

**City of Wilton Manors
Volunteer Firefighters Retirement System
Financial Statements
Years Ended September 30, 2012 and 2011**



Goldstein Schechter Koch
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

City of Wilton Manors Volunteer Firefighters Retirement System

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Independent Auditors' Report

Board of Trustees
City of Wilton Manors
Volunteer Firefighters Retirement System
Wilton Manors, Florida

We have audited the accompanying statements of plan net assets of the City of Wilton Manors Volunteer Firefighters Retirement System (the "System") at September 30, 2012 and 2011, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the System's management. 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 audits 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 plan net assets of the City of Wilton Manors Volunteer Firefighters Retirement System as of September 30, 2012 and 2011 and the changes in plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The required supplementary information for the year ended September 30, 2007 was reported on by Koch Reiss & Co., P.A., whose report states that they did not audit this information and did not express an opinion on it.



Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Plan. The accompanying supplemental schedule of administrative expenses (other supplemental schedule) as listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Goldstein Schechter Koch, P.A.

Hollywood, Florida
March 5, 2013

**City of Wilton Manors
Volunteer Firefighter Retirement System**

TRUSTEES
Richard Rothe, Chairperson
David Archacki, Trustee
Ed Kalis, Trustee
Tim Keefe, Secretary
Jim Ridout, Trustee

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**Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2012 and 2011**

Our discussion and analysis of the City of Wilton Manors Volunteer Firefighters Retirement System (the "System") financial performance provides an overview of the System's financial activities for the fiscal years ended September 30, 2012 and 2011. Its purpose is to provide explanations and insights into the information presented in the financial statements, notes to the financial statements and required supplementary information. Please read it in conjunction with the System's financial statements, which follow this discussion.

Financial Highlights

- The System's assets exceeded liabilities at the close of the fiscal years ended September 30, 2012 and 2011 by \$1,057,918 and \$817,183 (reported as net assets held in trust for pension benefits). Net assets are held in trust to meet future benefit payments. The increases of \$240,735 and \$28,880 of the respective years have resulted primarily from the changes in the fair value of the System's investments due to volatile financial markets.
- The System's funded ratio, a comparison of the actuarial value of assets to the actuarial accrued pension liability, changed from 62.4% as of October 1, 2009 actuarial valuation to 61.3% as of October 1, 2010 valuation and 60.6% as of October 1, 2011 valuation.
- For the fiscal year ended September 30, 2012, receivables increased by \$14,774 (or 34.6%) primarily due to an increase in receivable due from contributing entity.

For the fiscal year ended September 30, 2011, receivables increased by \$2,381 (or 5.9%) primarily due to an increase in receivable due from contributing entity.

- For the fiscal year ended September 30, 2012, there were no liabilities which was the same as last year.

For the fiscal year ended September 30, 2011, liabilities decreased by \$227 (or 100.0%) primarily due to a decrease in payable for securities purchased.

- For the fiscal year ended September 30, 2012, entity contributions to the System increased by \$31,970 (or 27.9%) from 2011. Actual entity contributions were \$146,649 and \$114,679 for 2012 and 2011, respectively.

For the fiscal year ended September 30, 2011, entity contributions to the System increased by \$3,031 (or 2.7%) from 2010. Actual entity contributions were \$114,679 and \$111,648 for 2011 and 2010, respectively.

Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2012 and 2011

Financial Highlights – continued

- For the fiscal year ended September 30, 2012, net investment income was \$169,316 compared to net loss of \$3,251 in 2011. Actual results were \$138,521 and \$(31,429) of net appreciation (depreciation) in fair value of investments for 2012 and 2011, respectively, and \$30,795 and \$28,178 in income from interest and dividends for 2012 and 2011, respectively.

For the fiscal year ended September 30, 2011, net investment loss was \$3,251 compared to net investment income of \$63,408 in 2010. Actual results were \$(31,429) and \$39,843 of net (depreciation) appreciation in fair value of investments for 2011 and 2010, respectively, and \$28,178 and \$23,565 in income from interest and dividends for 2011 and 2010, respectively.

- For the fiscal year ended September 30, 2012, benefit payments remained the same as last year.

For the fiscal year ended September 30, 2011, benefit payments remained the same as last year.

- For the fiscal year ended September 30, 2012, administrative expenses decreased by \$7,318 (or 21.0%) primarily due to increase in fees for professional services.

