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June 15, 1995

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Pension Board
City of Wilton Manors
524 N.E. 21st Court
Wilton Manors, Florida 33305

Dear Pension Board Members:

Actuarial Valuation of the Pension Plan

We are pleased to present our October 1, 1994 Actuarial Valuation report for your Pension Plan. The purpose of this report is to indicate appropriate contribution levels, comment on the actuarial stability of the Plan and to satisfy State requirements. The Wyatt Company has been retained by the Board to perform this actuarial valuation as provided under Section 2.12 of the Plan.

This report consists of this Commentary, detail Tables I through XVII and State Required Exhibit Table XVIII. The Tables contain basic Pension Plan cost figures plus significant detail on the benefits, liabilities and experience of your Plan. We suggest that you thoroughly review the report at your convenience and contact us with any questions that may arise.

Cost for Fiscal Year Ending September 30, 1995

Our Actuarial Valuation develops the required minimum Pension Plan contribution for the fiscal year ending September 30, 1995 under the Florida Protection of Public Employee Retirement Benefits Act and for Police Retirement Chapter 185. The minimum payment consists of the annual normal cost plus amortization of the components of the unfunded frozen actuarial accrued liability over various periods as prescribed by law. The total cost is to be met by employee, City and State contributions. **The City requirement must be adjusted upwards if less than the anticipated State contribution is received.**

The following is a summary of the Plan costs by department:

Department	Total Cost (% of Payroll)		City Cost (% of Payroll)	
General	$ 327,527	19.2%	$ 230,292	13.5%
Police	$ 270,075	21.8%	$ 149,193	12.0%
Total	$ 597,602	20.3%	$ 379,485	12.9%

The City cost for the Police plan reflects an expected State contribution in the amount of **$28,678. To the extent that the State contribution is less, the City contribution must be increased.**

Changes in Plan, Actuarial Methods or Assumptions Recognized in this Valuation

This actuarial valuation is based on the same Plan provisions considered in the October 1, 1993 Actuarial Valuation. The principal Plan provisions are outlined on Table IX of the report.

The method used to calculate the actuarial value of assets has been changed to a five year moving average under which realized and unrealized capital gains are recognized 20% per year. This change is being phased in over four years. The assumed annual salary increase was changed from 6.5% to 5.5%, and the mortality table used has been changed from the 1965 Projected Annuity Mortality table to the 1983 Group Annuity Mortality table. These assumptions and methods are outlined on Table X.

Comparison of October 1, 1993 and October 1, 1994 Valuation Results

Table II of our report provides information of a comparative nature. The left column of the Table indicates the costs as calculated for October 1, 1993. The middle and right columns indicate the October 1, 1994 Actuarial Valuation results under the prior and new assumptions and methods, respectively. Comparing the left and middle columns shows the effect of plan experience during the year. The number of active participants decreased by approximately 2%, however, covered payroll increased slightly. The total normal cost including expenses increased both as a dollar amount and as a percentage of covered payroll. Comparing the middle and right columns shows the effect of the adoption of the new assumptions and methods on October 1, 1994. These changes resulted in a reduction in normal cost of roughly $14,000 (0.5% of covered payroll) and a reduction in the required City contribution of approximately $12,000 (0.4% of covered payroll).

The Plan has more assets than the present value of vested accrued benefits, resulting in a Vested Security Benefit Ratio of 133.2%. This ratio decreased from the prior year ratio of 144.0%.

Plan Experience

Tables XV, XVI, and XVII provide recent experience data for your Plan with regard to salary increases, employee turnover and investment return, respectively. Table XV shows that pay increases averaged approximately 5.4% this year. The current year pay increases are less than our 1993/94 plan year assumption of 6.5%. The three and five year averages for pay increases are 5.2% and 6.0%, respectively.

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Table XVI shows that employee turnover was approximately 110% of expected turnover. The most recent three and five year turnover ratios have both been 60% of expected turnover.

Table XVII shows that investment return was approximately 3.1% this year. This is lower than our investment return assumption of 8%. The three and five year averages for investment return have been 7.2% and 8.1%, respectively. An analysis of results indicates that had the investment return matched the 8% assumed rate, the City contribution would have remained level as a percentage of covered payroll.

Participant Census and Financial Data

We were provided participant census data by the City. We did not audit this data, however, we performed certain reasonableness checks and believe that the information we received is reliable.

We received information on the Plan assets from the custodian bank and through the City audit reports. We did not audit this data, however, it was accepted as reasonable.

Summary

On the basis of this Actuarial Valuation, we believe that the current levels of assets are sufficient and that the Plan will be adequately funded by continuing future contributions at levels indicated in this report. We would emphasize that it is extremely important to the City to closely monitor the total contributions being made to the Plan so that they result in sufficient amounts as required by law.

We are available to respond to any questions that you may have on this report or any other Pension Plan matters. Please do not hesitate to contact us at your convenience.

Sincerely,

Wallace W. Wilson, F.S.A.
Actuary

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Pension Analyst
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