

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, 2010, 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, 2010 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, 2010, 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 11, 2011, 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Police and Fire Pension Fund taken as a whole. The accompanying required supplemental schedules are presented for the purpose of additional analysis and are not a required part of the financial statements. These supplemental schedules are the responsibility of the Fund's management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such schedules have been subjected to the auditing procedures applied in our audit of the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Grand Associates
January 11, 2011

**CITY OF JACKSONVILLE, FLORIDA
POLICE AND FIRE PENSION FUND
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

ADDITIONS:	
Contributions:	
Plan member	
Employer	\$ 12,221,403
Total contributions	<u>84,542,087</u>
	<u>96,763,490</u>
Other contributions:	
Court fines and penalties	1,026,015
State insurance contributions	8,828,753
Other	81,178
Total other contributions	<u>9,935,946</u>
Investment income (loss)	
Net appreciation in fair value of investments	52,701,912
Interest and dividends	20,874,910 ✓
Rental revenue	2,026,869
Investment expenses	(4,504,522)
Rental expenses	(351,014)
Net investment income (loss)	<u>70,748,155</u>
TOTAL ADDITIONS	<u>177,447,591</u>
DEDUCTIONS:	
Pension benefits remitted	88,492,778
DROP benefits remitted	31,760,661
Total benefits remitted	<u>120,253,439</u>
Refunds of contributions	<u>190,968</u>
Administrative expenses:	
Personnel services	1,411,160
Central services	265,763
Supplies	22,429
Depreciation	26,414
Other services and charges	411,923
Total administrative expenses	<u>2,137,689</u>
TOTAL DEDUCTIONS	<u>122,582,096</u>
NET INCREASE (DECREASE)	54,865,495
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:	
Beginning of year	728,490,544
End of year	<u>\$ 783,356,039</u> ✓

See notes to the financial statements

BALANCE (Y,M,Q,A) : Y TITLE NOTFOUND : CURRENCY CODE :
 FISCAL MO/YEAR : 14 2010 YREND2010
 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 -		2,289,042		2,289,042
	36104	REALIZED GAI		88,006		88,006
	36105	EARNINGS OTH		4,155,677		4,155,677
	36112	REBATE OF CO		53,064 ✓		53,064
	36113	DIVIDENDS ON		9,586,823		9,586,823
	36118	2300 FUND -		3,295,114		3,295,114
	36120	INVESTMENT P		-1,512,177		-1,512,177
F1-HELP		F2-SELECT		F4-PRIOR	F5-NEXT	

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

S	SUBOBJ	DESCRIPTION	BUDGET	ACTUAL	ENCUMBERED	BALANCE
	36121	2100 FUND -		2,919,360		2,919,360
		REVENUE TOT		20,874,911 ✓		20,874,911

FISCAL MO/YEAR : 14 2010 CURRENCY CODE :
 FUND TYPE : 60 TRUST AND AGENCY FUNDS
 FUND : 620 POLICE & FIREMENS PENSION TRUST
 SUBFUND :

S ACCT	DESCRIPTION	YREND2010	BALANCE
24100	APPROPRIATIONS	7,194,325.00	0.00
24110	ALLOTMENTS	7,255,669.00	0.00
24150	REVISIONS TO APPROPRIATIONS	61,344.00	0.00
24190	ALLOTMENTS - CONTRA (NON-CON	-7,255,669.00	0.00
24200	EXPENDITURES	-127,437,632.27	0.00
27105	FUND BALANCE - UNRESERVED	-54,865,495.08	-783,356,038.22 ✓
27300	BUDGETARY FUND BALANCE	0.00	0.00
80000	PAYROLL CLEARING	0.00	-2,342.83
	FUND TOTAL	0.00	0.00

F1-HELP F2-SELECT F4-PRIOR F5-NEXT
 F7-PRIOR PG F8-NEXT PG F9-LINK
 G013 - LAST PAGE DISPLAYED