For the fiscal year ended September 30, 2011, administrative expenses decreased by \$11,349 (or 24.7%) primarily due to increase in fees for professional services.

Plan Highlights

For the fiscal year ended September 30, 2012, the total return of the portfolio was 18.4%. Actual net investments income (loss) in 2012 and 2011 were \$169,316 and \$(3,251), respectively.

For the fiscal year ended September 30, 2011, the total return of the portfolio was -0.7%. Actual net investments (loss) income in 2011 and 2010 were \$(3,251) and \$63,408, respectively.

Overview of the Financial Statements

The basic financial statements include the Statements of Plan Net Assets and Statements of Changes in Plan Net Assets and Notes to the Financial Statements. The System also includes in this report additional information to supplement the financial statements.

The System presents two types of required supplementary schedules, which provide historical trend information about the System's funding. The two types of schedules include a schedule of funding progress and a schedule of employer contributions and other contributing entity.

The System prepares its financial statements on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America. These statements provide information about the System's overall financial status.

Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2012 and 2011

Description of the Financial Statements

The *Statement of Plan Net Assets* presents information that includes all of the System's assets and liabilities, with the balance representing the Net Assets Held in Trust for Pension Benefits. It is a snapshot of the financial position of the System at that specific point in time and reflects the resources available to pay members, retirees and beneficiaries at that point in time.

The *Statement of Changes in Plan Net Assets* reports how the System's net assets changed during the fiscal year. The additions and deductions to net assets are summarized in this statement. The additions include contributions to the retirement plan from contributing entity (State of Florida) and net investment income (loss), which includes interest, dividends, and the net appreciation or depreciation in the fair value of investments. The deductions include benefit payments, refunds of member contributions, and administrative expenses.

The *Notes to the Financial Statements* are presented to provide the information necessary for a full understanding of the financial statements. They include additional information not readily evident in the statements themselves such as a description of the System, contributions, significant accounting policies, funding policy, and investment risk disclosure.

There are also two *Required Supplementary Schedules* included in this report as required by the Governmental Accounting Standards Board. The *Schedule of Funding Progress* presents historical trend information about the actuarially determined funded status of the System from a long-term, ongoing plan perspective, and the progress made in accumulating sufficient assets to fund benefit payments as they become due. The *Schedule of Employer Contributions and Other Contributing Entity* presents historical trend information about the annual required contributions and percentage of such contributions in relation to actuarially determined requirements for the years presented.

Additional information is presented as part of *Other Supplementary Schedule*. This section is not required but management has chosen to include it. It includes *Schedule of Administrative Expenses* which presents the expenses incurred in the administration of the System.

Statements of Plan Net Assets

The table below reflects condensed comparative statements of plan net assets as of September 30:

	2012	2011	2010
Cash and cash equivalents	\$ 28,271	\$ 31,140	\$ 18,948
Receivables	57,425	42,651	40,270
Investments	972,222	743,392	729,312
Total assets	1,057,918	817,183	788,530
Liabilities	-	-	227
Net assets held in trust for pension benefits	\$ 1,057,918	\$ 817,183	\$ 788,303

Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2012 and 2011

Statements of Changes in Plan Net Assets

The table below reflects a condensed comparative statements of the changes in net assets summarizing the activities of the Plan for the fiscal years ended September 30:

	2012	2011	2010
Additions:			
Contributions			
Contributing entity	\$ 146,649	\$ 114,679	\$ 111,648
Net investment income (loss)	169,316	(3,251)	63,408
Total additions	315,965	111,428	175,056
Deductions:			
Benefits paid	47,702	47,702	47,702
Administrative expenses	27,528	34,846	46,195
Total deductions	75,230	82,548	93,897
Net increase	240,735	28,880	81,159
Net assets held in trust for pension benefits			
at beginning of year	817,183	788,303	707,144
Net assets held in trust for pension benefits			
at end of year	\$ 1,057,918	\$ 817,183	\$ 788,303

The System'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 fiscal year ended September 30, 2012 increased from those of fiscal year ended September 30, 2011.

Asset Allocation

For the fiscal year ended September 30, 2012, the domestic equity portion comprised 53.76% (\$537,883) of the total portfolio. The allocation to fixed income securities was 35.76% (\$357,799), while cash and cash equivalents was 2.83% (\$28,271). The amount allocated to international equity was 7.65% (\$76,540).

