

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, 2016



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, 2016

AVENTURA CITY OF EXCELLENCE SCHOOL
(A SPECIAL REVENUE FUND OF THE CITY OF AVENTURA, FLORIDA)
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
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JUNE 30, 2016

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INDEPENDENT AUDITORS' REPORT



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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Commission
City of Aventura, Florida
Aventura City of Excellence School (a Special Revenue Fund of the City of Aventura, Florida)
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), as of and for the fiscal year ended June 30, 2016, 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Aventura City of Excellence School, as of June 30, 2016, and the respective changes in financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1, the financial statements present only the Aventura City of Excellence School, a Special Revenue Fund of the City of Aventura, Florida. These financial statements do not purport to, and do not, present fairly the financial position of the City of Aventura, Florida as of June 30, 2016 or its changes in financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 25 and 26 be presented to supplement the basic financial statements. Such information, although not 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 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, 2016, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Alberni Caballero & Fierman, LLP

Alberni Caballero & Fierman, LLP
Coral Gables, Florida
August 24, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

**AVENTURA CITY OF EXCELLENCE SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Our discussion and analysis of the Aventura City of Excellence School's (the "School") financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the School's basic financial statements which immediately follow this discussion.

Overview of the Basic Financial Statements

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

Government-wide financial statements

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

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

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

Fund financial statements

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

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

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

Notes to the basic financial statements

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

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, 2016**

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
Summary of Net Position

	<u>2016</u>	<u>2015</u>	<u>Variance</u>
Assets:			
Current Assets	\$ 2,999,600	\$ 2,788,328	\$ 211,272
Capital assets, net of depreciation	<u>1,663,594</u>	<u>1,738,588</u>	<u>(74,994)</u>
Total assets	<u>4,663,194</u>	<u>4,526,916</u>	<u>136,278</u>
Liabilities:			
Current liabilities	857,455	751,686	105,769
Noncurrent liabilities	<u>46,516</u>	<u>47,039</u>	<u>(523)</u>
Total liabilities	<u>903,971</u>	<u>798,725</u>	<u>105,246</u>
Net position:			
Investment in capital assets	1,663,594	1,738,588	(74,994)
Unrestricted	<u>2,095,629</u>	<u>1,989,603</u>	<u>106,026</u>
Total net position	<u>\$ 3,759,223</u>	<u>\$ 3,728,191</u>	<u>\$ 31,032</u>

Current assets increased mainly due to an increase in pooled cash, cash equivalents and investments. Capital assets, net of depreciation, decreased due to the net effect of depreciation expense over new capitalized equipment. The decrease in total liabilities is due to the short term effect of year-end accounts payable and accrued expenses.

Resources that are subject to external restrictions on how they may be used are classified as restricted assets. As of June 30, 2016 and 2015, 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, 2016**

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
Summary of Changes in Net Position

	<u>2016</u>	<u>2015</u>	<u>Variance</u>
Revenues:			
General revenues	\$ 7,337,657	\$ 7,010,196	\$ 327,461
Program revenues:			
Charges for services	842,071	631,157	210,914
Operating grants and contributions	322,835	343,556	(20,721)
Capital grants and contributions	<u>423,843</u>	<u>474,207</u>	<u>(50,364)</u>
Total revenues	<u>8,926,406</u>	<u>8,459,116</u>	<u>467,290</u>
Expenses:			
Instruction	5,377,790	5,121,226	256,564
Instructional media services	57,858	66,231	(8,373)
Operation of facility	1,930,813	1,682,538	248,275
School administration	1,214,046	1,176,029	38,017
Pupil transportation services	193,400	193,400	-
Community services	<u>121,467</u>	<u>146,080</u>	<u>(24,613)</u>
Total expenses	<u>8,895,374</u>	<u>8,385,504</u>	<u>509,870</u>
Change in net position	<u>\$ 31,032</u>	<u>\$ 73,612</u>	<u>\$ (42,580)</u>

