

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

**FINANCIAL REPORT**

**SEPTEMBER 30, 1999**

# MADSEN, SAPP, MENA, RODRIGUEZ & Co., P.A.

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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## Independent Auditors' Report

November 12, 1999

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 as of September 30, 1999 and the related combined statement of changes in plan net assets for the year then ended. These combined financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined 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 combined financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of September 30, 1999 and the related changes in plan net assets for the year then ended in conformity with generally accepted accounting principles.

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 III and IV 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 financial statements taken as a whole.



# MADSEN, SAPP, MENA, RODRIGUEZ & CO., P.A.

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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Board of Trustees  
City of Wilton Manors, Florida  
Pension Plan for General Employees and Police  
November 12, 1999

Schedules I and II which show historical pension information are not a required part of the basic financial statements, but are 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 the information and express no opinion on it.

*Madsen, Sapp, Mena, Rodriguez & Co., P.A.*  
MADSEN, SAPP, MENA, RODRIGUEZ & CO., P.A.

**CITY OF WILTON MANORS, FLORIDA**  
**PENSION PLAN FOR GENERAL EMPLOYEES AND POLICE**  
**COMBINED STATEMENT OF PLAN NET ASSETS**  
September 30, 1999

**ASSETS**

CASH AND SHORT-TERM INVESTMENTS	\$ <u>330,036</u>
<b>RECEIVABLES</b>	
Plan members	12,148
Interest and dividends	<u>82,752</u>
Total receivables	<u>94,900</u>
<b>INVESTMENTS AT FAIR VALUE</b>	
U.S. government securities	3,767,138
Common stock	10,858,001
Corporate bonds	<u>2,460,298</u>
Total investments	<u>17,085,437</u>
Total assets	<u>17,510,373</u>

**LIABILITIES**

Prepaid contributions - Employer	12,625
Accounts payable	32,974
Due To Firefighters Retirement System	81,869
Benefits payable – DROP participants	<u>145,350</u>
Total liabilities	<u>272,818</u>
Net assets held in trust for pension benefits (see Schedule I for schedule of funding progress)	<u>\$ 17,237,555</u>

See accompanying notes.

**CITY OF WILTON MANORS, FLORIDA**  
**PENSION PLAN FOR GENERAL EMPLOYEES AND POLICE**  
**COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS**  
Year Ended September 30, 1999

**ADDITIONS**

Contributions:

Employer	\$ 362,429
Plan members	328,375
State of Florida	<u>35,072</u>

Total contributions	<u>725,876</u>
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Investment income:

Net appreciation in fair value of investments	843,247
Interest and dividends	612,857
Less earnings allocated to Firefighters Retirement System	<u>(3,884)</u>

1,452,220
<u>115,476</u>

Less investment expenses

Net investment income	<u>1,336,744</u>
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Total additions	<u>2,062,620</u>
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**DEDUCTIONS**

Retirement benefits paid	561,365
Refunds to terminated plan members	63,755
Administrative expenses	<u>94,214</u>

Total deductions	<u>719,334</u>
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Net increase	1,343,286
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Net assets held in trust for pension benefits:

Beginning of year	<u>15,894,269</u>
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End of year	<u>\$ 17,237,555</u>
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See accompanying notes.

**CITY OF WILTON MANORS, FLORIDA**  
**PENSION PLAN FOR GENERAL EMPLOYEES AND POLICE**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 1999

**Note 1. Pension Plan for General Employees and Police**

Plan Description:

The Pension Plan for General Employees and Police (Plan) is a single-employer defined benefit plan and includes a Deferred Retirement Option Plan (DROP) provision. All full-time general employees (excluding elected officials, persons appointed to fulfill elected positions and retained professionals and consultants for the City) and police officers shall become participants in the Plan on their start of service. The Plan provides retirement, death and disability benefits. The benefit provisions are established and may be amended under the authority of City ordinance. The Plan does not currently provide for post retirement benefit increases. At October 1, 1998 (plan year valuation date), Plan membership consisted of:

	General	Police
Retirees and beneficiaries receiving benefits	20	9
Terminated plan members entitled to but not receiving benefits	-	-
Active plan members	57	27
DROP participants	-	1
Total	77	37

Plan members are required to contribute 11% (10% for police officers) of their salary to the Plan. The City is required to contribute an actuarially determined amount. Contribution requirements of the Plan members and the City are established and may be amended by City ordinance.