For the fiscal year ended September 30, 2011, the equity portion comprised 57.3% (\$443,766) of the total portfolio. The allocation to fixed income securities was 38.7% (\$299,626), while cash and cash equivalents was 4.0% (\$31,140).

The target asset allocation range was for the years ended September 30, 2012 and 2011 was as follows:

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

Contacting the System'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 System's finances and to demonstrate the System'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 Volunteer Firefighters Retirement System, 2020 Wilton Drive, Wilton Manors, FL 33305.

City of Wilton Manors
Volunteer Firefighters Retirement System
Statements of Plan Net Assets
September 30, 2012 and 2011

	2012	2011
Assets		
Cash and cash equivalents ^(a)	\$ 28,271	\$ 31,140
Receivables:		
Due from contributing entity	51,607	37,117
Interest and dividends receivable ^(a)	4,005	4,236
Receivable for securities sold ^(a)	1,813	1,298
Total receivables	57,425	42,651
Investments ^(a) , at fair value:		
Common stock	431,546	365,292
Corporate bonds	139,777	142,257
Domestic equity funds	106,337	78,474
U.S. government securities	218,022	157,369
International equity funds	76,540	-
Total investments	972,222	743,392
Total assets	1,057,918	817,183
Liabilities		
	-	-
Net assets held in trust for pension benefits		
(a schedule of funding progress is presented on page 17)	\$ 1,057,918	\$ 817,183

^(a)held by City of Wilton Manors, Florida Pension Plan for General Employees and Police, see Note 7

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

City of Wilton Manors
Volunteer Firefighters Retirement System
Statements of Changes in Plan Net Assets
For the Years Ended September 30, 2012 and 2011

	2012	2011
Additions:		
Contributions		
Contributing entity	\$ 146,649	\$ 114,679
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	138,521	(31,429)
Interest and dividends	30,795	28,178
Net investment income (loss)	169,316	(3,251)
Total additions	315,965	111,428
Deductions:		
Benefits paid	47,702	47,702
Administrative expenses	27,528	34,846
Total deductions	75,230	82,548
Net increase	240,735	28,880
Net assets held in trust for pension benefits		
Beginning of year	817,183	788,303
End of year	\$ 1,057,918	\$ 817,183

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

City of Wilton Manors Volunteer Firefighters Retirement System

Notes to Financial Statements

September 30, 2012 and 2011

Note 1 - Description of the Plan

Organization

The City of Wilton Manors Volunteer Firefighters Retirement System (the "System") is a single-employer defined benefit plan established by the City of Wilton Manors, Florida (the "City") pursuant to the provisions and requirements of Chapter 21 of the City of Wilton Manors Code of Ordinances. Since the System is sponsored by the City, the System 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 System is provided for general information purposes only. Participants should refer to the plan agreement for more detailed and comprehensive information.

Participants

All active members of the Wilton Manors Volunteer Fire Department are members of the System.

Membership

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

	2011	2010
Retirees and beneficiaries currently receiving benefits	2	2
<u>Active plan participants</u>	<u>8</u>	<u>8</u>
<u>Total participants</u>	<u>10</u>	<u>10</u>

Funding Requirements

Members are not required to contribute to the System and benefits are not compensation related.

Pursuant to Florida Statutes, Chapter 175, 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 ("contributing entity") contribution is used to reduce the City's contribution for Firefighters when received. The City is expected to contribute such additional amounts as are necessary on an actuarial basis to fund the System's expenses, normal cost and to amortize the unfunded actuarial accrued liability.

Pension Benefits

Normal Retirement:

The normal retirement date for a member shall be the first day of the month coinciding with or next following the attainment of the earlier of the member's fifty-fifth (55th) birthday, or the member's fiftieth (50th) birthday and completion of 20 years of continuous service as an active member of the Wilton Manors Volunteer Fire Department. A member will be 100% vested at the attainment of his normal retirement date regardless of any other provisions of the System.

City of Wilton Manors Volunteer Firefighters Retirement System

Notes to Financial Statements

September 30, 2012 and 2011

Note 1 - Description of the Plan - continued

Pension Benefits - continued

Members will receive a monthly pension benefit equal to \$56 (\$50 prior to November 14, 2006) multiplied by the years of creditable service.

