

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

**COMBINED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2006 AND 2005**

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GENERAL EMPLOYEES AND POLICE  
COMBINED FINANCIAL STATEMENTS  
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# KOCH

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Members of the Private Companies Practice Section  
of the American Institute of  
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## Report of Independent Certified Public Accountants

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with offices in principal cities worldwide

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

We have audited the accompanying combined statements of plan net assets of the City of Wilton Manors, Florida Pension Plan for General Employees and Police at September 30, 2006 and 2005, and the related combined statements of changes in plan net assets for the years 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 audits.

We conducted our audits 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 audits provide 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, 2006 and 2005 and the changes in its financial status for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were 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 management's discussion and analysis on pages 2 – 5 and the supplementary information in Schedules 1 and 2 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 do not express an opinion on it.

*Koch Reiss + Company, P.A.*

February 22, 2007



# City of Wilton Manors Pension Plan for General Employees & Police

TEES  
J. Clanton, Chairperson  
Chadwick, Secretary  
and Briant, Trustee  
Foss, Vice-Chair  
O'Connor, Trustee

524 NE 21<sup>st</sup> Court  
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## **MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)**

Our discussion and analysis of the City of Wilton Manors, Florida Pension Plan for General Employees and Police financial performance provides an overview of the Plan's combined financial activities for the fiscal years ended September 30, 2006 and 2005. Please read it in conjunction with the Plan's combined financial statements, which follow this discussion.

### **Financial Highlights**

- Trust assets exceeded liabilities at the close of the fiscal year ended September 30, 2006 and 2005 by \$22,110,951 and \$20,643,584, respectively, (reported as net assets held in trust for pension benefits). Net assets are held in trust to meet future benefit payments.

- Receivables at September 30, 2006 were \$255,858 (or 257.3%) greater than receivables at September 30, 2005 due primarily to an increase in receivable for securities sold.

Receivables at September 30, 2005 were \$198,693 (or 66.6%) less than receivables at September 30, 2004 due primarily to a decrease in receivable for securities sold.

- Liabilities at September 30, 2006 were \$334,229 (or 42.6%) greater than liabilities at September 30, 2005 due primarily to an increase in Deferred Retirement Option Plan payable and an increase in payable for securities purchased.

Liabilities at September 30, 2005 were \$81,682 (or 9.4%) less than liabilities at September 30, 2004 due primarily to a decrease in Deferred Retirement Option Plan payable and an increase in due to Firefighters' Retirement System.

- For the fiscal year ended September 30, 2006, employer contributions to the Plan increased \$282,132 (or 35.3%) based on the actuarial valuation. Actual employer contributions were \$1,081,629 and \$799,497 for 2006 and 2005, respectively.

For the fiscal year ended September 30, 2005, employer contributions to the Plan increased \$80,038 (or 11.1%), based on the actuarial valuation. Actual employer contributions were \$799,497 and \$719,459 for 2005 and 2004, respectively.

- For the fiscal year ended September 30, 2006, employee contributions including buybacks decreased by \$17,497 (or 3.6%). Actual employee contributions, including buybacks were \$469,457 and \$486,954 for 2006 and 2005, respectively. Employee contributions have fluctuated from year to year, based on the number of active members.

For the fiscal year ended September 30, 2005, employee contributions including buybacks increased by \$28,553 (or 6.2%). Actual employee contributions, including buybacks were \$486,954 and \$458,401 for 2005 and 2004, respectively. Employee contributions have fluctuated from year to year, based on the number of active members.