Administrative costs of the Plan are financed through investment earnings.

Deferred Retirement Option Plan Provision

The Plan established a deferred retirement option plan (DROP) provision effective October 1, 1998. All members with 20 or more years of service are eligible to participate in the DROP provision. Upon electing participation in the provision, a member's benefit is calculated and a separate DROP account is established and the member makes no further contributions to the Plan. The member's monthly benefit is allocated to the DROP account and the account shares in earnings (losses) of the Plan. Maximum participation in the DROP provision is five years. Upon termination of participation in the DROP provision, a member may elect a lump sum payment or defer payment until a date no later than the latest date authorized by the Internal Revenue Code. At September 30, 1999, six members were participants in the DROP provision. At September 30, 1999, \$145,350 has been allocated to the individual DROP accounts and is included as benefits payable – DROP participants in the accompanying combined statement of plan net assets.

**CITY OF WILTON MANORS, FLORIDA**  
**PENSION PLAN FOR GENERAL EMPLOYEES AND POLICE**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 1999

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

**(a) Basis of Accounting**

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member and employer contributions are recognized as revenues in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

**(b) Investments**

Investments are reported at fair value. Quoted market prices are used to value investments, if available. Investments with no quoted market price are stated at estimated fair value. The difference between cost and market value is reported as net realized and unrealized gains (losses). The Plan had no investments in any one organization that represented 5 percent or more of plan net assets.

**Note 3. Firefighters Retirement System**

The Plan has an agreement with the City of Wilton Manors Firefighters Retirement System to keep custody of and manage the System's assets. Accordingly, \$81,869 of the Retirement System's assets are included in investments and due to Firefighters Retirement System in the accompanying financial statements. According to the agreement, the Plan incurs no separate fiduciary duty to the Firefighters Retirement System.

**SUPPLEMENTARY INFORMATION**



**CITY OF WILTON MANORS, FLORIDA**  
**PENSION PLAN FOR GENERAL EMPLOYEES AND POLICE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**  
(Unaudited)

(Dollars in Thousands)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Valuation Date	Actuarial Value of Assets (AVA)	Frozen Actuarial Accrued Liability (FAAL)	Unfunded Frozen Actuarial Accrued Liability (UFAAL)(3)-(2)	Funded Ratio (2)/(3)	Annual Covered Payroll	UFAAL as % of Payroll (4)/(6)
10/1/93	\$ 7,370	\$ 7,127	\$ (243)	103.4%	\$ 2,939	(8.3)%
10/1/94	7,637	7,471	(166) <sup>1</sup>	102.2	2,945	(5.6)
10/1/95	9,024	10,159	1,135 <sup>2</sup>	88.8	2,988	38.0
10/1/96	10,056	11,391	1,335 <sup>3</sup>	88.3	3,181	42.0
10/1/97	11,584	12,927	1,343	89.6	3,380	39.7
10/1/98	13,209	14,579	1,370 <sup>4</sup>	90.6	3,376	40.6

<sup>1</sup> Asset valuation method changed from market value to a smoothing method. Also, the mortality assumption was changed to GAM83 (as required by the State) and the salary scale was decreased from 6.5% to 5.5%.

<sup>2</sup> Plan benefit formula was improved (accrual rate was increased from 2.5% to 3.0%).

<sup>3</sup> The retirement age assumption was changed to a graded schedule and also employees that are eligible for retirement on the valuation date are assumed to retire one year in the future.

<sup>4</sup> A deferred retirement option plan (DROP) provision was implemented.

**CITY OF WILTON MANORS, FLORIDA**  
**PENSION PLAN FOR GENERAL EMPLOYEES AND POLICE**  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER AND  
 OTHER CONTRIBUTING ENTITIES

(Unaudited)

(1)	(2)	(3)
Fiscal Year	Annual Required Contribution	Percentage Contributed <sup>1</sup>
1992/93	\$266,353	100%
1993/94	353,662	100
1994/95	391,593	100
1995/96	432,479	100
1996/97	371,145	100
1997/98	405,502	100

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, 1998
Actuarial cost method.....	Frozen Entry Age Actuarial Cost Method
Amortization method.....	Level payment, closed
Remaining amortization period.....	30 years
Asset valuation method.....	5 year moving average
Actuarial assumptions:	
Investment rate of return.....	8.00% <sup>2</sup>
Projected salary increases.....	5.50% <sup>2</sup>
Postretirement benefit increases.....	None

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<sup>1</sup> 100% implies that at least 100% was contributed.

