

**CITY OF WILTON MANORS, FLORIDA PENSION PLAN  
FOR GENERAL EMPLOYEES AND POLICE**

**COMBINED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2003 AND 2002**

**CITY OF WILTON MANORS, FLORIDA PENSION PLAN FOR  
GENERAL EMPLOYEES AND POLICE  
COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2003 AND 2002**

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**Report of Independent Certified Public Accountants**

**Board of Trustees**

**City of Wilton Manors, Florida Pension Plan for  
General Employees and Police  
Wilton Manors, Florida**

We have audited the accompanying combined statement of plan net assets of the City of Wilton Manors, Florida Pension Plan for General Employees and Police at September 30, 2003, and the related combined statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the Plan's trustees. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the City of Wilton Manors, Florida Pension Plan for General Employees and Police at September 30, 2002, were audited by other auditors whose opinion dated January 10, 2003, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the City of Wilton Manors, Florida Pension Plan for General Employees and Police as of September 30, 2003 and the changes in its financial status for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining financial statements in Schedules 3 and 4 are presented for purposes of additional analysis and are not a required part of the combined financial statements of the City of Wilton Manors, Florida Pension Plan for General Employees and Police. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly presented in all material respects in relation to the combined financial statements taken as a whole.

The supplementary information presented in Schedules 1 and 2 which show historical pension information is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit and express no opinion on it.

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February 16, 2004

**CITY OF WILTON MANORS, FLORIDA PENSION PLAN FOR  
GENERAL EMPLOYEES AND POLICE  
COMBINED STATEMENTS OF PLAN NET ASSETS  
SEPTEMBER 30, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
<b>ASSETS</b>		
Cash and short-term investments	\$ 689,276	\$ 549,942
Receivables		
Due from employees	15,882	15,502
Interest and dividends receivable	86,692	80,187
Receivable for securities sold	28,250	-
Total receivables	<u>130,824</u>	<u>95,689</u>
Investments, at fair value		
Common stock	11,602,391	9,010,161
U.S. government securities	3,595,306	4,164,039
Corporate bonds	2,107,367	1,469,161
Total investments	<u>17,305,064</u>	<u>14,643,361</u>
Total assets	<u>18,125,164</u>	<u>15,288,992</u>
<b>LIABILITIES</b>		
Accounts payable	42,539	48,315
Due to Firefighters Retirement System	255,145	167,325
DROP payable	835,539	546,826
Payable for securities purchased	19,128	12,860
Total liabilities	<u>1,152,351</u>	<u>775,326</u>
Net assets held in trust for pension benefits (a schedule of funding progress is presented on page 9)	<u>\$ 16,972,813</u>	<u>\$ 14,513,666</u>

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.**

**CITY OF WILTON MANORS, FLORIDA PENSION PLAN FOR  
GENERAL EMPLOYEES AND POLICE  
COMBINED STATEMENTS OF CHANGES IN PLAN NET ASSETS  
FOR THE YEARS ENDED SEPTEMBER 30, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
<b>Additions</b>		
Contributions		
Employee	\$ 418,389	\$ 403,528
Employer	<u>572,216</u>	<u>359,836</u>
 Total contributions	 <u>990,605</u>	 <u>763,364</u>
<b>Investment income</b>		
Net appreciation (depreciation) in fair value of investments	2,049,486	(2,355,303)
Interest and dividends	<u>508,924</u>	<u>531,463</u>
Total investment income (loss)	2,558,410	(1,823,840)
<b>Add (less): Investment expenses</b>		
Deferred retirement option plan participants' (earnings) losses	(108,226)	(113,582)
(Earnings) loss allocated to Firefighters Retirement System	<u>(38,242)</u>	<u>19,489</u>
 Net investment income (loss)	 <u>2,306,816</u>	 <u>(1,851,896)</u>
 Total additions (reductions)	 <u>3,297,421</u>	 <u>(1,088,532)</u>
<b>Deductions</b>		
Benefits paid	704,253	700,271
Participants' contributions refunded	65,615	43,515
Administrative expenses	<u>68,406</u>	<u>110,150</u>
 Total deductions	 <u>838,274</u>	 <u>853,936</u>
 Net increase (decrease)	 2,459,147	 (1,942,468)
<b>Net assets held in trust for pension benefits</b>		
Beginning of year	<u>14,513,666</u>	<u>16,456,134</u>
 End of year	 <u>\$ 16,972,813</u>	 <u>\$ 14,513,666</u>

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.**

**CITY OF WILTON MANORS, FLORIDA PENSION PLAN FOR  
GENERAL EMPLOYEES AND POLICE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2003 AND 2002**

**Note 1 – Description of the Plan**

a. Organization

The City of Wilton Manors, Florida Pension Plan for General Employees and Police (the Plan) is a single-employer defined benefit plan established by the City of Wilton Manors, Florida (the City) pursuant to the provisions and requirements of Section 13 of the City of Wilton Manors Code of Ordinances. Since the Plan is sponsored by the City, the Plan is included as a pension trust fund in the City's comprehensive annual financial report as part of the City's financial reporting entity.