- General revenues increased approximately 4.7% primarily due to the following:
 - The State Legislature increased funding for education per student by approximately 3%.
 - An increase in the School's enrollment capacity of 12 students over the prior year, from 1,008 to 1,020, thus increasing overall funding.
- Program revenues (charges for services) increased by approximately \$.2 million primarily due to the following:
 - To comply with current National Food Lunch Program guidelines, approximately \$.2 million of related revenues and expenditures (referenced below) that was previously recorded by the School's Lunch vendor is now required to be reflected in the School's financial statements.
- Total expenses increased approximately \$.5 million mostly due to the following:
 - An increase in Teacher salaries due to the implementation of a new performance pay plan in accordance with Florida Statute 1012.22, that rewarded teachers who were rated effective and highly effective.
 - The addition of an English language arts teacher, bringing the total number of full-time employees from 92 to 93 while maintaining 9 part-time positions over the same period.
 - The addition of nearly \$.2 million worth of school lunch expenditures as described above.
- The School continued to maximize the use of technology embedded in classroom instruction as well as in a lab setting.

**AVENTURA CITY OF EXCELLENCE SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Financial Analysis of the School's Funds

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

As of the end of fiscal year 2015/16 the School's governmental fund reported an ending fund balance of \$2,157,650. The fund balance assigned and available for spending at the School's discretion is \$2,148,184. These funds will be available for the School's future ongoing operations. The fund balance increased by \$105,329 from the prior year.

Budgetary Highlights

The 2016/17 school year represents the 14th year of operations of the school. This past year a great deal of time and effort was expended on professional development and curriculum alignment based on Florida's State Standards formally referred to as Common Core, increasing parental involvement, integration of science, technology, engineering and math (STEAM), intramural and competitive sport programs and identifying and working with at-risk students. This year we maintained and expanded all our present academic programs with an emphasis on professional development and implementation related to the Florida State Standards.

Capital Assets and Debt Administration

As of June 30, 2016, the School had an investment in capital assets of \$1,663,594. This amount is net of accumulated depreciation of \$1,115,595. This amount represents a net decrease of \$74,994 or 4.5%.

The School has no outstanding debt.

Economic Factors

Facts, decisions or conditions that are expected to have a significant effect on the financial position or results of operations of the School in fiscal year 2016/17 include the following:

- Our past has shown that we can continue to operate a high performing school that provides a quality education for our students, within the school-based revenues. We have also been fortunate to have involved parents in fund-raising activities for school improvements.

The following items represent important highlights:

- The school's enrollment will remain at 1,020 students for the 2016/17 school year.
- Teacher salary increases reflect the new performance pay plan in accordance with Florida Statute 1012.22, rewarding teachers who are rated effective and highly effective.
- No additional employee positions are proposed.
- Funds have been budgeted to provide for interactive classroom lesson software and technology enhancements including new laptops, mobile learning computer labs, computer replacements and smartboards.

The overall budget increased by 1.8% or \$ 162,088, largely due to employee salary increases and technology equipment. The budget includes funding for lease payments to the Debt Service Fund to pay annual costs associated with the long term debt borrowed for the construction of the elementary school wing. Based on actions at the State level the FTE revenues are budgeted to increase by 1%.

**AVENTURA CITY OF EXCELLENCE SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

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 Finance Director at the City of Aventura, 19200 West Country Club Drive, Aventura, Florida 33180.

BASIC FINANCIAL STATEMENTS

AVENTURA CITY OF EXCELLENCE SCHOOL
(A SPECIAL REVENUE FUND OF THE CITY OF AVENTURA, FLORIDA)
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS

Current assets:	
Cash and cash equivalents	\$ 923,480
Investments	2,040,161
Due from other governments	26,493
Prepaid expenses	9,466
Total current assets	<u>2,999,600</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>1,663,594</u>
Total noncurrent assets	<u>1,663,594</u>
Total assets	<u>4,663,194</u>

LIABILITIES

Current liabilities:	
Accounts payable	161,338
Accrued expenses	680,612
Compensated absences	15,505
Total current liabilities	<u>857,455</u>
Noncurrent liabilities:	
Compensated absences	<u>46,516</u>
Total noncurrent liabilities	<u>46,516</u>
Total liabilities	<u>903,971</u>

NET POSITION

Investment in capital assets	1,663,594
Unrestricted	<u>2,095,629</u>
Total net position	<u><u>\$3,759,223</u></u>

AVENTURA CITY OF EXCELLENCE SCHOOL
(A SPECIAL REVENUE FUND OF THE CITY OF AVENTURA, FLORIDA)
STATEMENT OF ACTIVITIES
JUNE 30, 2016