<sup>2</sup> Includes assumed inflation rate of 3.5%.

**CITY OF WILTON MANORS, FLORIDA**  
**PENSION PLAN FOR GENERAL EMPLOYEES AND POLICE**  
**COMBINING STATEMENT OF PLAN NET ASSETS**  
September 30, 1999

	<u>GENERAL EMPLOYEES</u>	<u>POLICE</u>	<u>TOTAL</u>
<b>ASSETS</b>			
CASH AND SHORT-TERM INVESTMENTS	\$ 178,953	\$ 151,083	\$ 330,036
<b>RECEIVABLES</b>			
Plan members	7,131	5,017	12,148
Interest and dividends	<u>44,730</u>	<u>38,022</u>	<u>82,752</u>
Total receivables	<u>51,861</u>	<u>43,039</u>	<u>94,900</u>
<b>INVESTMENTS AT FAIR VALUE</b>			
U.S. government securities	2,042,622	1,724,516	3,767,138
Common stock	5,887,439	4,970,562	10,858,001
Corporate bonds	<u>1,334,026</u>	<u>1,126,272</u>	<u>2,460,298</u>
Total investments	<u>9,264,087</u>	<u>7,821,350</u>	<u>17,085,437</u>
Total assets	<u>9,494,901</u>	<u>8,015,472</u>	<u>17,510,373</u>
<b>LIABILITIES</b>			
Prepaid contributions – Employer	-	12,625	12,625
Accounts payable	17,824	15,150	32,974
Due to Firefighters Retirement System	44,253	37,616	81,869
Benefits Payable – DROP Participants	<u>115,586</u>	<u>29,764</u>	<u>145,350</u>
Total liabilities	<u>177,663</u>	<u>95,155</u>	<u>272,818</u>
Net assets held in trust for pension benefits	<u>\$ 9,317,238</u>	<u>\$ 7,920,317</u>	<u>\$ 17,237,555</u>

**CITY OF WILTON MANORS, FLORIDA**  
**PENSION PLAN FOR GENERAL EMPLOYEES AND POLICE**  
**COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS**  
Year Ended September 30, 1999

	<u>GENERAL EMPLOYEES</u>	<u>POLICE</u>	<u>TOTAL</u>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 221,978	\$ 140,451	\$ 362,429
Plan members	198,818	129,557	328,375
State of Florida	<u>-</u>	<u>35,072</u>	<u>35,072</u>
Total contributions	<u>420,796</u>	<u>305,080</u>	<u>725,876</u>
Investment income:			
Net appreciation in fair value of investments	455,803	387,444	843,247
Interest and dividends	331,270	281,587	612,857
Less earnings allocated to Firefighters Retirement System	<u>(2,099)</u>	<u>(1,785)</u>	<u>(3,884)</u>
	784,974	667,246	1,452,220
Less investment expenses	<u>62,419</u>	<u>53,057</u>	<u>115,476</u>
Net investment income	<u>722,555</u>	<u>614,189</u>	<u>1,336,744</u>
Total additions	<u>1,143,351</u>	<u>919,269</u>	<u>2,062,620</u>
<b>DEDUCTIONS</b>			
Retirement benefits paid	310,264	251,101	561,365
Refunds to terminated plan members	56,507	7,248	63,755
Administrative expenses	<u>50,926</u>	<u>43,288</u>	<u>94,214</u>
Total deductions	<u>417,697</u>	<u>301,637</u>	<u>719,334</u>
Net increase	725,654	617,632	1,343,286
Net assets held in trust for pension benefits:			
Beginning of year	<u>8,591,584</u>	<u>7,302,685</u>	<u>15,894,269</u>
End of year	<u>\$ 9,317,238</u>	<u>\$ 7,920,317</u>	<u>\$17,237,555</u>