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the plan agreement for more detailed and comprehensive information.

b. Participants

General employees (excluding elected officials, persons appointed to fulfill elected positions and retained professionals and consultants for the City) and police officers employed by the City of Wilton Manors, Florida on a full-time basis.

c. Membership

As of October 1, 2002 and 2001, membership in the Plan consisted of:

	<u>2002</u>	<u>2001</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits, but not yet receiving them		
Police Officers	12	11
General Employees	<u>28</u>	<u>27</u>
	<u>40</u>	<u>38</u>
Active plan participants		
Police Officers	30	30
General Employees	<u>54</u>	<u>52</u>
	<u>84</u>	<u>82</u>
Total participants	<u>124</u>	<u>120</u>

d. Funding Requirements

Member Contributions:

Member contributions are equal to 10% of basic compensation for police officers and 11% of basic compensation for general employees, on a pickup basis.

Any member terminating membership in the plan with less than one year of credited service shall receive a return of contributions with no interest. A member who has completed more than one, but less than five years of credit service, shall receive a return of contributions plus 3.0% of the gross amount.

After completion of five years of credited service, the terminated member will be entitled to a deferred vested benefit commencing on his or her normal retirement date, if living at such time.

**CITY OF WILTON MANORS, FLORIDA PENSION PLAN FOR  
GENERAL EMPLOYEES AND POLICE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2003 AND 2002**

**Note 1 – Description of the Plan (continued)**

d. Funding Requirements (continued)

City and State Contributions:

Pursuant to Florida Statutes, Chapters 185, contributions from the State of Florida Department of Insurance consist of an excise tax imposed by the City upon certain casualty insurance companies on the gross amount of receipts of premiums from policy holders on all premiums collected on casualty insurance policies covering property within the City. The allowable portion of the State contribution is used to reduce the City's contribution for Police when received. The City is expected to contribute such additional amounts as are necessary on an actuarial basis to fund the Plan's expenses, normal cost and to amortize the unfunded actuarial accrued liability.

At the present time the State of Florida is withholding contributions payable to the Plan under Chapter 185, Florida Statutes. The State's contention is that the Plan must be severed into two independent retirement plans.

e. Pension Benefits

Normal Retirement:

The date upon which the member completed twenty years of credited service regardless of age or the date upon which the member attains age sixty with five years of credited service may retire on a normal retirement benefit.

Members will receive a monthly pension benefit equal to 3.0% of the Average Final Compensation times the years of credit service.

Early retirement, disability, death and other benefits are also provided.

Deferred Retirement Option Plan:

Members who continue employment with the City past normal retirement date may freeze their accrued benefit and enter the Deferred Retirement Option Plan (DROP). Maximum participation in the DROP shall be five years.

For members electing participation in the DROP, an individual DROP account shall be created. Payment shall be made by the Plan into the employee's DROP account in an amount equal to the regular monthly retirement benefit which the participant would have received had the participant separated from service and commenced receipt of pension benefits, plus interest. Interest shall be based on the actual earnings of the plan for the preceding year. Upon termination of employment, a member may receive distribution from the DROP account as a lump sum or defer payment in accordance with the Internal Revenue Code.

A DROP participant shall not be entitled to receive a disability retirement for pension purposes. If a member shall die during participation in the DROP, the member shall be treated as any other vested member in the plan who dies prior to retirement.

**CITY OF WILTON MANORS, FLORIDA PENSION PLAN FOR  
GENERAL EMPLOYEES AND POLICE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2003 AND 2002**

**Note 1 – Description of the Plan (continued)**

f. Investments

The Plan's investment policy is determined by the Board of Trustees and is implemented by investment managers. In addition, the Plan utilizes an investment advisor who monitors the investing activities. The City Code stipulates that the trustees shall, in acquiring, investing, reinvesting, exchanging, retaining, selling and maintaining property for the benefit of the Plan exercise the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs.

The trustees are authorized to acquire and retain various kinds of property, real, personal or mixed, and various types of investments specifically including, but not by way of limitation, bonds, debentures and other corporate obligations, and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account. The investment of funds shall be in a manner that is consistent with the applicable sections of the City Code as well as State and Federal laws within the allocation percentages established by the trustees.

