

**CITY OF FORT LAUDERDALE POLICE AND
FIREFIGHTERS' RETIREMENT SYSTEM
AND AFFILIATE**

COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006



Goldstein Schechter Koch

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**CITY OF FORT LAUDERDALE POLICE AND
FIREFIGHTERS' RETIREMENT SYSTEM
AND AFFILIATE**

COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

**CITY OF FORT LAUDERDALE POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM AND AFFILIATE
COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

TABLE OF CONTENTS

Report of independent certified public accountants	1
Management's discussion and analysis (unaudited)	2 - 7
Financial statements:	
Combined statements of plan net assets	8
Combined statements of changes in plan net assets	9
Notes to combined financial statements	10 – 19
Required supplementary information:	
Schedule 1 – Schedule of funding progress.....	20
Schedule 2 – Schedule of contributions by employer and other contributing entity	20
Supplementary information:	
Schedule 3 – Combining statement of plan net assets.....	21-22
Schedule 4 – Combining statement of changes in plan net assets.....	23-24
Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.....	25



Debra J. Bachheimer, CPA
 Vincent Carrodeguas, CPA
 Jerome T. Lane, CPA
 Carlos F. Garcia, CPA
 Zvi Gold, CPA
 Michael B. Goldstein, CPA
 Sanford B. Horwitz, CPA
 Dana M. Kaufman, JD/CPA/CFE
 Alan Kirzner, CPA
 Jeffrey B. Koch, CPA/PFS
 Diana Levi, CPA
 Howard B. Lucas, CPA/ABV
 Jerome T. Price, CPA
 A. Gerald Reiss, CPA
 Jack N. Rosenberg, CPA
 Lawrence W. Rubenstein, CPA
 Bernard J. Schinder, CPA/PFS
 Saul H. Silverman, CPA
 Gerald Teitelbaum, CPA
 Roger J. Jerome, CPA
 William E. Triguero, CPA
 Jeffrey L. Weiss, CPA

Report of Independent Certified Public Accountants

Board of Trustees
 City of Fort Lauderdale Police and Firefighters' Retirement System
 Ft. Lauderdale, Florida

We have audited the accompanying combined statement of plan net assets of the City of Fort Lauderdale Police and Firefighters' Retirement System and Affiliate at December 31, 2007, and the related combined statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the Trustees. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements for the City of Fort Lauderdale Police and Firefighters' Retirement System and Affiliate at December 31, 2006 were audited by other auditors whose opinion dated April 3, 2007, expressed an unqualified opinion.

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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined 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 audit provides a reasonable basis for our opinion.

In our opinion, the 2007 financial statements referred to above present fairly, in all material respects, the combined plan net assets of the City of Fort Lauderdale Police and Firefighters' Retirement System and Affiliate as of December 31, 2007 and the combined changes in plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our 2007 audit was made for the purpose of forming an opinion on the 2007 combined financial statements taken as a whole. The combining financial statements in Schedules 3 and 4 are presented for purposes of additional analysis and are not a required part of the combined financial statements of the City of Fort Lauderdale Police and Firefighters' Retirement System and Affiliate. Such information has been subjected to the auditing procedures applied in the audit of the 2007 combined financial statements and, in our opinion, is fairly presented in all material respects in relation to the 2007 combined financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated April 9, 2008 on our consideration of the City of Fort Lauderdale Police and Firefighters' Retirement System and Affiliate 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 read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis on pages 2-6 and the supplementary information presented in Schedules 1 and 2 which show historical pension information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit and express no opinion on it.

Goldstein Schechter Koch Price Lucas Horwitz & Co., P.A.

April 9, 2008



CITY OF FORT LAUDERDALE

POLICE AND FIRE RETIREMENT SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

Management's discussion and analysis of the City of Fort Lauderdale Police and Firefighters' Retirement System (The System) and Affiliate (Share Plan) combined financial performance provides an overview of the System's and Share Plan's financial activities for the fiscal years ended December 31, 2007 and 2006. Please read it in conjunction with the combined financial statements, notes to the financial statements and required supplementary information which follow this discussion.

