

## INDEPENDENT AUDITORS' 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") as of and for the year ended September 30, 2006, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. 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.

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, 2006, and the changes in plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 1 through 4 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Fund's management. 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 19 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2007, 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.

Deloitte & Touche LLP

January 5, 2007

# POLICE AND FIRE PENSION FUND

## STATEMENT OF CHANGES IN PLAN NET ASSETS FOR THE YEAR ENDED SEPTEMBER 30, 2006

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ADDITIONS:	
Contributions:	
Employee	\$ 11,781,503
Employer	<u>37,268,730</u>
Total contributions	<u>49,050,233</u>
Other additions:	
Court fines and penalties	1,412,474
State insurance contributions	7,673,592
Contributions from other governmental units	4,050,000
Other	<u>40,881</u>
Total other additions	<u>13,176,947</u>
Investment income—net	
Net appreciation in fair value of investments	49,053,858
Interest and dividends	28,673,020 ✓
Rental revenue	<u>870,883</u>
Total investment income	78,597,761
Investment expenses	(4,294,070)
Rental expenses	<u>(221,576)</u>
Total investment income—net	<u>74,082,115</u>
TOTAL ADDITIONS	<u>136,309,295</u>
DEDUCTIONS:	
Pension benefits remitted	66,425,795
DROP benefits remitted	<u>23,628,940</u>
Total benefits remitted	<u>90,054,735</u>
Refunds of contributions	<u>129,117</u>
Administrative expenses:	
Personnel services	963,757
Central services	338,824
Supplies	21,022
Depreciation	85,546
Other services and charges	<u>568,394</u>
Total administrative expenses	<u>1,977,543</u>
TOTAL DEDUCTIONS	<u>92,161,395</u>
NET INCREASE	44,147,900
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:	
Beginning of year	<u>795,367,451</u>
End of year	<u>\$ 839,515,351</u> ✓

BALANCE (Y,M,Q,A) : Y TITLE NOTFOUND : CURRENCY CODE :  
 FISCAL MO/YEAR : 13 2006 ADADJ2006  
 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 -		4,479,890		4,479,890
	36104	REALIZED GAI		1,109,959		1,109,959
	36105	EARNINGS OTH		3,630,497		3,630,497
	36112	REBATE OF CO		392,431 ✓		392,431
	36113	DIVIDENDS ON		9,789,055		9,789,055
	36118	2300 FUND -		4,781,311		4,781,311
	36120	INVESTMENT P		-340,912		-340,912

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BALANCE (Y,M,Q,A) : Y TITLE NOTFOUND : CURRENCY CODE :  
 FISCAL MO/YEAR : 13 2006 ADADJ2006  
 FUND TYPE : 60 TRUST AND AGENCY FUNDS  
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 PROJECT :  
 GRANT :

S	SUBOBJ	DESCRIPTION	BUDGET	ACTUAL	ENCUMBERED	BALANCE
	36121	2100 FUND -		4,430,916		4,430,916
	36124	SECURITIES L		399,873		399,873
		REVENUE TOT		28,673,021 ✓		28,673,021

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FISCAL MO/YEAR : 14 2006

CURRENCY CODE :

FUND TYPE : 60 TRUST AND AGENCY FUNDS

FUND : 620 POLICE & FIREMENS PENSION TRUST

SUBFUND :

S ACCT	DESCRIPTION	YREND2006	BALANCE
22000	DEPOSITS	0.00	-1,744.00
23890	PFPP TERM LEAVE - HEALTH CAR	0.00	-1,171,281.52
24100	APPROPRIATIONS	8,502,552.00	0.00
24110	ALLOTMENTS	10,102,552.00	0.00
24150	REVISIONS TO APPROPRIATIONS	1,600,000.00	0.00
24190	ALLOTMENTS - CONTRA (NON-CON	-10,102,552.00	0.00
24200	EXPENDITURES	-96,678,983.72	0.00
27105	FUND BALANCE - UNRESERVED	-44,141,560.45	-839,515,350.78 ✓
27106	FUND BALANCE - APPROPRIATED	-600,000.00	0.00
27300	BUDGETARY FUND BALANCE	-648,222.00	0.00
	FUND TOTAL	0.00	0.00

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