

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

**Combined Financial Statements
Years Ended September 30, 2008 and 2007**



Goldstein Schechter Koch
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**City of Wilton Manors, Florida Pension Plan for
General Employees and Police
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Independent Auditors' Report

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 (the "Plan") at September 30, 2008, and the related combined statements of changes in plan net assets for the year then ended. These financial statements are the responsibility of the Plan's management. 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 Employee and Police as of and for the year ended September 30, 2007 were audited by Koch Reiss & Co., P.A., who merged with Goldstein Schechter Price Lucas Horwitz & Co., P.A., (now known as Goldstein Schechter Koch Price Lucas Horwitz & Co., P.A.) as of January 1, 2008, and whose report dated February 22, 2008, 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 2008 financial statements referred to above present fairly, in all material respects, the combined plan net assets of the City of Wilton Manors, Florida Pension Plan for General Employees and Police as of September 30, 2008 and the changes in its combined net plan assets 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.



Management's discussion and analysis on pages 3 – 7 and the supplementary information, as listed in the accompanying table of contents are not a required part of the basic combined 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. The required supplementary information for the years ended September 30, 2003 through 2007 was reported on by Koch Reiss & Company, P.A., whose report states that they did not audit this information and did not express an opinion on it.

Goldstein Schechter Koch Price Lucas Horwitz & Co., P.A.

Hollywood, Florida
June 2, 2009



City of Wilton Manors Pension Plan for General Employees & Police

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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 (the "Plan") financial performance provides an overview of the Plan's combined financial activities for the fiscal years ended September 30, 2008 and 2007. Please read it in conjunction with the combined financial statements, which follow this discussion.

Financial Highlights

- The Plan's assets exceeded liabilities at the close of the fiscal years ended September 30, 2008 and 2007 by \$20,470,356 and \$24,601,211, respectively, (reported as net assets held in trust for pension benefits). Net assets are held in trust to meet future benefit payments. The decrease of \$4,130,855 and the increase of \$2,490,260, of the respective years have resulted primarily from the changes in the fair value of the Plan's investments due to volatile financial markets.
- The Plan's funded ratio, a comparison of the actuarial value of assets to the actuarial accrued pension liability, changed from 76.2% as of the October 1, 2005 actuarial valuation to 75.2% as of October 1, 2006 valuation and 76.3% as of October 1, 2007 valuation.
- For the fiscal year ended September 30, 2008, receivables increased by \$214,172 (or 44.5%) primarily due to an increase in contribution receivable from employer.

For the fiscal year ended September 30, 2007, receivables decreased by \$87,663 (or 24.7%) primarily due to a decrease in receivable for securities sold.

- For the fiscal year ended September 30, 2008, liabilities increased by \$272,916 (or 17.7%) primarily due to an increase in deferred retirement option plan payable.

For the fiscal year ended September 30, 2007, liabilities increased by \$148,323 (or 13.3%) primarily due to an increase in deferred retirement option plan payable and an increase in prepaid employer contribution offset by a decrease in payable for securities purchased.

- For the fiscal year ended September 30, 2008, employer contributions to the Plan increased by \$33,708 (or 2.7%) based on the actuarial valuation. Actual employer contributions were \$1,263,599 and \$1,229,891 for 2008 and 2007, respectively.

For the fiscal year ended September 30, 2007, employer contributions to the Plan increased by \$148,262 (or 13.7%) based on the actuarial valuation. Actual employer contributions were \$1,229,891 and \$1,081,629 for 2007 and 2006, respectively.

Management's Discussion and Analysis (Required Supplementary Information)

Financial Highlights – continued

- For the fiscal year ended September 30, 2008, employee contributions decreased by \$278,691 (or 159.8%). Actual employee contributions were \$174,393 and \$453,084 for 2008 and 2007, respectively. Employee contributions have fluctuated from year to year, based on the number of active members.

For the fiscal year ended September 30, 2007, employee contributions decreased by \$16,373 (or 3.5%). Actual employee contributions were \$453,084 and \$469,457 for 2007 and 2006, respectively. Employee contributions have fluctuated from year to year, based on the number of active members.