Financial Highlights

1. System and Share Plan assets exceeded its liabilities at the close of the years ended December 31, 2007 and 2006 by approximately \$500 million and \$476 million (reported as net assets held in trust for pension benefits). Net assets are held in trust to meet future benefit payments.
2. Total return on investment for the System and Share Plan were 7.4% and 10.7% for the fiscal years ended December 31, 2007 and 2006.
3. The System's and Share Plan's funding objective is to meet long-term benefit obligations through contributions and investment income. As of December 31, 2006 and 2005, (dates of the latest actuarial valuations), the funded ratio was approximately 76.9% and 76.2% respectively.
4. Revenues for the years ended December 31, 2007 and 2006 were approximately \$64.0 million and \$70.9 million, respectively, and is comprised of contributions of \$30.1 million and \$28.1 million, respectively, and net investment income of \$33.8 million and \$42.7 million, respectively.
5. Expenses for the years ended December 31, 2007 and 2006 were approximately \$39.7 million and \$38.5 million, respectively, and is comprised primarily of benefit payments of approximately \$39.0 million and \$37.9 million, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (continued)

Overview of the Financial Statements (continued)

The System was established to administer a defined benefit pension plan for firefighters and police officers employed by the City of Fort Lauderdale, Florida (the City). The Share Plan was created to implement the provisions of Chapter 175, of the Florida Statutes. The System's and Share Plan's financial statements are comprised of a Combined Statement of Plan Net Assets, a Combined Statement of Changes in Plan Net Assets, and Notes to Combined Financial Statements. Also included is certain required supplementary information. These combined financial statements report information about the System and Share Plan, as a whole, and about their combined financial condition that should help answer the question: Is the System and Share Plan, as a whole, better off or worse off as a result of this year's activities? These combined statements include all assets and liabilities using the economic resource's measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, all revenues and expenses are taken into account regardless of when cash is received or paid.

The combined statement of plan net assets presents information on the assets and liabilities and the resulting net assets held in trust for pension benefits. This statement reflects the System's and Share Plan's investments, at fair value, along with cash and cash equivalents, receivables and other assets and liabilities.

The combined statement of changes in plan net assets presents information showing how the System's and Share Plan's net assets held in trust for pension benefits changed during the fiscal year. It reflects contributions by employees, the State, and the City, along with deductions for retirement benefits, refunds, and administrative expenses.

The notes to combined financial statements provide additional information that is essential to a full understanding of the data provided in the combined financial statements.

The required supplementary information presents a schedule of funding progress and a schedule of employer contributions along with a discussion of actuarial assumptions and methods. The schedules provide historical information concerning the funded status of the System and Share Plan, employer contributions and actuarial assumptions and methods used in the actuarial valuation.

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (continued)

Statement of Plan Net Assets

The following condensed comparative combined Statement of Plan Net Assets demonstrates the combined investment position of the System and Share Plan at December 31:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Cash and cash equivalents	\$ 7,030,254	\$ 10,155,145	\$ 8,960,817
Receivables	5,283,455	2,951,807	2,226,703
Investments	493,856,327	464,697,523	434,639,739
Fixed assets	<u>4,854</u>	<u>6,231</u>	<u>7,274</u>
Total assets	506,174,890	477,810,706	445,834,533
Liabilities	<u>6,011,042</u>	<u>1,830,729</u>	<u>2,237,917</u>
Net assets held in trust for pension benefits	<u>\$ 500,163,848</u>	<u>\$ 475,979,977</u>	<u>\$ 443,596,616</u>