Functions/Programs	Program Revenues				Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Activities Net Revenue (Expense) and Change in Net Position
Instruction	\$ 5,377,790	\$ -	\$ 97,516	\$ -	\$ (5,280,274)
Instructional media services	57,858	-	-	-	(57,858)
Operation of facility	1,930,813	519,892	100,387	423,843	(886,691)
School administration	1,214,046	-	-	-	(1,214,046)
Pupil transportation services	193,400	-	124,932	-	(68,468)
Community services	<u>121,467</u>	<u>322,179</u>	<u>-</u>	<u>-</u>	<u>200,712</u>
Total governmental activities	<u>\$ 8,895,374</u>	<u>\$ 842,071</u>	<u>\$ 322,835</u>	<u>\$ 423,843</u>	<u>(7,306,625)</u>
General revenues:					
					7,045,927
					174,236
					17,494
					<u>100,000</u>
					7,337,657
					<u>31,032</u>
					3,728,191
					<u>\$ 3,759,223</u>

See notes to basic financial statements

AVENTURA CITY OF EXCELLENCE SCHOOL
(A SPECIAL REVENUE FUND OF THE CITY OF AVENTURA, FLORIDA)
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2016

	<u>ASSETS</u>	Special Revenue Fund
Cash and cash equivalents		\$ 923,480
Investments		2,040,161
Due from other governments		26,493
Prepaid expenditures		<u>9,466</u>
Total assets		<u>\$ 2,999,600</u>
<u>LIABILITIES</u>		
Accounts payable		\$ 161,338
Accrued expenses		<u>680,612</u>
Total liabilities		<u>841,950</u>
<u>FUND BALANCE</u>		
Nonspendable		9,466
Assigned		<u>2,148,184</u>
Total fund balance		<u>2,157,650</u>
Total liabilities and fund balance		<u>\$ 2,999,600</u>

See notes to basic financial statements

AVENTURA CITY OF EXCELLENCE SCHOOL
(A SPECIAL REVENUE FUND OF THE CITY OF AVENTURA, FLORIDA)
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Total fund balance - governmental fund		\$2,157,650
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources; and therefore, are not reported in the governmental fund:

Cost of capital assets is		2,779,189
Accumulated depreciation is		<u>(1,115,595)</u> 1,663,594

Long-term liability which is not due and payable in the current period; and therefore, is not reported in the governmental fund:

Compensated absences		<u>(62,021)</u>
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Net position of governmental activities		<u>\$3,759,223</u>
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AVENTURA CITY OF EXCELLENCE SCHOOL
(A SPECIAL REVENUE FUND OF THE CITY OF AVENTURA, FLORIDA)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUND
JUNE 30, 2016

	<u>Special Revenue Fund</u>
REVENUES:	
Federal sources	\$ 112,836
State sources	7,864,516
Local sources	931,560
Investment earnings	17,494
Total revenues	<u>8,926,406</u>
EXPENDITURES:	
Current:	
Instruction	5,377,790
Instructional media services	57,858
Operation of facility	1,611,950
School administration	1,214,743
Pupil transportation services	193,400
Community services	121,467
Capital outlay	<u>243,869</u>
Total expenditures	<u>8,821,077</u>
Excess (deficiency) of revenues over expenditures	<u>105,329</u>
Net change in fund balance	105,329
Fund balance, beginning	<u>2,052,321</u>
Fund balance, ending	<u>\$ 2,157,650</u>

See notes to basic financial statements

AVENTURA CITY OF EXCELLENCE SCHOOL
(A SPECIAL REVENUE FUND OF THE CITY OF AVENTURA, FLORIDA)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2016

Net change in fund balance - total governmental fund	\$ 105,329
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Amounts reported for governmental activities in the statement of activities are different because:

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

Cost of capital assets	84,460
Current year provision for depreciation	(159,454)

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

Change in compensated absences payable	<u>697</u>
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Change in net position of governmental activities	<u>\$ 31,032</u>
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NOTES TO BASIC FINANCIAL STATEMENTS

**AVENTURA CITY OF EXCELLENCE SCHOOL
(A SPECIAL REVENUE FUND OF THE CITY OF AVENTURA, FLORIDA)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 - ORGANIZATION AND OPERATIONS