- For the fiscal year ended September 30, 2008, net investment income decreased by \$6,162,908 (or 181.3%). Actual results were \$(4,230,958) and \$2,266,185 of net (depreciation) appreciation in fair value of investments for 2008 and 2007, respectively, and \$758,608 and \$725,711 of income from interest and dividends for 2008 and 2007, respectively. Investment (loss) income was reduced by (losses) earnings allocated to deferred retirement option plan participants' in the amount of \$(91,719) and \$44,419 for 2008 and 2007, respectively, and to the Firefighters Retirement System in the amount of \$(94,920) and \$70,490 for 2008 and 2007, respectively. Investment expenses increased by \$210 or (0.2%).

For the fiscal year ended September 30, 2007, net investment income increased by \$1,435,963 (or 108.2%). Actual results were \$2,266,185 and \$868,911 of net appreciation in fair value of investments for 2007 and 2006, respectively, and \$725,711 and \$609,414 of income from interest and dividends for 2007 and 2006, respectively. Investment income was reduced by earnings allocated to deferred retirement option plan participants' in the amount of \$44,419 and \$16,623 for 2007 and 2006, respectively, and to the Firefighters Retirement System in the amount of \$70,490 and \$30,238 for 2007 and 2006, respectively. Investment expenses increased by \$9,560 or (9.2%).

- For the fiscal year ended September 30, 2008, benefit payments and refunds of contributions increased by \$272,238 (or 13.1%).

For the fiscal year ended September 30, 2007, benefit payments and refunds of contributions increased by \$493,472 (or 37.6%).

- For the fiscal year ended September 30, 2008, administrative expenses decreased by \$59,014 (or 63.9%) from 2007 primarily due to a decrease in fees for professional services and education.

For the fiscal year ended September 30, 2007, administrative expenses increased \$51,487 (or 51.5%) from 2006 primarily due to an increase in fees for professional services and education.

Management's Discussion and Analysis (Required Supplementary Information)

Plan Highlights

For the fiscal year ended September 30, 2008, the total return of the portfolio was -13.2%. Actual investment losses in 2008 were \$(3,399,625) compared with income of \$2,763,283 in 2007.

For the fiscal year ended September 30, 2007, the total return of the portfolio was 12.9%. Actual investment gains in 2007 were \$2,763,283 compared with \$1,327,320 in 2006.

Using the Audited Financial Statements

The financial statements, which reflect the activities of the Plan, 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 and reflect all Plan activities as incurred and are based on a snapshot in time of account balances of investments at fiscal year end.

Statement of Plan Net Assets

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

	2008	2007	2006
Cash and cash equivalents	\$ 914,575	\$ 1,557,867	\$ 1,255,897
Receivables	481,820	267,648	355,311
Investments	20,613,889	24,042,708	21,618,432
Total assets	22,010,284	25,868,223	23,229,640
Liabilities	1,539,928	1,267,012	1,118,689
Net assets held in trust for pension benefits	\$ 20,470,356	\$ 24,601,211	\$ 22,110,951

Management's Discussion and Analysis (Required Supplementary Information)

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.

	2008	2007	2006
Additions:			
Contributions			
Employer	\$ 1,263,599	\$ 1,229,891	\$ 1,081,629
Employee	174,393	453,084	469,457
Total	1,437,992	1,682,975	1,551,086
Net investment (loss) income	(3,399,625)	2,763,283	1,327,130
Total (reductions) additions	1,961,633	4,446,258	2,878,406
Deductions:			
Benefits paid	1,812,886	1,308,394	1,271,211
Participants' contributions refunded	263,930	496,184	39,895
Administrative expenses	92,406	151,420	99,933
Total deductions	2,169,222	1,955,998	1,411,039
Net (decrease) increase	(4,130,855)	2,490,260	1,467,367
Net assets held in trust for pension benefits at beginning of year	24,601,211	22,110,951	20,643,584
Net assets held in trust for pension benefits at end of year	\$ 20,470,356	\$ 24,601,211	\$ 22,110,951

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 decreased from those of fiscal year ended September 30, 2007 and 2006.