Statement of Changes in Plan Net Assets

The combined Statement of Changes in Plan Net Assets, displays the effect of pension fund transactions that occurred during the fiscal year, where Additions – Deductions = Net Increase (or decrease) in Net Assets. The table below reflects a condensed comparative combined summary of the changes in net assets and reflects the combined activities of the System and Share Plan for the fiscal years ended December 31:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
ADDITIONS:			
Contributions			
City	\$ 21,332,840	\$ 20,472,413	\$ 19,824,618
Employees	3,596,451	3,331,601	3,036,448
State	<u>5,204,949</u>	<u>4,359,435</u>	<u>4,082,836</u>
Total	30,134,240	28,163,449	26,943,902
Net investment income	<u>33,797,325</u>	<u>42,690,100</u>	<u>26,765,930</u>
Total additions	<u>63,931,565</u>	<u>70,853,549</u>	<u>53,709,832</u>
DEDUCTIONS:			
Benefits paid	38,907,484	37,910,775	31,345,660
Refunds of contributions	299,642	137,338	177,733
Administrative expenses	<u>540,568</u>	<u>422,075</u>	<u>356,565</u>
Total deductions	<u>39,747,694</u>	<u>38,470,188</u>	<u>31,879,958</u>
Net increase	24,183,871	32,383,361	21,829,874
Net assets held in trust for pension benefits at beginning of year	<u>475,979,977</u>	<u>443,596,616</u>	<u>421,766,742</u>
Net assets held in trust for pension benefits at end of year	<u>\$ 500,163,848</u>	<u>\$ 475,979,977</u>	<u>\$ 443,596,616</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (continued)

Financial Analysis (continued)

The System's and Share Plan's total assets as of December 31, 2007 and 2006 were approximately \$506.2 million and \$477.8 million, respectively, and were mostly comprised of cash and short-term investments, investments, and receivables related to investments. For the year ended December 31, 2007 total assets increased approximately \$28.4 million or 6% from the prior year due primarily to increase in investment holdings. For the year ended December 31, 2006 total assets increased approximately \$32.0 million or 7% from the prior year due primarily to increase in investment holdings.

Total liabilities as of December 31, 2007 and 2006 were approximately \$6.0 million and \$1.8 million, respectively, and were mostly comprised of payable for securities purchased and liability for payment of retirement benefits administrative expenses made by the City of Fort Lauderdale on the System's and Share Plan's behalf. Total liabilities at December 31, 2007 increased by approximately \$4.2 million or 228.2% from 2006, primarily due to an increase in payables for securities purchased at year end, while total liabilities at December 31, 2006 decreased by approximately \$.4 million or 18.2% from 2005, primarily due to a decrease in payables for securities purchased at year end.

Plan assets exceeded its liabilities at the close of the years ended December 31, 2007 and 2006 by approximately \$500 million and \$476 million, respectively. Total net assets held in trust for pension benefits increased approximately \$24.2 million and \$32.4 million or 5.1% and 7.3%, respectively, from the previous year, primarily due to the excess of contributions and net investment income over the payment of benefits and administrative expenses in both years.

Revenues - Additions to Combined Plan Net Assets

The reserves needed to finance retirement benefits are accumulated through the collection of contributions from employees, the State, and the City and through earnings on investments. Contributions and net investment income, for years ended December 31, 2007 and 2006 totaled approximately \$64.0 million and \$70.9 million, respectively. Total contributions and net investment income for the year ended December 31, 2007 decreased from the year ended December 31, 2006 by approximately \$6.9 million or 9.8%. For the year ended December 31, 2006 total contribution and net investment income increased approximately \$17.1 million or 32.0% from December 31, 2005. The fluctuation is due primarily to market conditions and investment earnings in both fiscal years.

Net investment income for the year ended December 31, 2007 decreased from 2006 by approximately \$8.9 million while net investment income for the year ended December 31, 2006, increased from 2005 by \$16.0 million

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (continued)

Revenues - Additions to Combined Plan Net Assets

Total City contributions for the years ended December 31, 2007 and 2006 increased from 2006 and 2005 by approximately \$0.9 million and \$0.6 million or 4.2% and 3.3%, respectively. This increase is primarily due to an increase in the City's contribution rate.

