

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Police and Fire Pension Fund
Jacksonville, Florida

We have audited the accompanying financial statements of the Police and Fire Pension Fund (the "Fund") of the Consolidated City of Jacksonville, Florida (the "City") as of and for the fiscal year ended September 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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, 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.

As discussed in Note 1, the financial statements present only the Police and Fire Pension Fund and do not purport to, and do not, present fairly the financial position of the City as of September 30, 2008 and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Fund as of September 30, 2008, and the changes in plan net assets for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2009, on our consideration of the Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 6 is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of management's discussion and analysis. However, we did not audit such information and we do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Police and Fire Pension Fund taken as a whole. The accompanying required basic supplemental schedules on pages 17 through 18 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. These supplemental schedules are the responsibility of the Fund's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script, appearing to read "D. J. [unclear]".

January 15, 2009

**CITY OF JACKSONVILLE, FLORIDA
POLICE AND FIRE PENSION FUND
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

ADDITIONS:	
Contributions:	
Employee	\$ 12,066,542
Employer	50,596,170
Total contributions	<u>62,662,712</u>
Other additions:	
Court fines and penalties	1,218,795
State insurance contributions	9,426,874
Other	80,678
Total other additions	<u>10,726,347</u>
Investment income (loss)	
From investment activities:	
Net depreciation in fair value of investments	(167,170,335)
Interest and dividends	30,285,949 ✓
Rental revenue	2,069,975
Investment expenses	(4,630,455)
Rental expenses	(195,042)
Net (loss) from investing activities	<u>(139,639,908)</u>
From securities lending activities:	
Securities lending income	4,186,174
Securities lending expenses:	
Borrower rebates	(3,532,800)
Management fees	(163,280)
Total securities lending activities expenses	<u>(3,696,080)</u>
Net income from securities lending activities	490,094
Total net investment income (loss)	<u>(139,149,814)</u>
TOTAL ADDITIONS	<u>(65,760,755)</u>
DEDUCTIONS:	
Pension benefits remitted	76,333,231
DROP benefits remitted	25,484,960
Total benefits remitted	<u>101,818,191</u>
Refunds of contributions	<u>174,486</u>
Administrative expenses:	
Personnel services	1,192,566
Central services	230,904
Supplies	1,949
Depreciation	53,986
Other services and charges	497,048
Total administrative expenses	<u>1,976,453</u>
TOTAL DEDUCTIONS	<u>103,969,130</u>
NET (DECREASE)	(169,729,885)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:	
Beginning of year	950,349,837
End of year	<u>\$ 780,619,952 ✓</u>

See notes to the financial statements

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 LINK TO: FUND SUMMARY INQUIRY 11:59 AM

BALANCE (Y,M,Q,A) : Y TITLE NOTFOUND : CURRENCY CODE :
 FISCAL MO/YEAR : 14 2008 YREND2008
 FUND TYPE : 60 TRUST AND AGENCY FUNDS
 FUND : 620 POLICE & FIREMENS PENSION TRUST
 SUBFUND :
 CHARACTER : 360 MISCELLANEOUS REVENUE
 OBJECT : 361 INTEREST, INCL PROFITS ON INVESTMENTS
 PROJECT :
 GRANT :

S	SUBOBJ	DESCRIPTION	BUDGET	ACTUAL	ENCUMBERED	BALANCE
	36100	2400 FUND -		4,596,403		4,596,403
	36104	REALIZED GAI		892,976		892,976
	36105	EARNINGS OTH		4,535,409		4,535,409
	36112	REBATE OF CO		195,016 ✓		195,016
	36113	DIVIDENDS ON		10,826,885		10,826,885
	36118	2300 FUND -		5,061,834		5,061,834
	36120	INVESTMENT P		-429,787		-429,787
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 PROJECT :
 GRANT :

S	SUBOBJ	DESCRIPTION	BUDGET	ACTUAL	ENCUMBERED	BALANCE
	36121	2100 FUND -		4,607,213		4,607,213
	36124	SECURITIES L		653,374		653,374
		REVENUE TOT		30,939,323		30,939,323

30,939,323
 - 653,374

 30,285,949

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FISCAL MO/YEAR : 14 2008 CURRENCY CODE :
 FUND TYPE : 60 TRUST AND AGENCY FUNDS
 FUND : 620 POLICE & FIREMENS PENSION TRUST
 SUBFUND :

S ACCT	DESCRIPTION	YREND2008	BALANCE
24110	ALLOTMENTS	8,302,553.00	0.00
24190	ALLOTMENTS - CONTRA (NON-CON	-8,302,553.00	0.00
24200	EXPENDITURES	-108,957,907.75	0.00
27105	FUND BALANCE - UNRESERVED	169,729,884.72	-780,619,952.32 ✓
27300	BUDGETARY FUND BALANCE	0.00	0.00
	FUND TOTAL	0.00	0.00

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