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

Management's Discussion and Analysis **(Required Supplementary Information)**

Asset Allocation

For the fiscal year ended September 30, 2008, the domestic equity portion comprised 58.8% (\$12,659,326) of the total portfolio. The allocation to fixed income securities was 32.1% (\$6,914,529), while cash and cash equivalents was 4.3% (\$914,575). The portion of the investments allocated to international equity was 4.8% (\$1,040,034) of the total portfolio.

For the fiscal year ended September 30, 2007, the domestic equity portion comprised 62.0% (\$15,883,056) of the total portfolio. The allocation to fixed income securities was 25.3% (\$6,473,162), while cash and cash equivalents was 6.1% (\$1,557,867). The portion of the investments allocated to international equity was 6.6% (\$1,686,490) of the total portfolio.

The target asset allocation range at September 30 2008 and 2007 was as follows:

Equity	25% - 70%
Fixed income	25% - 65%
Cash equivalents	0% - 50%

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, 2008 and 2007**

	2008	2007
Assets		
Cash and cash equivalents	\$ 914,575	\$ 1,557,867
Receivables		
Employee contribution	-	10,768
Employer contribution	396,197	-
Interest and dividends receivable	85,623	96,035
Receivable for securities sold	-	160,845
Total receivables	481,820	267,648
Investments, at fair value		
Common stock	10,438,267	14,253,127
U.S. government securities	5,129,130	5,830,324
Domestic equity funds	2,221,059	1,629,929
Corporate bonds and notes	1,785,399	642,838
International equity funds	1,040,034	1,686,490
Total investments	20,613,889	24,042,708
Total assets	22,010,284	25,868,223
Liabilities		
Accounts payable	30,116	44,613
Due to Firefighters Retirement System	633,832	619,697
Deferred retirement option plan payable	740,994	431,122
Prepaid City contribution	85,623	119,331
Payable for securities purchased	49,363	52,249
Total liabilities	1,539,928	1,267,012
Net assets held in trust for pension benefits	\$ 20,470,356	\$ 24,601,211
(a schedule of funding progress is presented on page 19)		

The accompanying notes are an integral part of these combined 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, 2008 and 2007**

	2008	2007
Additions:		
Contributions:		
Employer	\$ 1,263,599	\$ 1,229,891
Employee	174,393	453,084
Total contributions	1,437,992	1,682,975
Investment income		
Net (depreciation) appreciation in fair value of investments	(4,230,958)	2,266,185
Interest and dividends	758,608	725,711
Total investment (loss) income	(3,472,350)	2,991,896
Less: Investment expenses		
Deferred retirement option plan participants' (losses) earnings	113,914	113,704
(Losses) earnings allocated to Firefighters Retirement System	(91,719)	44,419
	(94,920)	70,490
Net investment (loss) income	(3,399,625)	2,763,283
Total (reductions) additions	(1,961,633)	4,446,258
Deductions:		
Benefits paid	1,812,886	1,308,394
Participants' contributions refunded	263,930	496,184
Administrative expenses	92,406	151,420
Total deductions	2,169,222	1,955,998
Net (decrease) increase	(4,130,855)	2,490,260
Net assets held in trust for pension benefits		
Beginning of year	24,601,211	22,110,951
End of year	\$ 20,470,356	\$ 24,601,211

The accompanying notes are an integral part of these combined financial statements.

**City of Wilton Manors, Florida Pension Plan
For General Employees and Police
Notes to Combined Financial Statements
September 30, 2008 and 2007**

Note 1 – Description of the Plan

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.

Effective August 1, 2007, the Plan elected to participate in the Florida Retirement System (FRS) and closed the Plan to new members hired on or after August 1, 2007. Current members have 30 days to elect whether to stay in the Plan or to transition to FRS.