The following condensed comparative combined summary demonstrates the additions to the System and Share Plan for the years ended December 31 (in thousands):

	<u>2007</u>	<u>2006</u>	<u>Increase (Decrease)</u>	<u>Total Percentage Change</u>
City contributions	\$ 21,333	\$ 20,472	\$ 861	4.2%
Employee contributions	3,596	3,332	264	7.9
State contributions	5,205	4,359	846	19.4
Net investment income	<u>33,797</u>	<u>42,690</u>	<u>(8,893)</u>	(20.8)
Total additions	<u>\$ 63,931</u>	<u>\$ 70,853</u>	<u>\$ (6,922)</u>	9.8%

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease)</u>	<u>Total Percentage Change</u>
City contributions	\$ 20,472	\$ 19,825	\$ 647	3.3%
Employee contributions	3,332	3,036	296	9.8
State contributions	4,359	4,082	277	6.8
Net investment income	<u>42,690</u>	<u>26,766</u>	<u>15,964</u>	59.6
Total additions	<u>\$ 70,853</u>	<u>\$ 53,709</u>	<u>\$ 17,184</u>	32.0%

Expenses and Deductions from Combined Plan Net Assets

The primary expenses of the System and Share Plan include the payment of pension benefits to members and beneficiaries, refund of contributions to former members, and distributions to retirees. Total deductions for the years ended December 31, 2007 and 2006 were approximately \$39.7 million and \$38.5 million, respectively, an increase of approximately 3.3% and 20.7% over the prior years, 2006 and 2005, respectively, expenditures.

The payment of pension benefits to retirees increased for the years ended December 31, 2007 and 2006 by approximately \$1.0 million and \$6.6 million or 2.6% and 20.9% from 2006 and 2005, respectively. The increase in pension benefit expenditures resulted from an increase in number of retirees and an increase in benefit payments to retirees.

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (continued)

Expenses and Deductions from Combined Plan Net Assets (continued)

The table below reflects a condensed comparative combined summary of the deductions of the System and Share Plan for the years ended December 31 (in thousands):

	<u>2007</u>	<u>2006</u>	<u>Increase (Decrease)</u>	<u>Total Percentage Change</u>
Pension benefits paid	\$ 38,907	\$ 37,911	\$ 996	2.6%
Refund of contributions	300	137	163	119.0
Administrative expenses	<u>541</u>	<u>422</u>	<u>119</u>	28.2
Total deductions	<u>\$ 39,748</u>	<u>\$ 38,470</u>	<u>\$ 1,278</u>	3.3%

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease)</u>	<u>Total Percentage Change</u>
Pension benefits	\$ 37,911	\$ 31,346	\$ 6,565	20.9%
Refund of contributions	137	178	(41)	(23.0)
Administrative expenses	<u>422</u>	<u>357</u>	<u>65</u>	18.2
Total deductions	<u>\$ 38,470</u>	<u>\$ 31,881</u>	<u>\$ 6,589</u>	20.7%

Retirement System as a Whole

The System's and Share Plan's combined net assets have experienced increases over the last 5 years. Management believes, and actuarial studies concur, that the System is in a financial position to meet its current obligations. We believe the current financial position will continue to improve due to a prudent investment program, cost controls, and strategic planning.

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 and Share Plan's finances and to demonstrate the System's and Share Plan's accountability for the money they receive. If you have any questions about this report or need additional financial information, contact the Plan Administrator, City of Fort Lauderdale Police Officers' and Firefighters' Retirement System, 888 S. Andrews Avenue #202, Fort Lauderdale, FL 33316.

**CITY OF FORT LAUDERDALE POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM AND AFFILIATE
COMBINED STATEMENTS OF PLAN NET ASSETS
DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
Assets		
Cash and short-term investments	\$ 7,030,254	\$ 10,155,145
Receivables		
Accrued interest and dividends	978,171	1,264,230
Receivable for securities sold	<u>4,305,285</u>	<u>1,687,577</u>
Total receivables	<u>5,283,455</u>	<u>2,951,807</u>
Investments, at fair value		
Common stocks	224,862,287	215,375,100
Corporate bonds and debentures	42,311,675	42,645,885
U.S. government securities	38,310,467	48,233,802
Fixed income fund	83,124,871	94,787,775
Domestic equity fund	49,614,094	40,950,561
International equity fund	21,851,498	22,704,400
Real estate funds	<u>33,781,434</u>	<u>-</u>
Total investments	<u>493,856,327</u>	<u>464,697,523</u>
Property and equipment, net	<u>4,854</u>	<u>6,231</u>
Total assets	<u>506,174,890</u>	<u>477,810,706</u>
Liabilities		
Accrued expenses	467,209	372,772
Payable for securities purchased	4,496,007	945,520
Prepaid contributions	482,211	-
Due to City of Fort Lauderdale	<u>565,615</u>	<u>512,437</u>
Total liabilities	<u>6,011,042</u>	<u>1,830,729</u>
Net assets held in trust for pension benefits (a schedule of funding progress is presented on page 20)	<u>\$ 500,163,848</u>	<u>\$ 475,979,977</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE COMBINED FINANCIAL STATEMENTS.