**MANAGEMENT'S DISCUSSION AND ANALYSIS – (CONTINUED)**  
**REQUIRED SUPPLEMENTARY INFORMATION**

**Financial Highlights (continued)**

- For the fiscal year ended September 30, 2006, net investment income decreased by \$314,729 (or 19.2%). Actual results were \$868,911 and \$1,222,172 of net appreciation in fair value of investments for 2006 and 2005, respectively, and \$609,414 and \$602,430 of income from interest and dividends for 2006 and 2005, respectively. Investment income was reduced by earnings allocated to deferred retirement option plan participants' in the amount of \$16,623 and \$40,070 for 2006 and 2005, respectively, and to the Firefighters Retirement System in the amount of \$30,238 and \$36,981 for 2006 and 2005, respectively. Investment expenses for the fiscal year ended September 30, 2006 decreased by \$1,358 (or 1.3%) from 2005.

For the fiscal year ended September 30, 2005, net investment income increased by \$142,254 (or 9.5%). Actual results were \$1,222,172 and \$1,221,346 of net appreciation in fair value of investments for 2005 and 2004, respectively, and \$602,430 and \$501,344 of income from interest and dividends for 2005 and 2004, respectively. Investment income was reduced by earnings allocated to deferred retirement option plan participants' in the amount of \$40,070 and \$82,287 for 2005 and 2004, respectively, and to the Firefighters Retirement System in the amount of \$36,981 and \$30,700 for 2005 and 2004, respectively. Investment expenses for fiscal year ended September 30, 2005 decreased by \$4,406 (or 4.0%) from 2004.

- For the fiscal year ended September 30, 2006, benefit payments and refunds of contributions increased by \$363,046 (or 38.3%) from 2005.

For the fiscal year ended September 30, 2005, benefit payments and refunds of contributions increased by \$138,715 (or 17.1%) from 2004.

- For the fiscal year ended September 30, 2006, administrative expenses decreased \$13,442 from 2005 (or 11.9%) due primarily to decreases in fees for professional services.

For the fiscal year ended September 30, 2005, administrative expenses increased \$48,771 from 2004 (or 75.5%) due primarily to increases in fees for professional services.

**Plan Highlights**

For the fiscal year ended September 30, 2006, due to the diversification of the Plan's portfolio, the relative return of the portfolio was 5.8% for the trailing year and ranked in the top 84<sup>th</sup> percentile, 2.5% below the median balance return of 8.3%. Actual net returns from investments decreased in 2006 to \$1,327,320 compared with \$1,642,049 in 2005.

For the fiscal year ended September 30, 2005, due to the diversification of the Plan's portfolio, the relative return of the portfolio was 9.4% for the trailing year and ranked in the top 66<sup>th</sup> percentile, 1.6% below the median balance return of 11.0%. Actual net returns from investments increased in 2005 to \$1,642,049 compared with \$1,499,795 in 2004.

**Using the Audited Financial Statements**

The financial statements reflect the activities of the City of Wilton Manors, Florida Pension Plan for General Employees and Police and are reported in the Combined Statement of Plan Net Assets and the Combined Statement of Changes in Plan Net Assets. These statements are presented on a full accrual basis, reflect all trust activities as incurred and are based on a snapshot in time of account balances of investments at fiscal year end.

**MANAGEMENT'S DISCUSSION AND ANALYSIS – (CONTINUED)**  
**REQUIRED SUPPLEMENTARY INFORMATION**

**Statement of Plan Net Assets**

The following condensed comparative Combined Statement of Plan Net Assets demonstrates the investment position of the Plan at September 30:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Cash and cash equivalents	\$ 1,255,897	\$ 859,837	\$ 488,800
Receivables	355,311	99,453	298,146
Investments	<u>21,618,432</u>	<u>20,468,754</u>	<u>18,855,715</u>
Total assets	23,229,640	21,428,044	19,642,661
Liabilities	<u>1,118,689</u>	<u>784,460</u>	<u>866,142</u>
Net assets held in trust for pension benefits	<u>\$ 22,110,951</u>	<u>\$ 20,643,584</u>	<u>\$ 18,776,519</u>