Aventura City of Excellence School (the "School"), is a special revenue fund of the City of Aventura, Florida (the "City"). The School commenced operations in August 2003 in the City and offers classes for kindergarten through eighth grade with an enrollment of 1,020 for the year ended June 30, 2016. 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:

A. Reporting Entity

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

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

B. Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants, *Audit and Accounting Guide – Audits of State and Local Governments* and the provisions of Section 228.056(9), Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

C. 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.

AVENTURA CITY OF EXCELLENCE SCHOOL
(A SPECIAL REVENUE FUND OF THE CITY OF AVENTURA, FLORIDA)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-wide Financial Statements (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.

D. 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, equity, revenues and expenditures.

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

E. Measurement Focus and Basis of Accounting

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

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

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

F. Capital Assets

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

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

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

AVENTURA CITY OF EXCELLENCE SCHOOL
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JUNE 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets (Continued)

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.

G. Deferred Outflows/Inflows of Resources

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

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

H. Unearned Revenue

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

I. Net Position Classifications

Government-wide financial statements

Net position is displayed in three (3) components:

- *Net investment in capital assets* - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction or improvement of those assets. As of June 30, the School did not have any outstanding debt.
- *Restricted* - consists of components of net position with constraints placed on its use either by: 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. There are no restricted net assets as of the year-end.
- *Unrestricted* – indicates that portion of net position that is available to fund future operations and that do not meet the definition of “restricted” or “net investment in capital assets”.

J. Fund Balance Classifications

Fund financial statements

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

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

- *Non-spendable Fund Balance* – amounts that are not in spendable form (such as prepaid items) or are legally or contractually required to be maintained intact. The School has classified \$ 9,466 of prepaid items as being non-spendable as these items are not expected to be converted to cash.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Fund Balance Classifications (Continued)

- *Restricted Fund Balance* – amounts that are constrained to specific purposes by external providers (such as grantors, creditors, etc.) or imposed by law through constitutional provisions, or by enabling legislation.
- *Committed Fund Balance* – amounts constrained to specific purposes by formal action of the government's highest level of decision making. The City Commission is the highest level of decision-making authority for the government and School that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.
- *Assigned Fund Balance* – amounts the School intends to use for a specific purpose but are neither restricted nor committed. Assignments can be made by the City Manager, which the City Commission Members, by resolution, delegated such authority at their direction. The School has a total of \$2,148,184 in Assigned Fund Balance.
- *Unassigned Fund Balance* – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. Positive amounts are only reported in the General Fund.

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

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

At June 30, 2016, there were no encumbrances outstanding.

L. Deposits and Investments

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

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JUNE 30, 2016**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Post-retirement Benefits

The City of Aventura provides post-employment healthcare coverage, including medical and dental benefits, to eligible individuals which consist of an implicit subsidy. The estimated liability is recorded in the financial statements of the City. No amount is allocated to the Charter School Special Revenue fund since the amount is deemed insignificant by management as of June 30, 2016.

N. Compensated Absences

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

O. 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.

P. Use of Estimates

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

NOTE 3 –DEPOSITS AND INVESTMENTS

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

Deposits

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

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NOTE 3 –DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

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 hereinafter referred to as "Florida PRIME". For the Florida PRIME, a 2a7-like pool, the value of the City's position is the same as the value of the pool shares and is recorded at amortized cost. At June 30, 2016, the School's investment share in the Florida PRIME was that of approximately \$1,057,488. 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 investments of the SBA. The SBA accounts are not subject to custodial credit risk as these investments are not evidenced by securities that exist in physical or bank entry form.

Investments

On July 8, 2014, 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 has responsibility for the type of investments the City makes. The investment policy establishes permitted investments, asset allocation, issuer limits, credit rating requirements and maturity limits to protect the City's assets. All investment securities are held by a Trust custodian, and are managed by financial advisors. In general, the City's policy allows to invest in the following: (1) securities and obligations of the United States and its agencies; (2) non-negotiable interest bearing time deposits or savings accounts provided that such deposits are secured by collateral as prescribed by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes; (3) repurchase agreements collateralized by full or general faith and credit obligations of the U. S. Government or Agency securities; (4) the Florida Local Government Surplus Funds Trust Fund "SBA"; (5) intergovernmental investment pools authorized pursuant to the Florida Interlocal Cooperation Act, provided by Section 163.01, Florida Statutes, and provided that such funds contain no derivatives; (6) money market mutual funds - registered investment companies with the highest credit quality rating; (7) commercial paper of any U.S. company; (8) corporate notes; (9) asset backed securities issued by corporations organized and operating within the United States or by depository institutions licensed by the United States; and (10) taxable/tax exempt municipal bonds.