**Note 2 – Summary of Significant Accounting Policies**

a. Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Member contributions are recognized as revenues in the period in which employee services are performed. Employer contributions are recognized as revenues when due pursuant to actuarial valuations. Interest and dividend income are recorded as earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

b. Investments

Investments are recorded at fair market value. Fair market values of investments are determined as follows: securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year; securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price; commercial paper, time deposits and short-term investment pools are valued at cost which approximates market; mortgages are valued based on current market yield.

Unrealized gains and losses are presented as net appreciation (depreciation) in fair value of investments on the statement of changes in plan net assets along with gains and losses realized on sales of investments. Purchases and sales of securities are reflected on a trade date basis. Realized gains and losses on the sale of investments are based on specific cost identification method.



**CITY OF WILTON MANORS, FLORIDA PENSION PLAN FOR  
GENERAL EMPLOYEES AND POLICE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2003 AND 2002**

**Note 2 – Summary of Significant Accounting Policies (continued)**

c. Use of Estimates

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

d. Reclassifications

Certain reclassifications have been made to the 2002 financial statement presentation to correspond to the current year's format. Total net assets held in trust for pension benefits and net increase in net assets are unchanged due to these reclassifications.

**Note 3 - Investments**

The Plan's investments are categorized below to give an indication of the level of risk assumed by the Plan at September 30, 2003 and 2002. Category 1 includes investments that are insured or registered or for which the securities are held by the Plan or its agent in the Plan's name. The investments in cash and short-term investments are not categorized because they are not evidenced by securities that exist in physical or book entry form.

2003				
	<u>Category</u>			<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Investments	<u>\$17,305,064</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 17,305,064</u>
2002				
	<u>Category</u>			<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Investments	<u>\$14,643,361</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 14,643,361</u>

Investments consisted of the following at September 30:

	2003		2002	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Common stock	\$11,602,391	\$11,479,805	\$ 9,010,161	\$11,778,976
U.S. government securities	3,595,306	3,566,766	4,164,039	3,816,031
Corporate bonds	2,107,367	2,033,657	1,469,161	1,389,052
	<u>\$ 17,305,064</u>	<u>\$17,080,228</u>	<u>\$14,643,361</u>	<u>\$16,984,059</u>

**CITY OF WILTON MANORS, FLORIDA PENSION PLAN FOR  
GENERAL EMPLOYEES AND POLICE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2003 AND 2002**

**Note 4 - Funding Requirements and Contributions**

a. Actuarially Determined Contributions

The valuation as of October 1, 2002 required a City contribution of \$572,216 equivalent to 14.69% of actuarially computed payroll of \$3,895,860 for the year ended September 30, 2003. The required contributions cover the following:

Normal Cost	\$ 458,020
Amortization of the unfunded actuarial accrued liability	<u>114,196</u>
Total	<u>\$ 572,216</u>

The valuation as of October 1, 2001 required a City contribution of \$359,836 equivalent to 9.68% of actuarially computed payroll of \$3,718,783 for the year ended September 30, 2002. The required contributions cover the following:

Normal Cost	\$ 245,611
Amortization of the unfunded actuarial accrued liability	<u>114,225</u>
Total	<u>\$ 359,836</u>

b. Actual Contributions

The actual City contribution for active employees for the years ended September 30, 2003 and 2002 were \$572,216 and \$359,836, which was 14.48% and 9.42% of actual annual covered payroll, respectively. The actual amount of covered payroll was approximately \$3,951,000 and \$3,819,000, respectively.

For the years ended September 30, 2003 and 2002, member contributions were \$418,389 and \$403,528 which include buybacks of \$789 and \$0, respectively.

**Note 5 – Management Agreement**

The Plan has an agreement with the City of Wilton Manors Firefighters Retirement System (the System) to keep custody of and manage the assets of the System. The Plan is providing this service as an accommodation and does not incur any fiduciary obligation to the System separate and apart from the fiduciary responsibility of the professional custodian and money managers to the Plan. For the years ended September 30, 2003 and 2002, \$255,145 and \$167,325 respectively, of the System's assets are included in the Plan's investments.