**Statement of Changes in Plan Net Assets**

The Combined Statement of Changes in Plan Net Assets, displays the effect of pension fund transactions that occurred during the fiscal year, where Additions – Deductions = Net Increase (or decrease) in Net Assets. The table below reflects a condensed comparative summary of the changes in combined net assets and reflects the activities of the Plan for the fiscal years ended September 30:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>ADDITIONS:</b>			
Contributions			
Employee	\$ 469,457	\$ 486,954	\$ 458,401
Employer	<u>1,081,629</u>	<u>799,497</u>	<u>719,459</u>
Total	1,551,086	1,286,451	1,177,860
Net investment income	<u>1,327,320</u>	<u>1,642,049</u>	<u>1,499,795</u>
Total additions	<u>2,878,406</u>	<u>2,928,500</u>	<u>2,677,655</u>
<b>DEDUCTIONS:</b>			
Benefits paid	1,271,211	869,627	785,037
Participants contributions refunded	39,895	78,433	24,308
Administrative expenses	<u>99,933</u>	<u>113,375</u>	<u>64,604</u>
Total deductions	<u>1,411,039</u>	<u>1,061,435</u>	<u>873,949</u>
Net increase	1,467,367	1,867,065	1,803,706
Net assets held in trust for pension benefits at beginning of year	<u>20,643,584</u>	<u>18,776,519</u>	<u>16,972,813</u>
Net assets held in trust for pension benefits at end of year	<u>\$22,110,951</u>	<u>\$20,643,584</u>	<u>\$18,776,519</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS – (CONTINUED)**  
**REQUIRED SUPPLEMENTARY INFORMATION**

**Statement of Changes in Plan Net Assets (continued)**

The Plan's investment activity, measured as of the end of any month, quarter or year, is a function of the underlying marketplace for the period measured and the investment policy's asset allocation. Actual returns for the fiscal year ended 2006 decreased from those of fiscal year ended 2005 and increased from those of fiscal year ended 2004.

The benefit payments are a function of changing payments to retirees, their beneficiary (if the retiree is deceased) and new retirements during the period.

**Asset Allocation**

For the fiscal year ended September 30, 2006, the domestic equity portion comprised 66.9% (\$15,293,089) of the total portfolio. The allocation to fixed income securities was 27.6% (\$6,325,343), while cash and cash equivalents was 5.5% (\$1,255,897).

For the fiscal year ended September 30, 2005, the domestic equity portion comprised 67.3% (\$14,350,529) of the total portfolio. The allocation to fixed income securities was 28.7% (\$6,118,225), while cash and cash equivalents was 4.0% (\$859,837).

The target asset allocation range for the fiscal years ended September 30 2006 and 2005 was as follows:

25% - 70%	Domestic equity
25% - 65%	Fixed income
0% - 50%	Cash equivalents

**Contacting the Plan's Financial Management**

This financial report is designed to provide the Retirement Board, our membership, taxpayers, investors, and creditors with a general overview of the Plan's finances and to demonstrate the Plan's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Wilton Manors, Florida Pension Plan for General Employees and Police, 524 NE 21 Court, Wilton Manors, FL 33305.