As of June 30, 2016, 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	\$ 923,080
Petty cash	400
	<u>\$ 923,480</u>
 <u>Investments</u>	
State Board of Administration - SBA, Florida PRIME	\$ 1,057,488
U.S. Treasury bills	318,478
Corporate and other bonds	220,600
U.S. Government obligations	262,916
U.S. Sponsored agencies	75,735
Mortgage and asset backed securities	86,513
Commercial paper	18,431
	<u>\$ 2,040,161</u>

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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.

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

<u>Summary of Investments and Interest Rate Risk</u>	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	\$1,057,488	\$1,057,488	\$ -	\$ -	\$ -
U.S. Treasury bills	318,478	54,219	264,259	-	-
Corporate and other bonds	220,600	53,972	166,628	-	-
U.S. Government obligations	262,916	113,949	148,967	-	-
U.S. Sponsored agencies	75,735	3,731	68,367	-	3,637
Mortgage and asset backed securities	86,513	-	86,513	-	-
Commercial paper	18,431	18,431	-	-	-
Total	<u>\$2,040,161</u>	<u>\$1,301,790</u>	<u>\$ 734,734</u>	<u>\$ -</u>	<u>\$ 3,637</u>

Credit risk

Generally, credit risk is the risk that an issuer of a debt-type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally-recognized rating organization. The City's investment policy provides strict guidelines and limits investments to highly rated securities with minimum ratings of 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.

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NOTE 3 –DEPOSITS AND INVESTMENTS (Continued)

Credit risk (Continued)

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

Rating	Fair Value
AAA	\$ 54,137
AA+	636,503
AA-	67,807
AA	13,634
A-1+	25,949
A-1	18,431
A+	31,467
A	54,880
A-	18,372
AAAM	1,057,488
BBB+	27,796
NR	33,695
	<u>\$ 2,040,161</u>

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 issues or explicitly guaranteed by the U.S. government and investments in mutual funds, external investments pools, or other pooled investments are excluded from this requirement. At June 30, 2016, the School had no investments in any one issuer, amounting to 5% or more, requiring disclosure under GASB No. 40.

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

During the fiscal year 2016, the School implemented Governmental Accounting Standard Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to 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.

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JUNE 30, 2016

NOTE 4 –FAIR VALUE MEASUREMENTS (Continued)

The School has the following recurring fair value measurements as of June 30, 2016;

	Fair Value Measurements at Reporting Date			
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>June 30, 2016</u>				
U.S. Treasury bills	\$ 318,478	\$ -	\$ 318,478	\$ -
Corporate and other bonds	220,600	-	220,600	-
U.S. Government obligations	262,916	-	262,916	-
U.S. Sponsored agencies	75,735	-	75,735	-
Mortgage and asset backed securities	86,513	-	86,513	-
Commercial paper	<u>18,431</u>	<u>-</u>	<u>18,431</u>	<u>-</u>
Total	<u>\$ 982,673</u>	<u>\$ -</u>	<u>\$ 982,673</u>	<u>\$ -</u>

Debt Securities of approximately \$983,000 classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used 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			<u>Balance June 30, 2016</u>
	<u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	
Leasehold improvements	\$ 2,223,897	\$ -	\$ -	\$ 2,223,897
Equipment	470,832	84,460	-	555,292
Less: accumulated depreciation	<u>956,141</u>	<u>159,454</u>	<u>-</u>	<u>1,115,595</u>
	<u>\$ 1,738,588</u>	<u>\$ (74,994)</u>	<u>\$ -</u>	<u>\$ 1,663,594</u>

The provision for depreciation for the year ended June 30, 2016 amounted to approximately \$159,000. 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, 2016:

	Balance			<u>Balance June 30, 2016</u>	<u>Amount Due Within One Year (Estimate)</u>
	<u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>		
Compensated absences	<u>\$ 62,718</u>	<u>\$ 28,739</u>	<u>\$ (29,436)</u>	<u>\$ 62,021</u>	<u>\$ 15,505</u>

**AVENTURA CITY OF EXCELLENCE SCHOOL
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

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 & operations and dean of curriculum) and a custodian, are employees of CSUSA. Total fees paid to the management company for fiscal year 2015/16 were approximately \$ 280,000. 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, 2018. This agreement provides for an additional renewal term of up to five years upon agreement of both parties and provided the Miami-Dade County School Board extends the charter granted to the City. The fee for services is 4.3% calculated based on certain funding sources of the School, with a not to exceed per student cap, through 2017/18; and to be negotiated thereafter upon reaching a renewal arrangement.

Grant funding

The School receives financial assistance from federal, state and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. In accordance with Title 2 U.S Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the School was not required to conduct a "single audit" since the required threshold of federal or state money is currently \$750,000 and the School did not exceed such threshold.

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 a charter school as well as the construction of a community center. Approximately \$6,650,000 of the bond issue was related to the acquisition, construction and equipping of the School facility. On June 15, 2012, the City issued \$9,885,000 in Series 2012 Refunding Revenue Bonds with a rate of 2.18% to refund the then outstanding balance of the Series 2002 Revenue Bonds. Approximately \$5,213,000 of the Series 2012 Refunding Revenue Bonds relates to that portion of the original Series 2002 Revenue Bonds that was utilized for the acquisition, construction and equipping of the School facility. The City refunded the Series 2002 Revenue Bonds to reduce its total debt service payments through maturity (2027) by approximately \$3,810,000.

The School is leasing its premises from the City under an operating lease agreement, which expired June 30, 2016, but was renewed for an additional year. The lease can renew each additional year as long as the School operates pursuant to the Charter issued by the School Board of Miami-Dade County. The rent amount is determined annually and is based on the annual debt service of the Refunding Revenue Bonds.

**AVENTURA CITY OF EXCELLENCE SCHOOL
(A SPECIAL REVENUE FUND OF THE CITY OF AVENTURA, FLORIDA)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8 - RELATED PARTY TRANSACTIONS (Continued)

Future minimum payments required from the School by the City for the debt service of the Revenue Bonds are estimated to be approximately as follows:

Year Ending <u>June 30,</u>		
2017	\$	443,000
2018		443,000
2019		393,000
2020		394,000
2021		395,000
Thereafter		<u>2,769,000</u>
	\$	<u><u>4,837,000</u></u>

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) years. In addition, there were no reductions in insurance coverage from those in the prior year.

NOTE 10 - DEFINED CONTRIBUTION PENSION PLANS

The City is a single-employer that contributes to four (4) defined contribution pension plans based on employee classification created in accordance with *Internal Revenue Code Section 401 (a)*. The employees of the School are eligible to participate in three (3) of the City's defined contribution pension plans. The School has four (4) full-time employees who are eligible to participate in these plans. Under these plans, the City contributes amounts ranging from 7% to 15% of employee salary for each of the four School employees. The City contributions for the Principal vest in the year they are contributed. The City's contributions to the other employees vest beginning after one (1) year of service through year five (5) in 20% increments. Participants are not permitted to make contributions during the year. The City made plan contributions for these four employees of approximately \$38,000 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.

REQUIRED SUPPLEMENTARY INFORMATION
(Other Than MD&A)

