

**CITY OF AVENTURA POLICE OFFICERS' RETIREMENT
PLAN
FINANCIAL STATEMENTS
SEPTEMBER 30, 2012, AND 2011**

CITY OF AVENTURA POLICE OFFICERS' RETIREMENT PLAN

FINANCIAL STATEMENTS

SEPTEMBER 30, 2012, AND 2011

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Steven I. Gordon

Certified Public Accountant

American Institute of
Certified Public Accountants

Florida Institute of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
City of Aventura Police Officers' Retirement Plan
Aventura, Florida

I have audited the accompanying statements of plan net assets of City of Aventura Police Officer's Retirement Plan ("Plan") as of September 30, 2012 and 2011, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Fund's trustees. My responsibility is to express an opinion on these financial statements based on my audits.

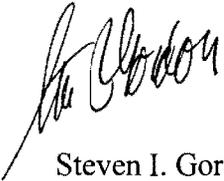
I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the Government Auditing Standards issued by the Comptroller General of the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance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

In my opinion the financial statements referred to above present fairly, in all material respects, information regarding plan net assets of the Fund as of September 30, 2012 and 2011, and the changes in plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. I have applied certain limited procedures which consisted principally of inquiring of management regarding the methods of measurement. However, I did not audit the information and express no opinion on it.

The schedules of funding progress and contributions from the employer and other contributors that show historical pension information are not a required part of the basic financial statements, but are supplementary information required by the Government Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, I have also issued my report dated October 23, 2012 on my consideration of the City of Aventura Police Officers' Retirement Plan internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of my testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.



Steven I. Gordon, CPA
October 23, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report presents the Management Discussion and Analysis (MD&A) of the City of Aventura Police Officers' Retirement Plan ("Plan") financial performance. This analysis provides an overview of the financial activities and funding conditions for fiscal years ended September 30, 2012 and 2011. Please read it in conjunction with the Plan financial statements, which follow immediately.

Financial highlights:

The Plan net results from operations for fiscal year 2012 reflected the following financial activities:

- Total plan net assets were \$20,196,125 which was \$4,876,749 greater than 2011 total plan net assets. This increase was mainly due to the increase in investment income.
- Total contributions were \$2,443,191 which was 1% greater than the 2011 contributions.
- Total interest and dividend earnings were \$399,374 which was 21% greater than the 2011 earnings.
- Net investment income was \$2,671,972 which was \$2,906,401 higher than the 2011 income.
- Total pension benefit payments were \$203,805 which was 31% greater than 2011.

Overview of the financial statements

The financial section of this annual report consists of four parts: MD&A, the basic financial statements, notes to the financial statements and other required supplemental information.

The financial statements provide both long-term and short-term information about the Plan's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplemental information that further explains and supports the information in the financial statements.

The Plan's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). Under GAAP, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred and (depreciation) appreciation of assets is recognized in the Statement of Changes in Plan Net Assets. All assets and liabilities associated with the operation of the Plan are included in the Statement of Net Assets.

The Statement of Plan Net Assets reports net plan assets and how they have changed. A net asset is the difference between the asset and any related liabilities. It is one measurement of the financial health or current position of the Plan.

The Plan was first established October 1, 2003 to provide retirement, disability and death benefits for the police officers of the City, as defined in Article II, Section 36-21 of the City of Aventura code, which is amended from time to time. The City of Aventura is the Plan Sponsor of this system.

There is a board of trustees in whom the general administration, management and responsibility for the proper operation of the Plan is vested.

Financial highlights

Employer, employee and state contributions for the year were \$2,443,191 combined, which was 1% greater than the 2011 contributions. For the fiscal year ended September 30, 2012, employer and employee contributions were 21.584% and 6.775% of compensation, respectively.

Statement of Plan Net Assets

The following condensed comparative Statements of Plan Net Assets are a snap shot of account balances at the fiscal year end of the Plan. It reports the assets available for future payments to retirees and any current liabilities that are owed as of the financial statement date. The resulting net asset value, or assets minus liabilities, represents the value of assets held in trust for pension benefits.