**CITY OF WILTON MANORS, FLORIDA PENSION PLAN FOR  
GENERAL EMPLOYEES AND POLICE  
COMBINED STATEMENTS OF PLAN NET ASSETS  
SEPTEMBER 30, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,255,897	\$ 859,837
Receivables		
Due from employees	18,812	-
Interest and dividends receivable	97,227	72,160
Receivable for securities sold	239,272	27,293
Total receivables	<u>355,311</u>	<u>99,453</u>
Investments, at fair value		
Common stock	15,293,089	14,350,529
U.S. government securities	5,329,284	4,984,231
Corporate bonds	996,059	1,133,994
Total investments	<u>21,618,432</u>	<u>20,468,754</u>
Total assets	<u>23,229,640</u>	<u>21,428,044</u>
<b>LIABILITIES</b>		
Accounts payable	30,557	29,059
Due to Firefighters Retirement System	430,443	412,157
DROP payable	336,774	262,644
Prepaid City contribution	19,250	19,350
Payable for securities purchased	301,665	61,250
Total liabilities	<u>1,118,689</u>	<u>784,460</u>
Net assets held in trust for pension benefits (a schedule of funding progress is presented on page 15)	<u>\$ 22,110,951</u>	<u>\$ 20,643,584</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, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
Additions		
Contributions		
Employee	\$ 469,457	\$ 486,954
Employer	<u>1,081,629</u>	<u>799,497</u>
Total contributions	<u>1,551,086</u>	<u>1,286,451</u>
Investment income		
Net appreciation in fair value of investments	868,911	1,222,172
Interest and dividends	<u>609,414</u>	<u>602,430</u>
Total investment income	1,478,325	1,824,602
Less: Investment expenses	(104,144)	(105,502)
Deferred retirement option plan participants' earnings	(16,623)	(40,070)
Earnings allocated to Firefighters Retirement System	<u>(30,238)</u>	<u>(36,981)</u>
Net investment income	<u>1,327,320</u>	<u>1,642,049</u>
Total additions	<u>2,878,406</u>	<u>2,928,500</u>
Deductions		
Benefits paid	1,271,211	869,627
Participants' contributions refunded	39,895	78,433
Administrative expenses	<u>99,933</u>	<u>113,375</u>
Total deductions	<u>1,411,039</u>	<u>1,061,435</u>
Net increase	1,467,367	1,867,065
Net assets held in trust for pension benefits		
Beginning of year	<u>20,643,584</u>	<u>18,776,519</u>
End of year	<u>\$ 22,110,951</u>	<u>\$ 20,643,584</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, 2006 AND 2005**

**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, membership in the Plan consisted of:

	<u>2005</u>	<u>2004</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits, but not yet receiving them		
Police Officers	20	12
General Employees	<u>30</u>	<u>32</u>
	<u>50</u>	<u>44</u>
Active plan participants		
Police Officers	23	30
General Employees	<u>60</u>	<u>59</u>
	<u>83</u>	<u>89</u>
Total participants	<u>133</u>	<u>133</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, 2006 AND 2005**

**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 Monthly 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 that dies prior to retirement.

**CITY OF WILTON MANORS, FLORIDA PENSION PLAN  
FOR GENERAL EMPLOYEES AND POLICE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006 AND 2005**

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

e. Pension Benefits (continued)

Post Retirement Supplement:

Effective October 1, 2003, all employees retiring as members of this plan shall be entitled to receive a monthly supplemental payment at the rate of ten dollars for each year of credited service, which shall not exceed two hundred dollars per month. This benefit shall commence on the first day of the month following separation from service, providing the member is retired and receiving an early, normal or disability pension. The post retirement supplement shall not be paid to terminated vested members or to members who retired prior to October 1, 2003.

f. Cost-of-Living Adjustment

Effective October 1, 2004 an Ordinance providing for a temporary cost-of-living adjustment (COLA) was created for members of the police bargaining unit and non-sworn members participating in the General Employees Plan. The COLA will apply to police personnel who are in the DROP plan prior to October 1, 2002. The annual COLA adjustment will be 3%. The provisions of this ordinance shall expire after September 30, 2005.

g. 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.

**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.

For the year ended September 30, 2005, the Plan adopted GASB Statement No. 40 *Deposit and Investment Risk Disclosures* (an amendment of GASB Statement No. 3). The adoption of GASB 40 requires the Plan to include a presentation of deposit and investment risk disclosures.

The adoption of GASB 40 did not have an impact on the Plan's financial statements.

**CITY OF WILTON MANORS, FLORIDA PENSION PLAN  
FOR GENERAL EMPLOYEES AND POLICE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006 AND 2005**

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

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 combined 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.