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

Investments

The System's investments are commingled with those of the City of Wilton Manors, Florida Pension Plan for General Employees and Police as more fully describe in Note 7. Due to the fact that the System's investments are commingled as discussed above, the System's investment policy, monitoring, authorization and allocation is the same as that of the City of Wilton Manors, Florida Pension Plan for General Employees and Police.

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

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

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The System's financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized as revenues when due pursuant to actuarial valuations. State contributions ("Other Contributing Entity") are recognized as revenue in the period in which they are approved by the State. Interest income is recorded as earned and dividend income is recorded as of the ex-dividend date. Benefits are recognized when due and payable in accordance with the terms of the System.

Cash and Cash Equivalents

The System considers all highly liquid investments with an original maturity of one year or less when purchased, to be cash equivalents.

City of Wilton Manors Volunteer Firefighters Retirement System

Notes to Financial Statements

September 30, 2012 and 2011

Note 2 - Summary of Significant Accounting Policies - continued

Investments

Investments are recorded at fair value in the Statement of Plan Net Assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The diversity of the investment types in which the System has entered into requires a range of techniques to determine fair value. The overall valuation processes and information sources by major investment classification are as follows:

- **Debt securities:** Debt securities consist primarily of negotiable obligations of the U.S. government and U.S. government-sponsored agencies and corporate bonds. These securities can typically be valued using the close or last traded price on a specific date (quoted prices in active markets). When quoted prices are not available, fair value is determined based on valuation models that use inputs that include market observable inputs. These inputs included recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the investment's type.
- **Equity securities:** These include common stocks, domestic and international equity funds. Domestic 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. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at September 30, 2012 and 2011. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on yields currently available on comparable securities of issuers with similar credit ratings.

Unrealized gains and losses are presented as net appreciation (depreciation) in fair value of investments on the statement of changes in plan net assets along with gains and losses realized on sales of investments. Purchases and sales of securities are reflected on a trade-date basis. Interest income is recognized as earned and dividend income is recorded as of the ex-dividend date. Realized gains and losses on the sale of investments are based on average cost identification method.

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

City of Wilton Manors Volunteer Firefighters Retirement System
Notes to Financial Statements
September 30, 2012 and 2011

Note 2 - Summary of Significant Accounting Policies - continued

Risks and Uncertainties

Contributions to the System 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 financial statements.

Subsequent Events

Management has evaluated events through March 5, 2013, the date which the financial statements were available to be issued.

Note 3 - Funding Requirements and Contributions

The actuarial valuation as of October 1, 2011 required a contribution of \$81,024 for the year ended September 30, 2012 and the actuarial valuation as of October 1, 2010 required a contribution of \$77,607 for the year ended September 30, 2011. For the years ended September 30, 2012 and 2011, the actual entity contributions were \$146,649 and \$114,679, respectively. The required contributions cover the following:

	2012	2011
Normal Cost	\$ 42,721	\$ 41,795
Amortization of the unfunded actuarial accrued liability	38,303	35,812
Total	\$ 81,024	\$ 77,607

City of Wilton Manors Volunteer Firefighters Retirement System

Notes to Financial Statements

September 30, 2012 and 2011

Note 5 - Deposit and Investment Risk Disclosures - continued

Investment Authorization

The System's investment policy is determined and approved by the Board of Trustees. The policy has been identified by the Board to conduct the operations of the System in a manner so that the assets will provide the pension and other benefits provided under applicable laws, including City ordinances, thereby fulfilling the System'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 System's total asset value, with no more than 5% of the System'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.

Managers should not purchase fixed income securities rated less than "A" by a nationally recognized rating agency. Except for U.S. treasury and U.S. Agency obligation, no manager should invest more than 5% of the System 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 System investment policy authorize the Trustees to invest funds in various investments. The current maximum target allocation of these investments is as follows:

	2012		2011	
<u>Authorized investments</u>	<u>Maximum target % of portfolio</u>	<u>Actual % of portfolio</u>	<u>Maximum target % of portfolio</u>	<u>Actual % of portfolio</u>
Domestic equity	70%	18.7%	70%	57.3%
International equity	25%	13.5%	25%	0.0%
Fixed income	65%	62.9%	65%	38.7%
Cash equivalents	50%	4.9%	50%	4.0%

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 System 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.