The Plan continues to be actuarially sound as determined by the actuary of the Plan. It is important to remember that retirement system funding is based on a long-term perspective and that temporary ups and downs in the market are to be expected.

- Net Plan Assets at September 30, 2012 were \$20,196,125, a \$4,876,749 increase from Net Plan Assets at September 30, 2011.
- Total investments at fair value at September 30, 2012 were \$19,994,115 a 32% increase from the same assets at September 30, 2011.

	2012	2011	% Change
Investments, at fair value	\$19,994,115	\$ 15,178,643	32%
Receivables	203,935	143,858	42
Total assets	20,198,050	15,322,501	32
Total liabilities	1,925	3,125	(38)
Plan Net Assets	20,196,125	15,319,376	32

Statement of Changes in Plan Net Assets

The Statement of Changes in Plan Net Assets presents the effect of pension fund transactions that occurred during the fiscal year. On the statement, additions to the plan minus deductions from the plan equal net increase or decrease in Plan Net Assets.

The funding objective is to meet long-term obligations and fund all pension benefits.

- Revenues (additions to the plan net assets) for the Plan were \$5,115,163 which was made up of employer, employee, and state contributions of \$2,443,191 plus net investment income of \$2,671,972.

- Expenses (deductions from the plan net assets) increased from \$201,459 during 2011 to \$238,414 in 2012.

	2012	2011	% Change
Total contributions	\$ 2,443,191	\$ 2,407,973	1%
Net investment income (loss)	2,671,972	(234,429)	(1,240)
Total additions	5,115,163	2,173,544	135
Total deductions	238,414	201,459	18
Net increase	4,876,749	1,972,085	147
Net assets – beginning	15,319,376	13,347,291	15
Net assets – ending	20,196,125	15,319,376	32

Asset allocation

The table below indicates the Plan investment policy target and actual asset allocations as of September 30, 2012:

Type of Investment	Investment policy	Actual allocation
Fixed income	32.5% to 37.5%	30.86%
Domestic Equities	46.25% to 63.75%	49.50%
Foreign Equities	7.5% to 25%	13.80%
Cash Equivalents	0% to 100%	05.84%

The investment guidelines provide for the appropriate diversification of the portfolio. Investments have been diversified to the extent practicable to control risk of loss resulting from over-concentration of a specific maturity, issuer, instrument, dealer or bank through which financial instruments are bought and sold.

The Board recognizes that some risk must be assumed to achieve the Plan's long-term investment objectives. In establishing the risk tolerances, the Plan's ability to withstand short and intermediate term variability has been considered. However, the Plan's financial condition enables the Board to adopt a long-term investment perspective.

Investment activities

Investment income is vital to the Plan for current and future financial stability. Therefore, the Trustees have a fiduciary responsibility to act prudently when making plan investment decisions. To assist the Board of Trustees in this area, the Board retains investment managers who supervise and direct the investment of the assets. The Board also retains an investment monitor to evaluate and report on quarterly basis compliance by the investment managers with the investment policy of the Board and investment performance of the Fund. The investment policy statement was last amended on December 16, 2009.

The Board and its investment consultant review portfolio performance in compliance with the investment policy statement quarterly. Performance is evaluated both individually by money manager style and collectively by investment type and for the aggregate portfolio.

Financial analysis summary

The investment activities, for the fiscal year ended September 30, 2012 are a function of the underlying market, money managers' performance and the investment policy's asset allocation model. The Plan has consistently implemented a high quality, conservative approach.

Contacting the Plan's financial management

This financial analysis is designed to provide the Board of Trustees, plan participants and the marketplace credit analysts with an overview of the Plan's finances and the prudent exercise of the Board's oversight. If you have any questions regarding this report or you need additional financial information, please contact the administrator of the City of Aventura Police Officers' Retirement Plan, Benefits USA, 3810 Inverrary Boulevard, Suite 302, Lauderhill, FL 33319.

