

sg 11/20/07

**CITY OF AVENTURA POLICE OFFICERS' RETIREMENT
PLAN
FINANCIAL STATEMENTS
SEPTEMBER 30, 2007 AND 2006**

CITY OF AVENTURA POLICE OFFICERS' RETIREMENT PLAN

FINANCIAL STATEMENTS

SEPTEMBER 30, 2007, AND 2006

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
• Statements of plan net assets	3
• Statements of changes in plan net assets	4
NOTES TO FINANCIAL STATEMENTS	5-8
SUPPLEMENTAL INFORMATION	
• Schedules of administrative expenses	9
• Schedule of contributions from employer and other contributors	10
• Schedule of funding progress	11
COMPLIANCE REPORT	
• Report of Independent Certified Public Accountant on Internal Control over financial reporting and compliance and other matters based on an audit of financial statements performed in accordance with government auditing standards	12-13

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, 2007 and 2006, 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.

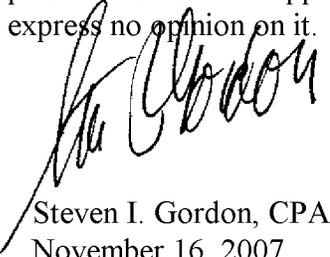
The financial statements do not include information regarding the actuarial present value of accumulated plan benefits and the effects of certain factors affecting the year-to-date change in accumulated plan benefits. This information is required by generally accepted accounting principles.

In my opinion, except for the effects of the omission of the actuarial information described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, information regarding plan net assets of the Fund as of September 30, 2007 and 2006, 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.

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 November 16, 2007 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.



Steven I. Gordon, CPA
November 16, 2007

CITY OF AVENTURA POLICE OFFICERS' RETIREMENT PLAN
STATEMENTS OF PLAN NET ASSETS
SEPTEMBER 30, 2007 AND 2006

ASSETS

	2007	2006
Investments , at fair value <i>(Note 3)</i>	\$ 7,536,491	\$ 5,340,147
Receivables:		
Employer contributions	33,307	29,987
Employees contributions	14,667	13,205
Accrued investment income	26,823	21,731
Total receivables	74,797	64,923
Total assets	\$ 7,611,288	\$ 5,405,070

LIABILITIES

Accounts payable	\$ -	\$ 1,750
Total liabilities	\$ -	\$ 1,750

PLAN NET ASSETS HELD IN TRUST FOR PENSION BENEFITS

Plan net assets held in trust for pension benefits	\$ 7,611,288	\$ 5,403,320
---	---------------------	---------------------

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, 2007 AND 2006

	2007	2006
Additions:		
Investment income -		
Net appreciation in fair value of investments	\$ 597,482	\$ 173,260
Interest and dividend income	201,591	126,960
Total investment income	799,073	300,220
Less: Investment expenses	62,014	45,038
Net investment income	737,059	255,182
Contributions -		
Employer	1,000,802	857,184
Employees	385,080	377,356
Florida Chapter 185 monies	160,063	149,567
Total contributions	1,545,945	1,384,107
Total additions	2,283,004	1,639,289
Deductions:		
Benefits paid	43,312	12,379
Administrative expenses <i>(See Schedule)</i>	31,724	43,711
Total deductions	75,036	56,090
Increase in plan net assets	2,207,968	1,583,199
Plan net assets held in trust for pension benefits:		
Beginning of year	5,403,320	3,820,121
End of year	\$ 7,611,288	\$ 5,403,320

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, 2007 AND 2006**

(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 normal retirement benefit may be received upon attainment of age 55 with 10 years of credited service or upon completion of 25 years of credited service. 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, 2007 AND 2006**

(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 15.385% 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.

• **Valuation of investments -**

Investments in common stocks, corporate bonds and government securities are valued at quoted market prices. Investments in money market funds are valued at cost. *(See Note 3)*

(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.