AVENTURA CITY OF EXCELLENCE SCHOOL
(A SPECIAL REVENUE FUND OF THE CITY OF AVENTURA, FLORIDA)
SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Budget to GAAP Difference</u>	<u>Actual Amounts GAAP Basis</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>				
Revenues and transfers:						
FTE nonspecific revenues	\$6,983,594	\$7,050,594	\$ 7,143,443	\$ -	\$ 7,143,443	\$ 92,849
Capital grant funds	502,428	502,428	423,843	-	423,843	(78,585)
Charges for services	671,100	671,100	674,328	-	674,328	3,228
Miscellaneous income	247,000	247,000	161,787	-	161,787	(85,213)
Field trip revenue	215,000	215,000	167,743	-	167,743	(47,257)
Transportation funds	138,000	138,000	124,932	-	124,932	(13,068)
Transfers from other funds of the City	100,000	100,000	100,000	-	100,000	-
Operating grants and contributions	83,000	83,000	112,836	-	112,836	29,836
Investment earnings	9,000	9,000	17,494	-	17,494	8,494
Allocation of fund balance	-	157,350	-	-	-	(157,350)
Total revenues and transfers	8,949,122	9,173,472	8,926,406	-	8,926,406	(247,066)
Expenditures:						
Salaries	4,619,526	4,619,526	4,748,436	-	4,748,436	(128,910)
Professional services	765,000	765,000	762,726	-	762,726	2,274
Lease expense - transfers	444,000	444,000	444,000	(444,000)	-	-
Repairs and maintenance	324,500	324,500	234,811	-	234,811	89,689
Payroll taxes	352,706	352,706	353,109	-	353,109	(403)
Administration fee	137,704	137,704	141,446	-	141,446	(3,742)
Employee health insurance	432,658	432,658	377,766	-	377,766	54,892
Supplies and events	441,500	481,500	361,348	-	361,348	120,152
Field trips and after-school	185,000	185,000	184,591	-	184,591	409
Capital outlay	156,500	273,850	243,869	-	243,869	29,981
Utilities	174,000	174,000	162,337	-	162,337	11,663
Textbooks	156,000	156,000	145,511	-	145,511	10,489
Bonuses	122,500	189,500	33,500	-	33,500	156,000
Food services	269,000	269,000	278,869	-	278,869	(9,869)
Workers' compensation insurance	73,531	73,531	79,202	-	79,202	(5,671)
Telephone	72,160	72,160	79,518	-	79,518	(7,358)
Pension contributions	58,260	58,260	58,173	-	58,173	87
Insurance	38,000	38,000	12,792	-	12,792	25,208
Travel	28,400	28,400	30,063	-	30,063	(1,663)
Stipends	91,850	91,850	87,139	-	87,139	4,711
Dues and fees	6,327	6,327	1,871	-	1,871	4,456
Lease expense	-	-	-	444,000	444,000	-
Total expenditures	8,949,122	9,173,472	8,821,077	-	8,821,077	352,395
Net change in fund balance	\$ -	\$ -	\$ 105,329	\$ -	\$ 105,329	\$105,329

See notes to required supplementary information

AVENTURA CITY OF EXCELLENCE SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

NOTE 1

The School formally adopted a budget for the year ended June 30, 2016. Budgeted amounts may be amended by resolution or ordinance by the City Commission. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America with the exception of the items described in Note 2. A comparison of the actual results of operations to the budgeted amounts for the Special Revenue Fund is presented as required supplementary information.

NOTE 2

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

Lease expense for School facility \$ 444,000

COMPLIANCE SECTION



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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

Honorable Mayor and Members of the City Commission
City of Aventura, Florida
Aventura City of Excellence School (a Special Revenue Fund of the City of Aventura, Florida)
Aventura, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in the *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 fiscal year ended June 30, 2016, 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, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is 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 School'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.

Alberni Caballero & Fierman, LLP

Alberni Caballero & Fierman, LLP
Coral Gables, Florida
August 24, 2016



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**MANAGEMENT LETTER REQUIRED BY SECTION 10.850 OF THE RULES OF THE AUDITOR
GENERAL OF THE STATE OF FLORIDA**

Honorable Mayor and Members of the City Commission
City of Aventura, Florida
Aventura City of Excellence School (a Special Revenue Fund of the City of Aventura, Florida)
Aventura, Florida

Report on the Financial Statements

We have audited the basic 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 fiscal year ended June 30, 2016, and have issued our report thereon dated August 24, 2016.

Auditors' Responsibility

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 Chapter 10.850, Rules of the Auditor General.

Other Report

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report which is dated August 24, 2016, 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 findings or recommendations made in the preceding annual financial audit report.

Official Title

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

Financial Condition

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

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.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether the School maintains on its website the 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.

Other Matters

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

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

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, School's management and the School Board of Miami-Dade County and is not intended to be and should not be used by anyone other than these specified parties.

Alberni Caballero & Fierman, LLP

Alberni Caballero & Fierman, LLP
Coral Gables, Florida
August 24, 2016