CITY OF AVENTURA POLICE OFFICERS' RETIREMENT PLAN
STATEMENTS OF PLAN NET ASSETS
SEPTEMBER 30, 2012 AND 2011

ASSETS

	2012	2011
Investments, at fair value (Note 2 & 3)	\$ 19,994,115	\$ 15,178,643
Receivables:		
Employer contributions	106,694	62,217
Employees contributions	18,906	-
Other receivables	3,864	-
Due for securities sold	21,572	28,912
Accrued investment income	52,899	52,729
Total receivables	<u>203,935</u>	<u>143,858</u>
Total assets	<u>\$ 20,198,050</u>	<u>\$ 15,322,501</u>

LIABILITIES

Accounts payable	\$ 1,925	\$ 3,125
Total liabilities	<u>\$ 1,925</u>	<u>\$ 3,125</u>

PLAN NET ASSETS HELD IN TRUST FOR PENSION BENEFITS

Plan net assets held in trust for pension benefits	\$ 20,196,125	\$ 15,319,376
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READ THE NOTES TO THE FINANCIAL STATEMENTS

CITY OF AVENTURA POLICE OFFICERS' RETIREMENT PLAN
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012	2011
Additions:		
Contributions -		
Employer	\$ 1,655,005	\$ 1,645,843
Employees	519,494	512,005
Florida Chapter 185 monies	268,692	250,125
Total contributions	<u>2,443,191</u>	<u>2,407,973</u>
Investment income -		
Net appreciation (depreciation) in fair value of investments	2,440,457	(419,228)
Interest and dividend income	399,374	329,667
Total investment income (loss)	<u>2,839,831</u>	<u>(89,561)</u>
Less: Investment expenses	167,859	144,868
Net investment income (loss)	<u>2,671,972</u>	<u>(234,429)</u>
Total additions	5,115,163	2,173,544
Deductions:		
Benefits paid	203,805	155,845
Administrative expenses <i>(See Schedule)</i>	34,609	45,614
Total deductions	<u>238,414</u>	<u>201,459</u>
Increase in plan net assets	4,876,749	1,972,085
Plan net assets held in trust for pension benefits:		
Beginning of year	15,319,376	13,347,291
End of year	<u>\$ 20,196,125</u>	<u>\$ 15,319,376</u>

READ THE NOTES TO THE FINANCIAL STATEMENTS

**CITY OF AVENTURA POLICE OFFICERS'
RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
SEPTEMBER 30, 2012 AND 2011**

(1) DESCRIPTION OF THE PLAN:

The following description of the City of Aventura Police Officer's Retirement Plan ("Plan") provides only general information. Participants should refer to the City's ordinance for more complete information.

General –

The Plan is a single-employer defined benefit retirement plan covering all eligible police officers. The Plan was established by the City in accordance with a City ordinance and state statutes.

Eligibility -

The Plan is open solely to active police officers of the City of Aventura.

Benefits –

Normal retirement – A participant is eligible for normal retirement upon the earlier of age 55 with 10 years of credited service or completion of 25 years of credited service, regardless of age. For the first 40 years of service, the monthly benefit received will be 3% of final monthly compensation multiplied by the number of years of service, to a maximum of 80%. Years credited beyond 40 will be taken into account at 2% of final compensation per year.

Early retirement – An early retirement benefit may be received upon attainment of age 45 with 10 years of credited service. The benefit may be received either on a deferred basis or on an immediate basis. On an immediate basis, the benefit amount will be the normal retirement benefit reduced by 3% per year for each year by which the retirement date precedes the normal retirement date. On a deferred basis, the benefit amount will be the same as the normal retirement benefit except that the final compensation and credited service will be based upon the early retirement date.

Disability retirement – Members who become disabled due to service-incurred injuries, which arise out of performance of service with the City, will receive a monthly benefit amount equal to the member's accrued benefit but not less than 42% of the member's final monthly compensation as of the date of disability, offset by any other payments, such as worker's compensation. Members who become disabled due to non-service-incurred injuries, which do not arise out of performance of service with the City, and who have completed at least ten years of service, will receive a monthly benefit amount equal to 3% of final monthly compensation for each year of credited service, but not less than 30%.

