

**CITY OF AVENTURA POLICE OFFICERS' RETIREMENT  
PLAN  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010 AND 2009**

**CITY OF AVENTURA POLICE OFFICERS' RETIREMENT PLAN**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2010, AND 2009**

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## **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 (APORP) financial performance. This analysis provides an overview of the financial activities and funding conditions for fiscal years ended September 30, 2010 and 2009. Please read it in conjunction with the APORP financial statements, which follow immediately.

### **Financial highlights:**

The APORP net results from operations for fiscal year 2010 reflected the following financial activities:

- Total plan net assets were \$13,347,291 which was 29% greater than 2009 total plan net assets. This increase was mainly due to the increase in the fair value of the investments and current year contributions.
- Total contributions were \$2,108,284, which was 10% greater than the 2009 contributions.
- Total interest and dividend earnings were \$267,759 which was 15% greater than the 2009 earnings.
- Net investment income was \$1,028,721, which was \$148,698 greater than the 2009 income. The increase reflects an improving economy in general.
- Total pension benefit payments were \$101,996 which was 1% greater than 2009.

### **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 APORP'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 APORP'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 appreciation (depreciation) of assets is recognized in the Statement of Changes in Plan Net Assets. All assets and liabilities associated with the operation of the APORP 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 APORP. The increase in net assets during 2010 is one indicator of improving financial circumstances.

The APORP 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 system is vested.

## **Financial highlights**

Employer and employee contributions for the year were \$1,823,903 combined, which was 11% greater than the 2009 contributions. For the fiscal year ended September 30, 2010, employer and employee contributions were 17.775% 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 APORP 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, 2010 were \$13,347,291, a 29% increase from Net Plan Assets at September 30, 2009.
- Total cash and short-term investments at September 30, 2010 were \$819,816 a 67% increase from the same assets at September 30, 2009.

	2010	2009	% Change
Cash & short term investments	\$ 819,816	\$ 492,362	67%
Receivables	105,574	300,287	(65)
Investments, at fair value	12,421,900	9,565,856	30
Total assets	13,247,291	10,358,505	29
Plan Net Assets	13,347,291	10,358,505	29

## **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 APORP were \$3,137,005 which was made up of employer, employee, and state contributions of \$2,108,284 plus a net investment gain of \$1,028,721.
- Expenses (deductions from the plan net assets) increased from \$129,215 during 2009 to \$148,219 in 2010.

	<u>2010</u>	<u>2009</u>	<u>% Change</u>
Total contributions	\$2,108,284	\$1,911,841	10%
Net investment gains	1,028,721	880,023	17
Total additions	3,137,005	2,791,864	12
Total deductions	148,219	129,915	14
Net increase	2,988,786	2,661,949	12
Net assets – beginning	10,358,505	7,696,556	35
Net assets – ending	13,347,291	10,358,505	29

### **Asset allocation**

The table below indicates the APORP investment policy target and actual asset allocations as of September 30, 2010:

<u>Type of Investment</u>	<u>Investment policy</u>	<u>Actual allocation</u>
Fixed income	0% to 35%	30.81%
Equities	0% to 65%	63.00%
Cash Equivalents	0% to 100%	06.19%

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 APORP 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, 2010 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.

# 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, 2010 and 2009, 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.

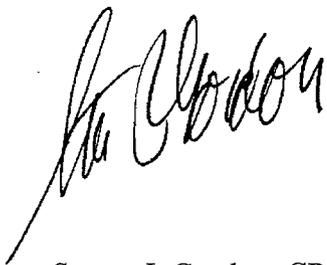
I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the Government Auditing Standards issued by the Comptroller General of the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance 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, the plan net assets of the Fund as of September 30, 2010, and the changes in plan net assets for the year then ended and information regarding the plan net assets as of September 30, 2009 and the changes in plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audits were conducted for the purposes of forming an opinion on the basic financial statements taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements, and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements as a whole.

In accordance with Government Auditing Standards, I have also issued my report dated October 27, 2010 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.

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.