**CITY OF FORT LAUDERDALE POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM AND AFFILIATE
COMBINED STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
Additions		
Contributions		
City	\$ 21,332,840	\$ 20,472,413
Employees	3,596,451	3,331,601
State	<u>5,204,949</u>	<u>4,359,435</u>
Total contributions	<u>30,134,240</u>	<u>28,163,449</u>
Investment income		
Net appreciation in fair value of investments	27,629,280	35,761,969
Interest and dividends	<u>7,919,695</u>	<u>8,281,777</u>
Total investment income	35,548,975	44,043,746
Less: Investment expenses	<u>(1,751,650)</u>	<u>(1,353,646)</u>
Net investment income	<u>33,797,325</u>	<u>42,690,100</u>
Total additions	<u>63,931,565</u>	<u>70,853,549</u>
Deductions		
Benefits paid	38,907,484	37,910,775
Refund of contributions	299,642	137,338
Administrative expenses	<u>540,568</u>	<u>422,075</u>
Total deductions	<u>39,747,694</u>	<u>38,470,188</u>
Net increase	24,183,871	32,383,361
Net assets held in trust for pension benefits		
Beginning of year	<u>475,979,977</u>	<u>443,596,616</u>
End of year	<u>\$ 500,163,848</u>	<u>\$ 475,979,977</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE COMBINED FINANCIAL STATEMENTS.

**CITY OF FORT LAUDERDALE POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

Note 1 – Description of the Plan

a. Organization

The City of Fort Lauderdale Police and Firefighters' Retirement System (the System) is a single employer defined benefit pension plan established by the City of Fort Lauderdale, Florida (the City) pursuant to the provisions and requirements of Ordinance No. C-72-94. Since the System is sponsored by the City, the System is included as a pension trust fund in the City's comprehensive financial annual report as part of the City's financial reporting entity.

Effective October 1, 2005 the City of Ft. Lauderdale Firefighter' Supplemental Share Plan (Share Plan) a defined contribution plan, was created to implement the provisions of Chapter 175, Florida Statutes, and to provide means whereby firefighters of the City of Ft. Lauderdale may receive benefits from funds provided for that purpose by Chapter 175, Florida Statutes. The Share Plan is in addition to any other benefits and nothing herein shall in any way affect any other benefits that now or hereafter exist. The Board of Trustees shall provide for all assets of the Share Plan to be held in trust solely for the use of paying the benefits provided and the expenses of the Share Plan.

Additional Premium Tax Revenues to each respective participants account is based upon his or her accrued Credited Service during the relevant period. The additional Premium Tax Revenues that were paid by the State in calendar years 1998 through 2004, exclusive of amounts necessary to meet State minimum standards under Chapter 175, Florida Statutes, shall be the initial allocation of Additional Premium Tax Revenues to each participant's share account. A participants pro rata shares of the initial allocation of Additional Premium Tax Revenues shall be based on each participants accrued service for each of the seven (7) years from calendar year 1998 through and including calendar year 2004.

For allocations after the initial allocation, the Board shall allocate to each participants account each year the Additional Premium Tax Revenues it receives under the provisions of Chapter 175, Florida Statutes, based on his or her accrued credit service during the relevant period. Forfeitures are allocated in the same manner as described above.

The Board Shall ascertain the value of the assets of the Share Plan as of each Valuation Date and shall allocate to the account of each Participant their share of the increase or decrease of the Share Plan assets shall bear the same ratio to the total amount of the increase or decrease in the Share Plan as the value of the portion of the Participant's Account invested in the Share Plan bears to the total value of the Share Plan.