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. Cash Equivalents

The Plan consider all highly liquid investment with maturity of three months or less when purchased, to be cash equivalents

**Note 3 – Deposit and Investment Risk Disclosures**

a. Investment Authorization

The Plan's investment policy is determined by the Board of Trustees. The policy has been identified by the Board to conduct the operations of the Plan in a manner so that the assets will provide the pension and other benefits provided under applicable laws, including City ordinances, thereby fulfilling the Plan's main objective of capital preservation with capital appreciation and some level of current income. The Trustees are authorized to acquire and retain every kind of property, real, personal or mixed, and every kind of investment specifically including, but not by way of limitation, bonds, debentures, and other corporate obligations, and stocks, preferred or common.

Investment in common stock or capital stock shall be limited to those listed on a major U.S. stock exchange and limited to no more than 70% (at market) of the Plan's total asset value, with no more than 5% of the Plan's total assets, at cost, invested in the common stock of any one company. Moreover, not more than 20% of each portfolio shall be invested in any single industry at cost.

The fixed income portfolio shall be comprised of securities rated "A" or higher by a nationally recognized rating agency. Except for U.S. treasury and Agency obligation, no manager should invest more than 5% of the Plan assets in the securities of a single issuer. No issues may be purchased with more than 15 years to maturity.

**CITY OF WILTON MANORS, FLORIDA PENSION PLAN  
FOR GENERAL EMPLOYEES AND POLICE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006 AND 2005**

**Note 3 – Deposit and Investment Risk Disclosures (continued)**

b. Types of Investments

Florida statutes and Plan investment policy authorize the Trustees to invest funds in various investments. The current maximum target allocation of these investments is as follows at September 30:

	2006		2005	
	Maximum target % of portfolio	Actual % of portfolio	Maximum target % of portfolio	Actual % of portfolio
<u>Authorized investments</u>				
Equity	70.0%	66.9%	70.0%	67.3%
Fixed income	65.0%	27.7%	65.0%	28.7%
Cash equivalents	50.0%	5.5%	50.0%	4.0%

c. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the Plan diversify its investment by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

Information about the sensitivity of the fair values of the Plan's investment to market interest rate fluctuations is provided by the following table that shows the distribution of the Plan's investment by maturity at September 30:

<u>Investment Type</u>	<u>Fair Value</u>	2006 <u>Investment Maturities (in years)</u>			
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
U.S. Treasuries	\$ 519,282	\$ 0	\$ 128,964	\$ 390,318	\$ 0
U.S. agencies	4,810,002	154,636	2,335,928	2,276,427	43,011
Corporate bonds	996,059	79,478	840,465	76,116	0
Total fixed income securities	<u>\$ 6,325,343</u>	<u>\$ 234,114</u>	<u>\$ 3,305,357</u>	<u>\$ 2,742,861</u>	<u>\$ 43,011</u>

<u>Investment Type</u>	<u>Fair Value</u>	2005 <u>Investment Maturities (in years)</u>			
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
U.S. Treasuries	\$ 561,538	\$ 0	\$ 0	\$ 561,538	\$ 0
U.S. agencies	4,422,693	112,155	2,852,660	1,402,981	54,897
Corporate bonds	1,133,994	0	982,759	151,235	0
Total fixed income securities	<u>\$ 6,118,225</u>	<u>\$ 112,155</u>	<u>\$ 3,835,419</u>	<u>\$ 2,115,754</u>	<u>\$ 54,897</u>

**CITY OF WILTON MANORS, FLORIDA PENSION PLAN  
FOR GENERAL EMPLOYEES AND POLICE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006 AND 2005**

**Note 3 – Deposit and Investment Risk Disclosures (continued)**

d. Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan's investment policy utilizes portfolio diversification in order to control this risk.