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.

Participants

Participants include 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.

Membership

As of October 1, membership in the Plan consisted of:

	2007	2006
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them		
Police Officers	24	20
General Employees	32	29
	56	49
Active plan participants		
Police Officers	12	25
General Employees	25	67
	37	92
Total participants	93	141

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.

**City of Wilton Manors, Florida Pension Plan
For General Employees and Police
Notes to Combined Financial Statements
September 30, 2008 and 2007**

Note 1 – Description of the Plan - continued

Funding Requirements - continued

Member Contributions - continued:

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 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.

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 six years (five years prior to August 1, 2007).

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.

**City of Wilton Manors, Florida Pension Plan
For General Employees and Police
Notes to Combined Financial Statements
September 30, 2008 and 2007**

Note 1 – Description of the Plan - continued

Pension Benefits - continued

Deferred Retirement Option Plan - continued:

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.

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.

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. Police officers with ten or more years of service as of October 1, 2006 will receive an annual 3% COLA, to begin six years after retirement.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The Plan's combined 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.

Recent Accounting Standards

The Plan adopted Governmental Accounting Standards Board (GASB) Statement No. 50 "Pension Disclosures" (GASB 50) which amends GASB Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans", and No. 27, "Accounting for Pensions by State and Local Governmental Employers". GASB 50 requires disclosure in the notes to the financial statements of pension plans and certain employer governments of the current funded status of the plan and other actuarial information which had previously been provided as required supplementary information. The adoption of GASB 50 had an impact on the presentation of the notes to the combined financial statements but no impact on net assets.

**City of Wilton Manors, Florida Pension Plan
For General Employees and Police
Notes to Combined Financial Statements
September 30, 2008 and 2007**

Note 2 – Summary of Significant Accounting Policies - continued

Cash and Cash Equivalents

The Plan considers all highly liquid investments with an original maturity of three months or less when purchased, to be cash equivalents.

Investments

The fair value of quoted investments is based on the closing sales price or bid price as reported by recognized security exchanges. Bonds are reported at established fair value. Securities that have no quoted market price are presented at estimated fair value as provided by the custodial bank and investment counsel.

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 the gains and losses realized on sales of investments. Purchases and sales of investments are recorded on a trade-date basis.

Given the inherent nature of investments, it is reasonably possible that changes in the value of those investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of plan net assets.

Income Tax Status

The Fund is exempt from Federal income taxes under the Internal Revenue Code and, therefore, has recorded no income tax liabilities or expense.

Use of Estimates

The preparation of combined 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.

Risks and Uncertainties

Contributions to the Plan and the actuarial information included in the required supplementary information (RSI) are reported based on certain assumptions pertaining to the interest rates, inflation rates and member compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in settling assumptions, that the effect of such changes could be material to the combined financial statements.

**City of Wilton Manors, Florida Pension Plan
For General Employees and Police
Notes to Combined Financial Statements
September 30, 2008 and 2007**

Note 3 - Funding Requirements and Contributions

Actuarially Determined Contributions

The Plan contributions required from the City of Wilton Manors for the fiscal years ended September 30, 2008 and 2007 were actuarially determined using a valuation date of October 1, 2007 and 2006, to be \$1,263,599 and \$1,229,891 respectively. The actuarially computed covered annual payroll was \$2,355,661 and \$4,882,290 for fiscal years ended September 30, 2008 and 2007, respectively. The required contributions cover the following:

	2008		2007	
	Amount	Percent of actuarially computed covered portfolio	Amount	Percent of actuarially computed covered portfolio
Normal cost	\$ 504,671	21.42%	\$ 614,682	12.59%
Amortization of the unfunded actuarial accrued liability	758,928	32.22	615,209	12.60
Total	\$1,263,599	53.64%	\$1,229,891	25.19%

Actual Contributions

The actual City contributions for active employees for the years ended September 30, 2008 and 2007 were \$1,263,599 and \$1,229,891, respectively, and the actual amount of covered payroll was approximately \$1,639,000 and \$4,300,000 respectively. City contributions consisted of the following:

	2008		2007	
	Amount	Percent of actual covered annual payroll	Amount	Percent of actual covered annual payroll
City contribution	\$1,263,599	77.10%	\$1,229,891	28.60%
Total	\$1,263,599	77.10%	\$1,229,891	28.60%

For the years ended September 30, 2008 and 2007, member contributions were \$174,393 and \$453,084, respectively.

