



Grau & Associates
CERTIFIED PUBLIC ACCOUNTANTS

2700 North Military Trail • Suite 350
Boca Raton, Florida 33431
(561) 994-9299 • (800) 299-4728
Fax (561) 994-5823
www.graucpa.com

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, 2011, 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, 2011 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, 2011, 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 17, 2012, 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. We have applied certain limited procedures to the supplemental schedules 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 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.

Gran & Associates

January 17, 2012

**CITY OF JACKSONVILLE, FLORIDA
POLICE AND FIRE PENSION FUND
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

ADDITIONS:	
Contributions:	
Plan member	\$ 12,316,095
Employer	77,715,894
Total contributions	<u>90,031,989</u>
Other contributions:	
Court fines and penalties	864,318
State insurance contributions	8,954,611
Other	99,646
Total other contributions	<u>9,918,575</u>
Investment income (loss)	
Net appreciation in fair value of investments	(18,860,287)
Interest and dividends	22,347,844 ✓
Rental revenue	1,936,950
Investment expenses	(4,781,035)
Rental expenses	(227,996)
Net investment income (loss)	<u>415,476</u>
TOTAL ADDITIONS	<u>100,366,040</u>
DEDUCTIONS:	
Pension benefits remitted	90,980,478
DROP benefits remitted	38,340,906
Total benefits remitted	<u>129,321,384</u>
Refunds of contributions	<u>313,593</u>
Administrative expenses:	
Personnel services	1,266,267
Central services	119,240
Supplies	7,902
Depreciation	24,699
Other services and charges	1,221,164
Total administrative expenses	<u>2,639,272</u>
TOTAL DEDUCTIONS	<u>132,274,249</u>
NET INCREASE (DECREASE)	<u>(31,908,209)</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:	
Beginning of year	<u>783,356,039</u>
End of year	<u>\$ 751,447,830 ✓</u>

See notes to the financial statements

BALANCE (Y,M,Q,A) : Y TITLE NOTFOUND : CURRENCY CODE :
 FISCAL MO/YEAR : 14 2011 YREND2011
 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 -		2,062,389		2,062,389
	36104	REALIZED GAI		73,008		73,008
	36105	EARNINGS OTH		4,095,158		4,095,158
	36112	REBATE OF CO		152,692 ✓		152,692
	36113	DIVIDENDS ON		11,743,043		11,743,043
	36118	2300 FUND -		2,782,160		2,782,160
	36120	INVESTMENT P		-820,645		-820,645

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BALANCE (Y,M,Q,A) : Y TITLE NOTFOUND : CURRENCY CODE :
 FISCAL MO/YEAR : 14 2011 YREND2011
 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
	36121	2100 FUND -		2,260,040		2,260,040
		REVENUE TOT		22,347,844 ✓		22,347,844

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FISCAL MO/YEAR : 14 2011 CURRENCY CODE :
 FUND TYPE : 60 TRUST AND AGENCY FUNDS
 FUND : 620 POLICE & FIREMENS PENSION TRUST
 SUBFUND :

S ACCT	DESCRIPTION	YREND2011	BALANCE
24110	ALLOTMENTS	8,380,304.00	0.00
24190	ALLOTMENTS - CONTRA (NON-CON	-8,380,304.00	0.00
24200	EXPENDITURES	-137,283,279.02	0.00
27105	FUND BALANCE - UNRESERVED	31,908,208.17	-751,447,830.05 ✓
27300	BUDGETARY FUND BALANCE	0.00	0.00
	FUND TOTAL	0.00	0.00

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