**CITY OF WILTON MANORS, FLORIDA PENSION PLAN FOR  
GENERAL EMPLOYEES AND POLICE  
REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2003  
(Unaudited)**

**Schedule "1" – Schedule of Funding Progress**  
(in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
10/1/97	\$ 11,584	\$ 12,927	\$ 1,343	89.6 %	\$ 3,380	39.7 %
10/1/98	13,209	14,579	1,370	90.6	3,376	40.6
10/1/99	14,964	16,344	1,380	91.6	3,104	44.5
10/1/00	16,512	17,901	1,389	92.2	3,433	40.5
10/1/01	17,353	18,746	1,393	92.6	3,719	37.5
10/1/02	17,310	18,691	1,381	92.6	3,895	35.4

**Schedule "2" – Schedule of Contributions by Employer and Other Contributing Entity**

<u>Year Ended September 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
1998	\$ 405,502	100.0 %
1999	381,365	100.0
2000	298,915	100.0
2001	278,248	100.0
2002	359,836	100.0
2003	572,216	100.0

The available 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 follows:

Valuation Date	10/01/02
Actuarial cost method	Frozen Entry Age Actuarial Cost Method
Amortization method	Level dollar amount
Remaining amortization period	2-25 years
Asset valuation method	5-year smoothed market
Investment rate of return*	8.0%
Projected salary increases*	5.5%
*Includes inflation at and other general increases at	3.5%
Cost-of-living adjustments	N/A

**CITY OF WILTON MANORS, FLORIDA PENSION PLAN FOR  
GENERAL EMPLOYEES AND POLICE  
COMBINING STATEMENT OF PLAN NET ASSETS  
September 30, 2003**

**Schedule "3"**

	<u>General Employees</u>	<u>Police</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and short-term investments	\$ 373,036	\$ 316,240	\$ 689,276
Receivables			
Due from employees	9,314	6,568	15,882
Interest and dividends receivable	45,367	41,325	86,692
Receivable for securities sold	14,690	13,560	28,250
Total receivables	<u>69,371</u>	<u>61,453</u>	<u>130,824</u>
Investments, at fair value			
Common stock	6,279,216	5,323,175	11,602,391
U.S. government securities	1,945,780	1,649,526	3,595,306
Corporate bonds	1,140,507	966,860	2,107,367
Total investments	<u>9,365,503</u>	<u>7,939,561</u>	<u>17,305,064</u>
Total assets	<u>9,807,910</u>	<u>8,317,254</u>	<u>18,125,164</u>
<b>LIABILITIES</b>			
Accounts payable	22,261	20,278	42,539
Due to Firefighters Retirement System	133,521	121,624	255,145
DROP payable	760,077	75,462	835,539
Payable for securities purchased	9,916	9,212	19,128
Total liabilities	<u>925,775</u>	<u>226,576</u>	<u>1,152,351</u>
Net assets held in trust for pension benefits (a schedule of funding progress is presented on page 9)	<u>\$ 8,882,135</u>	<u>\$ 8,090,678</u>	<u>\$ 16,972,813</u>

**CITY OF WILTON MANORS, FLORIDA PENSION PLAN FOR  
GENERAL EMPLOYEES AND POLICE  
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

**Schedule "4"**

	<u>General Employees</u>	<u>Police</u>	<u>Total</u>
<b>Additions</b>			
<b>Contributions</b>			
Employee	\$ 248,013	\$ 170,376	\$ 418,389
Employer	<u>293,838</u>	<u>278,378</u>	<u>572,216</u>
<b>Total contributions</b>	<u>541,851</u>	<u>448,754</u>	<u>990,605</u>
<b>Investment income</b>			
Net appreciation (depreciation) in fair value of investments	1,077,831	971,655	2,049,486
Interest and dividends	<u>267,645</u>	<u>241,279</u>	<u>508,924</u>
<b>Total investment income (loss)</b>	1,345,476	1,212,934	2,558,410
<b>Add (less): Investment expenses</b>			
Deferred retirement option plan	(56,910)	(51,316)	(108,226)
participants' losses (earnings)	(96,362)	(8,764)	(105,126)
(Earnings) loss allocated to Firefighters Retirement System	<u>(20,268)</u>	<u>(17,974)</u>	<u>(38,242)</u>
<b>Net investment income (loss)</b>	<u>1,171,936</u>	<u>1,134,880</u>	<u>2,306,816</u>
<b>Total additions (reductions)</b>	<u>1,713,787</u>	<u>1,583,634</u>	<u>3,297,421</u>
<b>Deductions</b>			
Benefits paid	404,803	299,450	704,253
Participants' contributions refunded	65,615	-	65,615
Administrative expenses	<u>35,971</u>	<u>32,435</u>	<u>68,406</u>
<b>Total deductions</b>	<u>506,389</u>	<u>331,885</u>	<u>838,274</u>
<b>Net increase (decrease)</b>	1,207,398	1,251,749	2,459,147
<b>Net assets held in trust for pension benefits</b>			
Beginning of year	<u>7,674,737</u>	<u>6,838,929</u>	<u>14,513,666</u>
End of year	<u>\$ 8,882,135</u>	<u>\$ 8,090,678</u>	<u>\$ 16,972,813</u>