**City of Wilton Manors, Florida Pension Plan
For General Employees and Police
Notes to Combined Financial Statements
September 30, 2008 and 2007**

Note 4 – Funded Status and Funding Progress

The funded status of the Plan as of October 1, 2007, the most recent actuarial valuation date, is as follows:

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
10/01/07	\$ 23,215,211	\$ 30,442,727	\$ 7,227,516	76.3%	\$ 2,355,661	306.8%

Valuation date	10/01/07
Contribution Rates:	
Employer (and State)	53.64%
Plan Members	10.63%
Actuarial cost method	Entry age, normal cost
Amortization method	Level dollar amount
Equivalent single amortization period	
General members	23 years
Police members	15 years
Asset valuation method	5-year smoothed market with phase-in
Actuarial assumptions:	
Investment rate of return*	8.0%
Projected salary increases*	5.5%
Cost of living adjustments	N/A
*Includes inflation and other general increases at	3.5%

Note 5 – Deposit and Investment Risk Disclosures

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.

**City of Wilton Manors, Florida Pension Plan
For General Employees and Police**
Notes to Combined Financial Statements
September 30, 2008 and 2007

Note 5 – Deposit and Investment Risk Disclosures - continued

Investment Authorization - continued

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 U.S. Agency obligations, 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.

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:

	2008		2007	
	Maximum target % of portfolio	Actual % of portfolio	Maximum target % of portfolio	Actual % of portfolio
Authorized investments				
Equity	70.0%	63.6%	70.0%	66.9%
Fixed income	65.0%	32.1%	65.0%	25.3%
Cash equivalents	50.0%	4.3%	50.0%	6.1%

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 diversifies its investments 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 tables that show the distribution of the Plan’s investment by maturity at September 30:

Investment Type	Fair Value	2008 Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. treasuries	\$ 187,455	\$ -	\$ -	\$ 187,455	\$ -
U.S. agencies	4,941,675	131,134	925,708	2,492,323	1,392,510
Corporate bonds	1,785,399	-	704,040	979,744	101,615
Total fixed income securities	\$ 6,914,529	\$ 131,134	\$ 1,629,748	\$ 3,659,522	\$ 1,494,125

**City of Wilton Manors, Florida Pension Plan
For General Employees and Police
Notes to Combined Financial Statements
September 30, 2008 and 2007**

Note 5 – Deposit and Investment Risk Disclosures – continued

Interest Rate Risk - continued

Investment Type	Fair Value	2007 Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. treasuries	\$ 762,521	\$ -	\$ 520,434	\$ 242,087	\$ -
U.S. agencies	5,067,803	-	2,102,257	2,930,211	35,335
Corporate bonds	642,838	-	567,544	75,294	-
Total fixed income securities	\$ 6,473,162	\$ -	\$ 3,190,235	\$ 3,247,592	\$ 35,335

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:

	2008		2007	
	Fair Value	Percentage of Portfolio	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	\$ 5,129,130	74.18%	\$ 5,830,324	90.06%

Quality rating of credit risk debt securities:

AAA	-	-	110,401	1.71
AA+	106,648	1.54	-	-
AA	122,884	1.78	144,738	2.24
AA-	-	-	218,643	3.38
A+	346,106	5.01	89,327	1.38
A	1,026,121	14.84	79,729	1.23
A-	59,875	0.86	-	-
BBB+	123,765	1.79	-	-
Total credit risk debt securities	1,785,399	25.82	642,838	9.94
Total fixed income securities	\$ 6,914,529	100.00%	\$ 6,473,162	100.00%

*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.

