

**CITY OF AVENTURA POLICE OFFICERS' RETIREMENT
PLAN
FINANCIAL STATEMENTS
SEPTEMBER 30, 2005 AND 2004**

CITY OF AVENTURA POLICE OFFICERS' RETIREMENT PLAN
FINANCIAL STATEMENTS
SEPTEMBER 30, 2005, AND 2004

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Steven I. Gordon

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Florida Institute of
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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, 2005, and the related statements of changes in plan net assets for the year 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 audit. The statements of **City of Aventura Police Officers' Retirement Plan** as of September 30, 2004 were audited by other auditors whose report, dated February 1, 2005, expressed an unqualified opinion on those statements.

I conducted my audit 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 audit provides 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, 2005 and 2004, 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.

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
December 13, 2005

**CITY OF AVENTURA POLICE OFFICERS' RETIREMENT PLAN
STATEMENTS OF PLAN NET ASSETS
SEPTEMBER 30, 2005 AND 2004**

ASSETS

	2005	2004
Investments, at fair value (Note 3)	\$ 3,759,323	\$ -
Receivables:		
Employer contributions	23,398	583,892
Employees contributions	10,166	250,850
Rollover contributions	15,193	1,612,458
Chapter 185 monies	-	50,866
Accrued investment income	17,337	-
Total receivables	66,094	2,498,066
Total assets	\$ 3,825,417	\$ 2,498,066

LIABILITIES

Accounts payable	\$ 5,296	\$ 11,143
Total liabilities	\$ 5,296	\$ 11,143

PLAN NET ASSETS HELD IN TRUST FOR PENSION BENEFITS

Plan net assets held in trust for pension benefits	\$ 3,820,121	\$ 2,486,923
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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, 2005 AND 2004

	2005	2004
Additions:		
Investment income -		
Net appreciation in fair value of investments	\$ 183,387	\$ -
Interest and dividend income	68,515	-
Total investment income	251,902	-
Less: Investment expenses	27,029	-
Net investment income	224,873	-
Contributions -		
Employer	687,303	583,892
Employees	318,837	253,776
Rollover contributions	40,719	1,612,458
Florida Chapter 185 monies	143,037	50,866
Total contributions	1,189,896	2,500,992
Total additions	1,414,769	2,500,992
Deductions:		
Employees contributions refund	24,844	2,926
Administrative expenses <i>(See Schedule)</i>	56,727	11,143
Total deductions	81,571	14,069
Increase in plan net assets	1,333,198	2,486,923
Plan net assets held in trust for pension benefits:		
Beginning of year	2,486,923	-
End of year	\$ 3,820,121	\$ 2,486,923

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, 2005 AND 2004**

(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, 2005 AND 2004

(1) DESCRIPTION OF THE PLAN (CONTINUED):

. **Funding -**

Plan members are required to contribute 6.3% of their annual covered salary and the City is required to contribute 14.5% 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, 2005 AND 2004

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

. Reclassifications –

Certain items in the September 30, 2004 financial statements have been reclassified to conform to the September 30, 2005 presentation in order to maintain comparability between the statements.

(3) INVESTMENTS:

The Plan's investments were being held by Salem Trust. Investments at September 30, 2005 consisted of the following:

	<u>2005</u>
Common stocks	\$ 2,224,750
Government securities	574,009
Corporate bonds	625,171
Money market funds	300,402
Cash	<u>34,991</u>
Total	<u>\$ 3,759,323</u>

During the year ended September 30, 2005, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$183,387 as follows:

Government securities	\$(7,891)
Corporate bonds	(12,135)
Common stocks	<u>203,413</u>
Total	<u>\$ 183,387</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	\$625,171	\$ 35,279	\$553,487	\$ 36,405	\$ -
US Treasuries	384,870	15,052	224,721	145,097	-
US Agencies	189,139	92,951	96,188	-	-
Totals	<u>\$1,199,180</u>	<u>\$ 143,282</u>	<u>\$874,396</u>	<u>\$181,502</u>	<u>\$ -</u>

CITY OF AVENTURA POLICE OFFICERS'
RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
SEPTEMBER 30, 2005 AND 2004

(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	\$ 34,966
Aa1	29,579
Aa2	35,279
Aa3	160,936
A1	117,839
A2	148,696
A3	<u>97,876</u>
Total	<u>\$625,171</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 Federal National Mortgage Association. This investment represented 6.4% of Plan Net Assets.

(4) ACTUARIAL VALUATION:

The most recent actuarial valuation was done as of October 1, 2003. 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 contribution for the year ended September 30, 2004 was \$787,658 of which the City contributed \$634,758, or 81%.

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, 2005 AND 2004**

	2005	2004
Accounting	\$ 8,500	\$ -
Actuarial fees	16,654	-
Administrative fees	7,102	-
Insurance	2,285	-
Legal fees	21,814	11,143
Printing	372	-
Total expenses	\$ 56,727	\$ 11,143

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, 2005 AND 2004
(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, 2003
Actuarial cost method – Funding	Entry age normal cost
Amortization method	Level percent, closed
Remaining amortization period	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, 2005 AND 2004**

(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
10/01/03	\$ 1,389,389	\$ 4,080,982	\$ 2,691,593	34.1%	\$4,050,591	66.4%