The following tables disclose credit ratings by investment type, at September 30, as applicable:

	2006		2005	
	<u>Fair Value</u>	<u>Percentage of Portfolio</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
U.S. government guaranteed*	\$ 5,329,284	84.25%	\$4,984,231	81.46%
Quality rating of credit risk debt securities				
AAA	111,019	1.76	71,796	1.17
AA	144,546	2.28	146,082	2.39
A+	510,903	8.08	763,269	12.48
A	<u>229,591</u>	<u>3.63</u>	<u>152,847</u>	<u>2.50</u>
Total credit risk debt securities	<u>996,059</u>	<u>15.75</u>	<u>1,133,994</u>	<u>18.54</u>
Total fixed income securities	<u>\$ 6,325,343</u>	<u>100.00%</u>	<u>\$6,118,225</u>	<u>100.00%</u>

\*Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

e. Concentration of Credit Risk

The investment policy of the Plan contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of combined plan net assets at September 30, 2006 and 2005.

f. Custodial Credit Risk

This is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the Plan's investment policy, the investments are held by Plan's custodial bank and registered in the Plan's name.

**CITY OF WILTON MANORS, FLORIDA PENSION PLAN  
FOR GENERAL EMPLOYEES AND POLICE  
NOTES TO COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006 AND 2005**

**Note 4 - Funding Requirements and Contributions**

a. Actuarially Determined Contributions

The Plan contributions required from the City of Wilton Manors for the fiscal years ended September 30, 2006 and 2005 were actuarially determined using a valuation date of October 1, 2005 and 2004, to be \$1,081,629 and \$799,497, respectively. The actuarially computed covered annual payroll was \$4,118,048 and \$4,497,194 for fiscal years ended September 30, 2006 and 2005, respectively. The required contributions cover the following:

	2006		2005	
	<u>Amount</u>	<u>Percent of actuarially computed covered annual payroll</u>	<u>Amount</u>	<u>Percent of actuarially computed covered annual payroll</u>
Normal Cost	\$ 541,969	13.17%	\$ 478,725	10.65%
Amortization of the unfunded actuarial accrued liability	<u>539,660</u>	<u>13.10%</u>	<u>320,772</u>	<u>7.13%</u>
Total	<u>\$ 1,081,629</u>	<u>26.27%</u>	<u>\$ 799,497</u>	<u>17.78%</u>

b. Actual Contributions

The actual City contributions for active employees for the years ended September 30, 2006 and 2005 were \$1,081,629 and \$799,497, respectively, and the actual amount of covered payroll was approximately \$4,400,000 and 4,588,000, respectively. City contributions consisted of the following:

	2006		2005	
	<u>Amount</u>	<u>Percent of actual covered annual payroll</u>	<u>Amount</u>	<u>Percent of actual covered annual payroll</u>
City contribution	<u>\$ 1,081,629</u>	<u>24.58 %</u>	<u>\$ 799,497</u>	<u>17.43 %</u>
Total	<u>\$ 1,081,629</u>	<u>24.58 %</u>	<u>\$ 799,497</u>	<u>17.43 %</u>

For the years ended September 30, 2006 and 2005, member contributions were \$469,457 and \$486,954 which include buybacks of \$0 and \$1,066, 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, 2006 and 2005, \$430,443 and \$412,157 respectively, of the System's assets are included as assets on the Plan's combined statements of plan net assets with \$430,443 and \$412,157 reflected as a liability due to the Firefighters Retirement System on the Plan's combined statements of plan net assets for each of those years.

**CITY OF WILTON MANORS, FLORIDA PENSION PLAN FOR  
GENERAL EMPLOYEES AND POLICE  
REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2006  
(Unaudited)**

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

Actuarial Valuation <u>Date</u>	Actuarial Value of <u>Assets (AVA)</u>	FAAL / <u>(AAL)*</u>	Unfunded FAAL /AAL* <u>(UAAL)</u>	Funded <u>Ratio</u>	Annual Covered <u>Payroll</u>	UAAL as a % of Covered <u>Payroll</u>
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
10/1/03	19,018	19,824	805	95.9	4,151	19.4
10/1/04	19,595	23,306	3,711	84.1	4,497	82.5
10/1/05	20,285	26,608	6,323	76.2	4,118	153.6

\*Effective 10/1/04, the actuarial cost method was changed from Frozen Entry Age, which produces a Frozen Actuarial Accrued liability (FAAL) to Entry Age Normal, which produces an Actuarial Accrued Liability (AAL).