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 Plan combined plan net assets at September 30, 2008 and 2007.

**City of Wilton Manors, Florida Pension Plan
For General Employees and Police
Notes to Combined Financial Statements
September 30, 2008 and 2007**

Note 5 – Deposit and Investment Risk Disclosures – continued

Custodial Credit Risk

Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Custodial risk 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. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Plan and are held either by the counterparty or the counterparty's trust department or agent but not in the Plan's name.

Consistent with the Plan's investment policy, the investments are held by the Plan's custodial bank and registered in the Plan's name. All of the Plan's deposits are insured and or collateralized by a financial institution separate from the Plan's depository financial institution.

Note 6 – 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, 2008 and 2007, \$633,832 and \$619,697 respectively, of the System's assets are included as assets on the Plan's combined statements of plan net assets with \$633,832 and \$619,697 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.

Note 7 – Subsequent Events

Subsequent to September 30, 2008, there have been significant negative economic developments surrounding overall market liquidity, credit availability and collateral values. The results of these developments have led to broad declines in investment values. The Plan invests in various diversified types of securities, and these securities may have been impacted, perhaps significantly, from these events. The Plan is a long-term investor in highly diversified investments and is in a position to withstand market volatility.

Required Supplementary Information

**City of Wilton Manors, Florida Pension Plan
For General Employees and Police
Required Supplementary Information
September 30, 2008
(Unaudited)**

Schedule "1" – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/1/02	\$ 17,310,192	\$ 18,691,094	\$ 1,380,902	92.6%	\$ 3,895,860	35.4%
10/1/03	19,018,370	19,823,729	805,359	95.9	4,151,363	19.4
10/1/04	19,595,445	23,306,822	3,711,277	84.1	4,497,194	82.5
10/1/05	20,284,630	26,608,015	6,323,385	76.2	4,118,048	153.6
10/1/06	21,700,713	28,865,915	7,165,202	75.2	4,882,290	146.8
10/1/07	23,215,211	30,442,727	7,227,516	76.3	2,355,661	306.8

*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

Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2003	\$ 572,216	100%
2004	719,459	100
2005	799,497	100
2006	1,081,629	100
2007	1,229,891	100
2008	1,263,599	100

**City of Wilton Manors, Florida Pension Plan for
General Employees and Police
Combining Statement of Plan Net Assets
September 30, 2008**

Schedule "3"

	General Employees	Police	Total
Assets			
Cash and cash equivalents	\$ 478,200	\$ 436,375	\$ 914,575
Receivables			
Employer contribution	150,516	245,681	396,197
Interest and dividends receivable	45,019	40,604	85,623
Total receivables	195,535	286,285	481,820
Investments, at fair value			
Common stock	5,457,809	4,980,458	10,438,267
U.S. government securities	2,681,845	2,447,285	5,129,130
Domestic equity funds	1,161,315	1,059,744	2,221,059
Corporate bonds and notes	933,524	851,875	1,785,399
International equity funds	543,798	496,236	1,040,034
Total investments	10,778,291	9,835,598	20,613,889
Total assets	11,452,026	10,558,258	22,010,284
Liabilities			
Accounts payable	15,834	14,282	30,116
Due to Firefighters Retirement System	333,256	300,576	633,832
Deferred retirement option plan payable	281,548	459,446	740,994
Prepaid City contribution	32,528	53,095	85,623
Payable for securities purchased	25,954	23,409	49,363
Total liabilities	689,120	850,808	1,539,928
Net assets held in trust for pension benefits	\$10,762,906	\$ 9,707,450	\$20,470,356

(a schedule of funding progress is presented on page 19)

The accompanying notes are an integral part of these combined financial statements.