CITY OF AVENTURA POLICE OFFICERS'
RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
SEPTEMBER 30, 2012 AND 2011

(1) DESCRIPTION OF THE PLAN (CONTINUED):

Funding -

Plan members are required to contribute 6.775% of their annual covered salary and the City is required to contribute 20.955% of covered payroll. Consistent with the requirements of Sections 112.66 and 185.07 of the Florida Statutes, the City is required to contribute an amount necessary to maintain the Plan on an actuarially sound basis. Contribution requirements of the Plan members and the City are established and may be changed by an amendment of the City ordinance. The costs of administering the Plan are paid out of contributions to the Plan.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Accounting estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Investment valuation and income recognition -

Investments are reported at fair value (see Note 3). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Accounting principles -

The Plan applies all GASB pronouncements as well as FASB pronouncements issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

Income taxes -

The Plan is exempt from federal income taxes under the Internal Revenue Code and, accordingly, no provision for federal income taxes has been made.

CITY OF AVENTURA POLICE OFFICERS'
RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
SEPTEMBER 30, 2012 AND 2011

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Reclassifications -

Certain items in the September 30, 2011 financial statements have been reclassified to conform to the September 30, 2012 presentation in order to maintain comparability between the statements.

(3) INVESTMENTS:

The Plan's investments were being held by Morgan Stanley Smith Barney. Investments at September 30, 2012 and 2011 consisted of the following at fair value as determined by quoted market price:

	<u>2012</u>	<u>2011</u>
Common stocks	\$12,656,232	\$8,786,433
Government securities	3,079,672	2,936,342
Corporate bonds	3,090,033	2,494,702
Cash and cash equivalents	<u>1,168,178</u>	<u>961,166</u>
Total	<u>\$19,994,115</u>	<u>\$15,178,643</u>

During the year ended September 30, 2012, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$2,440,457 (reported as Net appreciation in fair value of investments in the Statement of Changes in Plan Net Assets) as follows:

Government securities	\$(411,456)
Corporate bonds	402,090
Common stocks	<u>2,449,823</u>
Total	<u>\$ 2,440,457</u>

The term "interest rate risk" refers to the portfolio's exposure to fair value losses arising from increasing interest rates. Interest rate risk disclosures are required for all debt investments, as well as investments in mutual funds, external investment pools and other pooled investments that do not meet the definition of a 2a7-like pool.

The Plan's investment policy does not currently set a parameter on the duration of its fixed income securities. However, the information as to the weighted average maturity of its fixed income portfolio is as follows:

CITY OF AVENTURA POLICE OFFICERS'

RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED

SEPTEMBER 30, 2012 AND 2011

(3) INVESTMENTS (CONTINUED):

<u>Investment type</u>	<u>Fair Value</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>6-10 years</u>	<u>More than 10 years</u>
Corporate bonds	\$ 3,090,033	\$ 285,840	\$1,888,838	\$915,355	\$ -
US treasuries	2,361,340	727,021	1,324,540	309,779	-
US agencies	<u>718,332</u>	<u>258,530</u>	<u>459,802</u>	<u>-</u>	<u>-</u>
Totals	<u>\$6,169,705</u>	<u>\$1,271,391</u>	<u>\$3,673,180</u>	<u>\$1,225,134</u>	<u>\$ -</u>

The term "credit risk" is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Pursuant to City Ordinance 36-25(c)(4), the Fund limits its credit risk by limiting its fixed income investments to securities with the top 4 ratings issued by nationally recognized statistical rating organizations. The Fund's corporate bonds and commercial paper were rated by Moody's Investors Services as follows:

<u>Rating</u>	<u>Fair Value</u>
A1	\$ 930,003
A2	1,116,957
A3	438,484
AA2	62,189
AA3	542,400
Unrated government securities	<u>3,079,672</u>
Total	<u>\$6,169,705</u>

The Fund limits investments with any one issuer to no more than 5% of Plan Net Assets, other than those issued by the US Government or its Agencies. More than 5% of the Fund's plan net assets are invested in debt securities issued by the United States Treasury. The United States Treasury investment represented 11.69% of Plan Net Assets.