**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>
2001	\$ 278,248	100.0 %
2002	359,836	100.0
2003	572,216	100.0
2004	719,459	100.0
2005	799,497	100.0
2006	1,081,629	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	10/01/05
Actuarial cost method	Entry Age Normal Cost
Amortization method	Level dollar amount
Remaining amortization period	16-30 years
Asset valuation method	5-year smoothed market with phase-in
Investment rate of return*	8.0%
Projected salary increases*	5.5%
*Includes inflation 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, 2006**

**Schedule "3"**

	<u>General Employees</u>	<u>Police</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 661,061	\$ 594,836	\$ 1,255,897
Receivables			
Due from employees	13,199	5,613	18,812
Interest and dividends receivable	51,418	45,809	97,227
Receivable for securities sold	126,537	112,735	239,272
Total receivables	<u>191,154</u>	<u>164,157</u>	<u>355,311</u>
Investments, at fair value			
Common stock	8,049,755	7,243,334	15,293,089
U.S. government securities	2,805,151	2,524,133	5,329,284
Corporate bonds	524,291	471,768	996,059
Total investments	<u>11,379,197</u>	<u>10,239,235</u>	<u>21,618,432</u>
Total assets	<u>12,231,412</u>	<u>10,998,228</u>	<u>23,229,640</u>
<b>LIABILITIES</b>			
Accounts payable	16,160	14,397	30,557
Due to Firefighters Retirement System	227,636	202,807	430,443
DROP payable	122,984	213,790	336,774
Prepaid employer contribution	11,934	7,316	19,250
Payable for securities purchased	159,533	142,132	301,665
Total liabilities	<u>538,247</u>	<u>580,442</u>	<u>1,118,689</u>
Net assets held in trust for pension benefits (a schedule of funding progress is presented on page 15)	<u>\$ 11,693,165</u>	<u>\$ 10,417,786</u>	<u>\$ 22,110,951</u>

**CITY OF WILTON MANORS, FLORIDA PENSION PLAN FOR  
GENERAL EMPLOYEES AND POLICE  
COMBINING STATEMENT OF PLAN NET ASSETS  
SEPTEMBER 30, 2005**

**Schedule "3" (continued)**

	<u>General Employees</u>	<u>Police</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 447,394	\$ 412,443	\$ 859,837
Receivables			
Interest and dividends receivable	37,610	34,550	72,160
Receivable for securities sold	14,225	13,068	27,293
Total receivables	<u>51,835</u>	<u>47,618</u>	<u>99,453</u>
Investments, at fair value			
Common stock	7,466,921	6,883,608	14,350,529
U.S. government securities	2,593,414	2,390,817	4,984,231
Corporate bonds	590,044	543,950	1,133,994
Total investments	<u>10,650,379</u>	<u>9,818,375</u>	<u>20,468,754</u>
Total assets	<u>11,149,608</u>	<u>10,278,436</u>	<u>21,428,044</u>
<b>LIABILITIES</b>			
Accounts payable	15,146	13,913	29,059
Due to Firefighters Retirement System	214,816	197,341	412,157
DROP payable	116,247	146,397	262,644
Prepaid employer contribution	12,034	7,316	19,350
Payable for securities purchased	31,923	29,327	61,250
Total liabilities	<u>390,166</u>	<u>394,294</u>	<u>784,460</u>
Net assets held in trust for pension benefits (a schedule of funding progress is presented on page 15)	<u>\$ 10,759,442</u>	<u>\$ 9,884,142</u>	<u>\$ 20,643,584</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, 2006**