**City of Wilton Manors, Florida Pension Plan for
General Employees and Police
Combining Statement of Plan Net Assets
September 30, 2007**

Schedule "3" (continued)

	General Employees	Police	Total
Assets			
Cash and cash equivalents	\$ 827,681	\$ 730,186	\$ 1,557,867
Receivables			
Employee contributions	6,498	4,270	10,768
Interest and dividends receivable	51,273	44,762	96,035
Receivable for securities sold	85,875	74,970	160,845
Total receivables	143,646	124,002	267,648
Investments, at fair value			
Common stock	7,572,572	6,680,555	14,253,127
U.S. government securities	3,097,607	2,732,717	5,830,324
Domestic equity funds	865,975	763,954	1,629,929
Corporate bonds and notes	341,535	301,303	642,838
International equity funds	896,019	790,471	1,686,490
Total investments	12,773,708	11,269,000	24,042,708
Total assets	13,745,035	12,123,188	25,868,223
Liabilities			
Accounts payable	23,819	20,794	44,613
Due to Firefighters Retirement System	330,856	288,841	619,697
Deferred retirement option plan payable	179,914	251,208	431,122
Prepaid City contribution	47,956	71,375	119,331
Payable for securities purchased	27,896	24,353	52,249
Total liabilities	610,441	656,571	1,267,012
Net assets held in trust for pension benefits	\$13,134,594	\$11,466,617	\$24,601,211
(a schedule of funding progress is presented on page 19)			

The accompanying notes are an integral part of these combined financial statements.

**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, 2008**

Schedule "4"

	General Employees	Police	Total
Additions:			
Contributions:			
Employer	\$ 480,045	\$ 783,554	\$ 1,263,599
Employee	115,825	58,568	174,393
Total contributions	595,870	842,122	1,437,992
Investment (loss) income			
Net depreciation in fair value of investments	(2,243,306)	(1,987,652)	(4,230,958)
Interest and dividends	402,224	356,384	758,608
Total investment loss	(1,841,082)	(1,631,268)	(3,472,350)
Less: Investment expenses			
Deferred retirement option plan participants' losses	60,399	53,515	113,914
Losses allocated to Firefighters Retirement System	(37,393)	(54,326)	(91,719)
	(50,328)	(44,592)	(94,920)
Net investment loss	(1,813,760)	(1,585,865)	(3,399,625)
Total reductions	(1,217,890)	(743,743)	(1,961,633)
Deductions:			
Benefits paid	890,516	922,370	1,812,886
Participants' contributions refunded	214,287	49,643	263,930
Administrative expenses	48,995	43,411	92,406
Total deductions	1,153,798	1,015,424	2,169,222
Net decrease	(2,371,688)	(1,759,167)	(4,130,855)
Net assets held in trust for pension benefits			
Beginning of year	13,134,594	11,466,617	24,601,211
End of year	\$10,762,906	\$ 9,707,450	\$20,470,356

The accompanying notes are an integral part of these combined financial statements.

**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, 2007**

Schedule "4" (continued)

	General Employees	Police	Total
Additions:			
Contributions:			
Employer	\$ 658,575	\$ 571,316	\$ 1,229,891
Employee	301,173	151,911	453,084
Total contributions	959,748	723,227	1,682,975
Investment income			
Net appreciation in fair value of investments	1,204,489	1,061,696	2,266,185
Interest and dividends	385,719	339,992	725,711
Total investment income	1,590,208	1,401,688	2,991,896
Less: Investment expenses			
Deferred retirement option plan participants' earnings	60,434	53,270	113,704
Earnings allocated to Firefighters Retirement System	17,161	27,258	44,419
	37,466	33,024	70,490
Net investment income	1,475,147	1,288,136	2,763,283
Total additions	2,434,895	2,011,363	4,446,258
Deductions			
Benefits paid	601,966	706,428	1,308,394
Refund of member contributions	311,019	185,165	496,184
Administrative expenses	80,481	70,939	151,420
Total deductions	993,466	962,532	1,955,998
Net increase	1,441,429	1,048,831	2,490,260
Net assets held in trust for pension benefits			
Beginning of year	11,693,165	10,417,786	22,110,951
End of year	\$13,134,594	\$11,466,617	\$24,601,211

The accompanying notes are an integral part of these combined financial statements.

