Foreign credit risk

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

**Note 4 - Fair Value Measurements**

The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The School has the following fair value measurements as of June 30, 2021:

| Investment Type  | Fair Value   | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Other<br>Unobservable<br>Inputs<br>(Level 3) |
|--|--------------|---|---|---|
| Government bonds   | \$ 267,504   | \$ -  | \$ 267,504  | \$ -  |
| Corporate bonds  | 154,499      | -   | 154,499   | -   |
| Government agencies  | 115,294      | -   | 115,294   | -   |
| Government mortgage backed securities                      | 105,508      | -   | 105,508   | -   |
| Municipal/provincial bonds                                 | 44,958       | -   | 44,958  | -   |
| Asset backed securities                                    | 37,893       | -   | 37,893  | -   |
| Government issued commercial<br>mortgage backed securities | 22,690       | -   | 22,690  | -   |
| International bonds  | 8,158        | -   | 8,158   | -   |
| Short term bills and notes                                 | 6,798        | -   | 6,798   | -   |
| Total investments measured<br>at fair value                | 763,302      | \$ -  | \$ 763,302  | \$ -  |
| Investments measured at amortized cost:                    |              |   |   |   |
| Florida PRIME  | 641,649      |   |   |   |
| Total  | \$ 1,404,951 |   |   |   |

**Note 4 - Fair Value Measurements (continued)**

The School's fixed income securities of \$ 763,302 classified in Level 2 of the fair value hierarchy are valued using a market standard pricing technique. Pricing service providers synthesize multiple market inputs to value securities based on the securities' relationship to benchmark quoted prices.

**Note 5 - Capital Assets**

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

|                                | Balance<br>July 1, 2020 | Additions           | Deletions   | Balance<br>June 30, 2021 |
|--------------------------------|-------------------------|---------------------|-------------|--------------------------|
| Leasehold improvements         | \$ 2,871,738            | \$ -                | \$ -        | \$ 2,871,738             |
| Equipment                      | 687,564                 | -                   | -           | 687,564                  |
| Less: accumulated depreciation | <u>1,625,974</u>        | <u>128,047</u>      | <u>-</u>    | <u>1,754,021</u>         |
|                                | <u>\$ 1,933,328</u>     | <u>\$ (128,047)</u> | <u>\$ -</u> | <u>\$ 1,805,281</u>      |

The provision for depreciation for the year ended June 30, 2021 amounted to approximately \$ 128,000. The School allocated depreciation to operation of facility.

**Note 6 - Long-Term Liabilities**

The following is a summary of long-term liabilities for fiscal year ended June 30, 2021:

|                      | Balance<br>July 1, 2020 | Additions        | Deletions         | Balance<br>June 30, 2021 | Amount Due<br>Within One<br>Year |
|----------------------|-------------------------|------------------|-------------------|--------------------------|----------------------------------|
| Compensated absences | \$ <u>26,882</u>        | \$ <u>24,420</u> | \$ <u>(7,432)</u> | \$ <u>43,870</u>         | \$ <u>10,967</u>                 |

**Note 7 - Commitments and Contingencies**

Management contract

The City has a contract with Charter Schools USA, Inc. ("CSUSA") for administrative and educational management services for the operations of the School. All staff of the School, except the principal, two assistant principals (dean of discipline and operations and dean of curriculum) and a custodian, are employees of CSUSA. Total fees paid to the management company for fiscal year 2020/21 were \$ 306,000. The majority of other reimbursed expenditures by the City to CSUSA relate to teachers' salaries and benefits.

The current agreement with CSUSA will expire on June 30, 2023. This agreement provides for an additional renewal term of up to five years upon agreement of both parties. The fee for services is \$ 306,000 annually, and to be negotiated thereafter upon reaching a renewal arrangement.

**Note 7 - Commitments and Contingencies (continued)**

Grant funding

Amounts received or receivable from grantor agencies are subject to audit, which may result in adjustments by Federal and/or State grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the School. The amount, if any, of such expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the School expects such amounts, if any, to be immaterial.

**Note 8 - Related Party Transactions**

The School's operations are located at a facility that is owned by the City. In September 2002, the City entered into a bond indenture agreement with the Florida Intergovernmental Finance Commission through an interlocal governmental agreement.

As a result, the City issued \$ 12,610,000 in Series 2002 Revenue Bonds to finance the acquisition of land and the construction of the charter school as well as the construction of a community recreation center. Approximately \$ 6,650,000 of the bond issue was related to the acquisition, construction and equipping of the School facility. In fiscal year 2012, the City issued \$ 9,885,000 in Series 2012 Refunding Revenue Bonds at a current rate of 2.65% to refund the then outstanding balance of the Series 2002 Revenue Bonds. Approximately \$ 5,213,000 of the Series 2012 Refunding Revenue Bonds relate to that portion of the original Series 2002 Revenue Bonds that was utilized for the acquisition, construction and equipping of the School facility. The City refunded the Series 2002 Revenue Bonds (fully defeased) to reduce its total debt service payments through maturity (2027) by approximately \$ 3,810,000.

The School is leasing its premises from the City under an operating lease agreement, which expired June 30, 2021, but was renewed for an additional year. The lease can renew each year as long as the School operates pursuant to the Charter issued by the School Board of Miami-Dade County. The lease amount is determined annually.

Total lease expense for the fiscal year ended June 30, 2021 totaled \$ 444,000. Future minimum payments under the current lease, which expires on June 30, 2022, total \$ 444,000.