"Foreign currency risk" is the risk that fluctuations in currency exchange rate may affect transactions conducted in currencies other than US Dollars and the carrying value of foreign investments. The Fund's exposure to foreign currency risk derives mainly from its investments in international equity securities which amounted to \$2,759,188 in US Dollars. The investments by currency type are as follows:

**CITY OF AVENTURA POLICE OFFICERS'
RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
SEPTEMBER 30, 2012 AND 2011**

(3) INVESTMENTS (CONTINUED):

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

The investment policy limits the foreign investments to no more than 25% of the Fund's investment balance. As of year-end, the foreign investments were 13.80% of total investments.

(4) ACTUARIAL VALUATION:

The most recent actuarial valuation was done as of October 1, 2009 (Revised May 6, 2010). At that date, the actuaries determined that the accrued actuarial liability for benefits was \$16,273,418, while the actuarial value of the assets available to pay benefits was \$10,375,587. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Additional information regarding major assumptions used by the actuaries and funding progress is included in the attached supplemental information.

(5) SUBSEQUENT EVENTS

In May 2009, the Financial Accounting Standards Board (FASB) issued a new accounting standard which established general accounting standards and disclosure for subsequent events. In accordance with this standard, we evaluated subsequent events through October 23, 2012, the date that the financial statements were available to be issued.

CITY OF AVENTURA POLICE OFFICERS' RETIREMENT PLAN
SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012	2011
Accounting	\$ 5,400	\$ 5,200
Actuarial fees	400	3,317
Administrative fees	14,400	14,400
Insurance	4,733	4,197
Legal fees	9,076	17,500
Miscellaneous	600	1,000
Total expenses	\$ 34,609	\$ 45,614

READ THE NOTES TO THE FINANCIAL STATEMENTS

CITY OF AVENTURA POLICE OFFICERS' RETIREMENT PLAN

SCHEDULE OF CONTRIBUTIONS

FROM EMPLOYER AND OTHER CONTRIBUTORS

AS OF OCTOBER 1, 2009

(UNAUDITED)

Year Ended September 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
2009	\$1,151,438	\$1,414,470	122.84%
2008	1,169,142	1,187,996	101.61
2007	1,154,250	1,160,865	100.57
2006	1,126,269	1,126,269	100.00

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is as follows:

Valuation date	October 1, 2009 (Revised May 6, 2010)
Actuarial cost method – Funding	Entry age normal cost
Amortization method	Level dollar
Remaining amortization period	24 years
Asset valuation method	5 Year Smooth
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	5%
Inflation rate	3%

**CITY OF AVENTURA
POLICE OFFICERS' RETIREMENT PLAN
SCHEDULE OF FUNDING PROGRESS
AS OF OCTOBER 1, 2009
(UNAUDITED)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/c
10/01/09	\$10,375,587	\$16,273,418	\$5,897,831	63.8%	\$6,418,797	91.9%
10/01/07	6,935,097	10,825,108	3,890,011	64.1	5,576,592	69.8
10/01/04	2,393,593	5,118,997	2,725,404	46.8	4,085,348	66.7
10/01/03	1,389,389	4,080,982	2,691,593	34.1	4,050,591	66.4

Steven I. Gordon

Certified Public Accountant

American Institute of
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Florida Institute of
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Trustees
City of Aventura
Police Officers' Retirement Plan
Aventura, Florida

I have audited the financial statements of **City of Aventura Police Officers' Retirement Plan**, as of and for the year ended September 30, 2012, and have issued my report thereon dated October 23, 2012. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

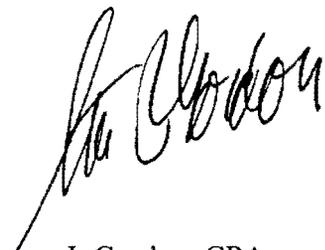
Compliance

As part of obtaining reasonable assurance about whether **City of Aventura Police Officers' Retirement Plan** financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws and regulations, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered **City of Aventura Police Officers' Retirement Plan** internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matter involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

A handwritten signature in black ink, appearing to read "Steven I. Gordon". The signature is written in a cursive, flowing style.

Steven I. Gordon, CPA
October 23, 2012