**Schedule "4"**

	<u>General Employees</u>	<u>Police</u>	<u>Total</u>
<b>Additions</b>			
<b>Contributions</b>			
Employee	\$ 324,483	\$ 144,974	\$ 469,457
Employer	<u>578,265</u>	<u>503,364</u>	<u>1,081,629</u>
Total contributions	<u>902,748</u>	<u>648,338</u>	<u>1,551,086</u>
<b>Investment income</b>			
Net appreciation in fair value of investments	456,310	412,601	868,911
Interest and dividends	<u>320,035</u>	<u>289,379</u>	<u>609,414</u>
Total investment income	776,345	701,980	1,478,325
<b>Add (less): Investment expenses</b>			
Deferred retirement option plan participants' (earnings)	(54,691)	(49,453)	(104,144)
(Earnings) allocated to Firefighters Retirement System	<u>(6,738)</u>	<u>(9,885)</u>	<u>(16,623)</u>
	<u>(15,880)</u>	<u>(14,358)</u>	<u>(30,238)</u>
Net investment income	<u>699,036</u>	<u>628,284</u>	<u>1,327,320</u>
Total additions	<u>1,601,784</u>	<u>1,276,622</u>	<u>2,878,406</u>
<b>Deductions</b>			
Benefits paid	575,686	695,525	1,271,211
Participants' contributions refunded	39,895	-	39,895
Administrative expenses	<u>52,480</u>	<u>47,453</u>	<u>99,933</u>
Total deductions	<u>668,061</u>	<u>742,978</u>	<u>1,411,039</u>
Net increase	933,723	533,644	1,467,367
<b>Net assets held in trust for pension benefits</b>			
Beginning of year	<u>10,759,442</u>	<u>9,884,142</u>	<u>20,643,584</u>
End of year	<u>\$ 11,693,165</u>	<u>\$ 10,417,786</u>	<u>\$ 22,110,951</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, 2005**

**Schedule "4" (continued)**

	<u>General Employees</u>	<u>Police</u>	<u>Total</u>
Additions			
Contributions			
Employee	\$ 299,299	\$ 187,655	\$ 486,954
Employer	<u>497,204</u>	<u>302,293</u>	<u>799,497</u>
Total contributions	<u>796,503</u>	<u>489,948</u>	<u>1,286,451</u>
Investment income			
Net appreciation in fair value of investments	635,991	586,181	1,222,172
Interest and dividends	<u>313,492</u>	<u>288,938</u>	<u>602,430</u>
Total investment income	949,483	875,119	1,824,602
Add (less): Investment expenses			
Deferred retirement option plan participants' (earnings)	(54,900)	(50,602)	(105,502)
(Earnings) allocated to Firefighters Retirement System	<u>(29,210)</u>	<u>(10,860)</u>	<u>(40,070)</u>
	<u>(19,244)</u>	<u>(17,737)</u>	<u>(36,981)</u>
Net investment income	<u>846,129</u>	<u>795,920</u>	<u>1,642,049</u>
Total additions	<u>1,642,632</u>	<u>1,285,868</u>	<u>2,928,500</u>
Deductions			
Benefits paid	568,616	301,011	869,627
Participants' contributions refunded	9,500	68,933	78,433
Administrative expenses	<u>58,998</u>	<u>54,377</u>	<u>113,375</u>
Total deductions	<u>637,114</u>	<u>424,321</u>	<u>1,061,435</u>
Net increase	1,005,518	861,547	1,867,065
Net assets held in trust for pension benefits			
Beginning of year	<u>9,753,924</u>	<u>9,022,595</u>	<u>18,776,519</u>
End of year	<u>\$ 10,759,442</u>	<u>\$ 9,884,142</u>	<u>\$ 20,643,584</u>