• **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, 2007 AND 2006**

(3) INVESTMENTS:

The Plan’s investments were being held by Salem Trust. Investments at September 30, 2007 consisted of the following:

	<u>2007</u>	<u>2006</u>
Common stocks	\$ 4,661,362	\$ 3,222,304
Government securities	1,280,884	893,727
Corporate bonds	1,129,000	917,727
Cash and cash equivalents	<u>465,245</u>	<u>306,389</u>
Total	<u>\$ 7,536,491</u>	<u>\$ 5,340,147</u>

During the year ended September 30, 2007, the Plan’s investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$173,260 as follows:

Government securities	\$ 32,396
Corporate bonds	15,549
Common stocks	<u>549,537</u>
Total	<u>\$ 597,482</u>

The Fund’s investments in government securities and corporate bonds had maturities as follows:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment Maturities</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
Corporate bonds	\$1,129,000	\$ 35,186	\$1,022,518	\$ 71,296	\$ -
US Treasuries	794,487	-	420,846	373,641	-
US Agencies	486,397	39,638	199,688	247,071	-
Totals	<u>\$2,409,884</u>	<u>\$ 74,824</u>	<u>\$1,643,052</u>	<u>\$692,008</u>	<u>\$ -</u>

**CITY OF AVENTURA POLICE OFFICERS’
RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
SEPTEMBER 30, 2007 AND 2006**

(3) INVESTMENTS (CONTINUED):

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

State law limits investments in corporate bonds and commercial paper to the top 3 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:

Rating	<u>Fair Value</u>
Aaa	\$ 79,942
Aa1	83,521
Aa2	35,186
Aa3	151,195
A1	406,369
A2	259,057
A3	113,730
Unrated	<u>1,280,884</u>
Total	<u>\$2,409,884</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. This investment represented 10.44% of Plan Net Assets.

(4) ACTUARIAL VALUATION:

The most recent actuarial valuation was done as of October 1, 2004. At that date, the actuaries determined that the accrued actuarial liability for benefits was \$4,080,982, while the actuarial value of the assets available to pay benefits was \$1,389,389.

They determined that the required City and state contribution for the year ended September 30, 2007 was \$832,799 of which the City contributed \$857,184, or 103%.

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

CITY OF AVENTURA POLICE OFFICERS' RETIREMENT PLAN
SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

	2007	2006
Accounting	\$ 4,900	\$ 4,900
Actuarial fees	2,152	6,173
Administrative fees	10,207	10,200
Insurance	2,748	2,335
Legal fees	6,825	16,846
Meetings & conventions	4,442	2,807
Miscellaneous	450	450
Total expenses	\$ 31,724	\$ 43,711

READ THE NOTES TO THE FINANCIAL STATEMENTS

CITY OF AVENTURA POLICE OFFICERS' RETIREMENT PLAN

SCHEDULE OF CONTRIBUTIONS

FROM EMPLOYER AND OTHER CONTRIBUTORS

AS OF SEPTEMBER 30, 2007 AND 2006

(UNAUDITED)

Year Ended September 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
2005	\$787,658	\$806,942	102%
2004	787,658	634,758	81

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, 2004
Actuarial cost method – Funding	Entry age normal cost
Amortization method	Level percent, closed
Remaining amortization period	12 to 30 years
Asset valuation method	Market Related Value
Actuarial assumptions:	
Investment rate of return	8%
Projected salary increases	5%
Inflation rate	3%
Cost of living adjustments	None

**CITY OF AVENTURA
POLICE OFFICERS' RETIREMENT PLAN
SCHEDULE OF FUNDING PROGRESS
AS OF SEPTEMBER 30, 2007 AND 2006
(UNAUDITED)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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
10/01/04	\$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 Directors
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, 2007, and have issued my report thereon dated November 16, 2007. 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.

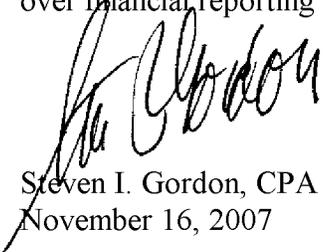
Compliance

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, somewhat stylized font.

Steven I. Gordon, CPA

November 16, 2007