A handwritten signature in black ink, appearing to read "Steven I. Gordon". The signature is written in a cursive style with a long, sweeping underline that extends to the left.

Steven I. Gordon, CPA  
October 27, 2010

**CITY OF AVENTURA POLICE OFFICERS' RETIREMENT PLAN**  
**STATEMENTS OF PLAN NET ASSETS**  
**SEPTEMBER 30, 2010 AND 2009**

**ASSETS**

	<b>2010</b>	<b>2009</b>
<b>Investments, at fair value</b> <i>(Note 3 &amp; 4)</i>	\$ 13,241,716	\$ 10,058,218
<b>Receivables:</b>		
Employer contributions	49,198	-
Employees contributions	18,747	-
Chapter 185 contribution	-	265,314
Accrued investment income	37,630	34,973
Total receivables	105,575	300,287
<b>Total assets</b>	<b>\$ 13,347,291</b>	<b>\$ 10,358,505</b>

**PLAN NET ASSETS HELD IN TRUST FOR PENSION BENEFITS**

<b>Plan net assets held in trust for pension benefits</b>	<b>\$ 13,347,291</b>	<b>\$ 10,358,505</b>
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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, 2010 AND 2009**

	2010	2009
<b>Additions:</b>		
Investment income -		
Net appreciation in fair value of investments	\$ 872,002	\$ 721,914
Interest and dividend income	267,759	232,768
Total investment income	1,139,761	954,682
Less: Investment expenses	111,040	74,659
Net investment income	1,028,721	880,023
Contributions -		
Employer	1,320,667	1,208,578
Employees	503,236	437,949
Florida Chapter 185 monies	284,381	265,314
Total contributions	2,108,284	1,911,841
Total additions	3,137,005	2,791,864
<b>Deductions:</b>		
Benefits paid	101,996	100,875
Administrative expenses <i>(See Schedule)</i>	46,223	29,040
Total deductions	148,219	129,915
Increase in plan net assets	2,988,786	2,661,949
<b>Plan net assets held in trust for pension benefits:</b>		
Beginning of year	10,358,505	7,696,556
End of year	\$ 13,347,291	\$ 10,358,505

**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, 2010 AND 2009**

**(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**  
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**(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 17.775% 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.

**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 (*see Note 4 for discussion of fair value measurements*).

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 includes the Plan's gains and losses on investments bought and sold as well as held during the year.

**(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.

**Purchases and sales of securities -**

Purchases and sales of securities are recorded on a trade-date basis.

**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.

**CITY OF AVENTURA POLICE OFFICERS'**  
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**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**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.

**(3) INVESTMENTS:**

The Plan's investments were being held by Smith Barney. Investments at September 30, 2010 and 2009 consisted of the following at fair value as determined by quoted market price:

	<u>2010</u>	<u>2009</u>
Common stocks	\$8,342,431	\$ 6,284,819
Due for securities sold	-	39,174
Due for securities purchased	(606)	-
Government securities	2,114,693	1,503,984
Corporate bonds	1,965,382	1,737,879
Cash and cash equivalents	<u>819,816</u>	<u>492,362</u>
Total	<u>\$ 13,241,716</u>	<u>\$ 10,058,218</u>

During the year ended September 30, 2010, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$872,002 (reported as Net appreciation in fair value of investments in the Statement of Changes in Plan Net Assets) as follows:

Government securities	\$ 27,635
Corporate bonds	57,843
Common stocks	<u>786,524</u>
Total	<u>\$ 872,002</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:

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**SEPTEMBER 30, 2010 AND 2009**

**(3) INVESTMENTS (CONTINUED):**

<u>Investment type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>&gt; 10</u>
Corporate bonds	\$1,965,382	\$ 138,245	\$1,315,513	\$ 511,624	\$ -
US Treasuries	1,696,680	-	1,243,731	452,949	-
US Agencies	418,013	-	418,013	-	-
Totals	<u>\$4,080,075</u>	<u>\$ 138,245</u>	<u>\$2,977,257</u>	<u>\$ 964,573</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	\$ 405,745
A2	668,118
A3	116,780
AA2	376,233
AA3	398,506
Unrated	<u>2,114,693</u>
Total	<u>\$4,080,075</u>

The Fund limits investments that may be invested in any one issuer to no more than 5% of Plan Net Assets, other than those issued by the 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 12.71% of Plan Net Assets.