City of Wilton Manors Volunteer Firefighters Retirement System

Notes to Financial Statements

September 30, 2012 and 2011

Note 5 - Deposit and Investment Risk Disclosures - continued

Interest Rate Risk - continued

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

Investment Type	Fair Value	2012 Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. agencies	\$ 218,022	\$ 2,643	\$ 64,125	\$ 29,779	\$ 121,475
Corporate bonds	139,777	-	8,113	131,664	-
Total fixed income securities	\$ 357,799	\$ 2,643	\$ 72,238	\$ 161,443	\$ 121,475

Investment Type	Fair Value	2011 Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. treasuries	\$ 6,407	\$ -	\$ -	\$ 6,407	\$ -
U.S. agencies	150,962	-	29,443	16,289	105,230
Corporate bonds	142,257	-	-	142,257	-
Total fixed income securities	\$ 299,626	\$ -	\$ 29,443	\$ 164,953	\$ 105,230

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 System'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:

	2012		2011	
	Fair Value	Percentage of Portfolio	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	\$ 218,022	60.93%	\$ 157,369	52.52%
Quality rating of credit risk debt securities:				
AA+	-	0.00	14,637	4.88
AA	9,996	2.79	-	-
AA-	-	0.00	14,684	4.90
A+	15,839	4.71	28,405	9.48
A	44,489	12.43	55,577	18.55
A-	57,179	15.98	28,954	9.67
BBB	11,274	3.15	-	-
Total credit risk debt securities	139,777	39.07	142,257	47.48
Total fixed income securities	\$ 357,799	100.00%	\$ 299,626	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.

City of Wilton Manors Volunteer Firefighters Retirement System

Notes to Financial Statements

September 30, 2012 and 2011

Note 5 - Deposit and Investment Risk Disclosures - continued

Concentration of Credit Risk

The investment policy of the System 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 net assets at September 30, 2012 and 2011.

Custodial Credit Risk

Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Plan will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Plan's deposits are covered by depository insurance or are collateralized by securities held with a financial institution in the Plan's name. The Plan is only exposed to custodial credit risk for uncollateralized cash and cash equivalents that are not covered by federal depository insurance.

Custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of its investment 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 Plan's custodial banks 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 - Due from Contributing Entity

Subsequent to September 30, 2012, the State of Florida Division of Retirement released the sum of a supplemental check in the amount of \$51,607.

Subsequent to September 30, 2011, the State of Florida Division of Retirement released the sum of a supplemental check in the amount of \$37,117.

The System is non-contributory and is not intended to require any City or member contributions.

Note 7 - Management Agreement

The System has an agreement with the City of Wilton Manors, Florida Pension Plan for General Employees and Police (the "Plan") 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, 2012 and 2011, \$1,006,311 and \$780,066 respectively, of the System's assets are included as assets on the Plan's combined statements of plan net assets with \$1,006,311 and \$780,066 reflected as a contra-asset account, to Assets Allocated to Firefighters Retirement System on the Plan's statement of plan net assets for each of those years. The System reflects the prorata allocation of these amounts each year within the various asset categories on the statements of plan net assets.

Required Supplementary Information

City of Wilton Manors Volunteer Firefighters Retirement System
Required Supplementary Information
Schedule of Funding Progress and Schedule of Contributions by Employer and Other Contributing Entity - Unaudited
September 30, 2012

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
10/1/06	\$ 482,457	\$ 917,677	\$ 435,220	52.6%	N/A	N/A
10/1/07	593,576	974,213	380,637	60.9	N/A	N/A
10/1/08	646,453	1,025,746	379,293	63.0	N/A	N/A
10/1/09	666,307	1,067,712	401,405	62.4	N/A	N/A
10/1/10	679,750	1,108,974	429,224	61.3	N/A	N/A
10/1/11	699,202	1,154,457	455,255	60.6	N/A	N/A

Schedule "2" - Schedule of Contributions by Employer and Other Contributing Entity

Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2007	\$ 84,459	100%
2008	84,187	100
2009	76,864	100
2010	68,752	100
2011	77,607	100
2012	81,024	100

Other Supplementary Schedules

City of Wilton Manors

Volunteer Firefighters Retirement System

Other Supplementary Schedules of Administrative Expenses

For the Years Ended September 30, 2012 and 2011

	2012	2011
Professional services		
Actuarial	\$ 9,922	\$ 15,767
Administrative secretary	300	535
Audit	9,400	10,100
Bookkeeper	-	469
Legal	7,906	7,975
Total administrative expenses	\$ 27,528	\$ 34,846



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