**Note 9 - Risk Management**

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

**Note 10 - Defined Contribution Plans**

The City is a single employer that contributes to four (4) defined contribution pension plans based on employee classification created in accordance with Internal Revenue Code Section 401 (a). The employees of the School are eligible to participate in three (3) of the City's defined contribution pension plans. The School has three (3) full-time employees who are eligible to participate in these plans. Under these plans, the City contributes amounts ranging from 7% to 15% of employee salary for each of the three (3) School employees.

The City's contributions for the Principal vest in the year they are contributed. The City's contributions to the other employees vest beginning after one (1) year of service through year five (5) in 20% increments. Participants are not permitted to make contributions during the year. The City made plan contributions for these covered employees of approximately \$ 31,000 during the year. Plan provisions and contribution requirements may be amended by the City Commission.

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

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

**Note 11 - Risks and Uncertainties**

The coronavirus (COVID-19) outbreak has caused disruption in international and U.S. economies and markets. The coronavirus and fear of further spread has caused quarantines, cancellation of events, and overall reduction in business and economic activity. On March 11, 2020, the *World Health Organization* designated the coronavirus outbreak a pandemic. Management continues to evaluate and monitor the potential adverse effect that this event may have on the School's financial position, operations and cash flows. The full impact of COVID-19 is unknown at this time and cannot be reasonably estimated as these events are still developing.

# REQUIRED SUPPLEMENTARY INFORMATION

**Aventura City of Excellence School  
Schedule of Revenues and Expenditures -  
Budget and Actual - General Fund  
For the Year Ended June 30, 2021**

|  | <u>Budgeted Amounts</u> |                   | <u>Actual</u>         | <u>Variance</u>       |
|--|-------------------------|-------------------|-----------------------|-----------------------|
|  | <u>Original</u>         | <u>Final</u>      |                       |                       |
| <b>Revenues:</b>                                     |                         |                   |                       |                       |
| Federal sources                                      | \$ 112,000              | \$ 426,694        | \$ 205,044            | \$ (221,650)          |
| State sources  | 8,702,115               | 8,702,115         | 8,613,519             | (88,596)              |
| Local sources  | 1,017,000               | 1,017,000         | 461,807               | (555,193)             |
| Investment earnings                                  | 5,000                   | 5,000             | 6,435                 | 1,435                 |
| <b>Total revenues</b>                                | <u>9,836,115</u>        | <u>10,150,809</u> | <u>9,286,805</u>      | <u>(864,004)</u>      |
| <b>Expenditures:</b>                                 |                         |                   |                       |                       |
| Current:   |                         |                   |                       |                       |
| Instruction  | 6,568,699               | 6,687,986         | 6,805,096             | (117,110)             |
| Instructional media services                         | 99,852                  | 99,852            | 102,717               | (2,865)               |
| Operation of facility                                | 1,888,146               | 1,900,146         | 1,767,429             | 132,717               |
| School administration                                | 1,286,539               | 1,319,180         | 1,104,976             | 214,204               |
| Pupil transportation services                        | 213,490                 | 213,490           | 194,582               | 18,908                |
| Community services                                   | 150,000                 | 150,000           | 68,827                | 81,173                |
| Capital outlay                                       | 262,750                 | 413,516           | 412,193               | 1,323                 |
| <b>Total expenditures</b>                            | <u>10,469,476</u>       | <u>10,784,170</u> | <u>10,455,820</u>     | <u>328,350</u>        |
| Excess (deficiency) of revenues<br>over expenditures | (633,361)               | (633,361)         | (1,169,015)           | (535,654)             |
| <b>Other financing sources (uses):</b>               |                         |                   |                       |                       |
| Appropriated fund balance                            | <u>633,361</u>          | <u>633,361</u>    | <u>-</u>              | <u>(633,361)</u>      |
| <b>Net change in<br/>fund balance</b>                | <u>\$ -</u>             | <u>\$ -</u>       | <u>\$ (1,169,015)</u> | <u>\$ (1,169,015)</u> |

**Note 1 - Budgets and Budgetary Accounting**

The School formally adopted a budget for the year ended June 30, 2021. Budgeted amounts may be amended by resolution or ordinance of the City Commission. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. A comparison of the actual results of operations to the budgeted amounts for the operating fund is presented as required supplementary information.

# OTHER INDEPENDENT AUDITOR'S REPORTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Aventura City of Excellence School (the "School") (a Special Revenue Fund of the City of Aventura, Florida), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 24, 2021.

### Internal Control over Financial Reporting

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

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

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

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### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
August 24, 2021

MANAGEMENT LETTER IN ACCORDANCE WITH THE  
RULES OF THE AUDITOR GENERAL OF THE  
STATE OF FLORIDA

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

**Report on the Financial Statements**

We have audited the financial statements of the Aventura City of Excellence School (the "School") (a Special Revenue Fund of the City of Aventura, Florida), as of and for the year ended June 30, 2021, and have issued our report thereon dated August 24, 2021.

**Auditor's Responsibility**

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 and Chapter 10.850, Rules of the Auditor General.

**Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report which is dated August 24, 2021, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

**Official Title**

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity is Aventura City of Excellence School and 0950.

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### **Financial Condition and Management**

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

### **Transparency**

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its website information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

### **Additional Matters**

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

### **Purpose of this Letter**

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, City Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
August 24, 2021