**(4) FAIR VALUE MEASUREMENTS:**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the hierarchy are as follows:

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**(4) FAIR VALUE MEASUREMENTS (CONTINUED):**

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
  
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for asset measured at fair value. There have been no changes in methodologies used at September 30, 2010 and 2009:

Common stock: Valued at the closing price reported on the New York Stock Exchange.

US government securities: Valued at the closing price reported in the active market in which the individual security is traded.

Corporate bonds: Certain corporate bonds are valued at the closing price reported in the active market in which the bond is traded. Other corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flow approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Money market funds: Valued at the net asset value of shares held by the plan at year end.

**CITY OF AVENTURA POLICE OFFICERS'**

**RETIREMENT PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEARS ENDED**

**SEPTEMBER 30, 2010 AND 2009**

**(4) FAIR VALUE MEASUREMENTS (CONTINUED):**

These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at reporting date.

Assets at fair value as of September 30, 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stocks	\$8,342,431	\$ -	\$ -	\$ -
US Gov't Sec.	-	2,114,693	-	2,114,693
Corporate bonds:				
A1 Credit rating	-	405,745	-	405,745
A2 Credit rating	-	668,117	-	668,117
A3 Credit rating	-	116,780	-	116,780
AA2 Credit rating	-	376,233	-	376,233
AA3 Credit rating	<u>-</u>	<u>398,507</u>	<u>-</u>	<u>398,507</u>
Total	-	1,965,382	-	1,965,382
Due to Broker	(606)	-	-	(606)
Money market funds	-	783,566	-	783,566
Cash	<u>36,250</u>	<u>-</u>	<u>-</u>	<u>36,250</u>
Total	<u>\$8,378,075</u>	<u>\$4,863,641</u>	<u>\$ -</u>	<u>\$13,241,716</u>

Assets at fair value as of September 30, 2009:

Common stocks	\$6,284,819	\$ -	\$ -	\$ -
US Gov't Sec.	-	1,503,984	-	-
Corporate bonds:				
A1 Credit rating	-	513,602	-	513,602
A2 Credit rating	-	676,862	-	676,862
AA2 Credit rating	-	290,249	-	290,249
AA3 Credit rating	<u>-</u>	<u>257,166</u>	<u>-</u>	<u>257,166</u>
Total	-	1,737,879	-	1,737,879
Due from Broker	39,174	-	-	39,174
Money market funds	-	-	492,244	492,244
Cash	<u>118</u>	<u>-</u>	<u>-</u>	<u>118</u>
Total	<u>\$6,324,111</u>	<u>\$3,734,107</u>	<u>\$492,244</u>	<u>\$13,241,716</u>

**CITY OF AVENTURA POLICE OFFICERS'**  
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**(5) ACTUARIAL VALUATION:**

The most recent actuarial valuation was done as of October 1, 2009. 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.

**(6) 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 November 5, 2010, 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, 2010 AND 2009**

	2010	2009
Accounting	\$ 5,200	\$ 5,200
Actuarial fees	11,276	-
Administrative fees	15,600	11,700
Insurance	4,184	3,071
Legal fees	9,175	8,469
Miscellaneous	788	600
Total expenses	\$ 46,223	\$ 29,040

**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)**

<b>Year Ended September 30</b>	<b>Annual Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contributed</b>
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
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	8.0%
Projected salary increases	5.0%
Inflation rate	3.0%

**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  
Certified Public Accountants

Florida Institute of  
Certified Public Accountants

## 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, 2010, and have issued my report thereon dated October 27, 2010. 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.

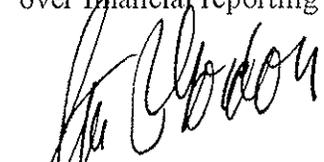
### Compliance

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.



Steven I. Gordon, CPA  
October 27, 2010