**CITY OF FORT LAUDERDALE POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

Note 1 – Description of the Plan (continued)

a. Organization (continued)

A participant shall receive a benefit from the Share Plan upon his termination of employment, disability, retirement or death in accordance with the Share Plan agreement. However, no Participant shall receive a benefit from the Share Plan in excess of the amount credited to their account.

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.

b. Participants

Participation is mandatory for all state certified police officers and firefighters employed by the City of Fort Lauderdale, Florida.

c. Membership

As of January 1, 2007 and 2006, membership in the System consisted of:

	<u>2007</u>	<u>2006</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	888	865
Current employees:		
Vested	287	302
Non-vested	<u>354</u>	<u>329</u>
Total	<u>1,529</u>	<u>1,496</u>

d. Funding Requirements

Member Contributions:

Member's contribution is equal to 7% of their salary and each member's actual contributions are individually accumulated. If a member terminates their employment before they become eligible to receive benefits, the accumulated contributions will be returned to the member plus interest at 3% per year.

City and State Contributions:

The City is to contribute such amounts as are necessary to maintain the actuarial soundness of the System and to provide the System with assets sufficient to meet the benefits to be paid to the participants. This amount is reduced by any allowable State contributions.

**CITY OF FORT LAUDERDALE POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

Note 1 – Description of the Plan (continued)

e. Pension Benefits

Normal Retirement:

Any member who has completed 20 years of creditable service or has attained 55 years of age and completed 10 or more years of creditable service may retire on a normal retirement benefit. A member has vested benefits after 10 years of creditable service in accordance with qualifications under the plan.

Police and Firefighters

Members will receive a monthly pension benefit equal to 3.38% of the Average Monthly Earnings for all years of service to a maximum accrual of 81% of Final Average Monthly Earnings.

A certain group of police officers with 25 or more years of service on October 1, 2000 are subject to a maximum of 91.26% and a certain group of firefighters with 25 or more years of service on October 1, 2002 are subject to a maximum of 91.26%.

Firefighters

Firefighters who were employed before December 11, 1993 will receive an additional 2.0% bonus at retirement.

Certain firefighters hired prior to December 11, 1993 may have elected to remain in the old plan. Members that have made this election will receive a monthly pension benefit of 3.0% of Final Average Monthly Earnings multiplied by the years of service up to 20, plus 2.0% of Final Average Monthly Earnings multiplied by years of service beyond 20 years to a maximum accrual of 100%.

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

Deferred Retirement Option Plan:

Members who continue employment with the City past normal retirement date may either accrue larger pensions or freeze their accrued benefit and enter the Deferred Retirement Option Plan (DROP). Maximum participation in the DROP shall be 60 months.

**CITY OF FORT LAUDERDALE POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

Note 1 – Description of the Plan (continued)

e. Pension Benefits (continued)

Deferred Retirement Option Plan (continued):

For members electing participation in the DROP, an individual DROP account shall be created. Payment shall be made by the System into the employee's DROP account in an amount equal to the regular monthly retirement benefit which the participant would have received had the participant separated from service and commenced receipt of pension benefits plus interest based on the actuarially assumed rate of return for the fund. Upon termination of employment, a member may receive distribution from the DROP account in the following manner:

- Lump sum distribution or
- Roll over of the balance to another qualified retirement plan

A DROP participant shall not be entitled to receive an ordinary or service disability retirement and in the event of death of a DROP participant, there shall be no accidental death benefit for pension purposes. DROP participation does not affect any other death or disability benefits provided to a member under federal law, state law, City ordinance, or any rights or benefits under any applicable collective bargaining agreement.

The DROP of the System also consists of a Benefit Actuarially Calculated DROP (BACDROP). A member may elect to BACDROP to a date not to exceed 36 months after member's termination of employment with the City. A member who elects a DROP retirement is not eligible to participate in the BACDROP.

Effective April 1, 2004, DROP may not extend employment beyond 27 years.

The value of the DROP account at December 31, 2007 and 2006 was \$14,966,060 and \$15,729,161 respectively.

f. Investments

The System's and Share Plan's investment policy is determined by the Board of Trustees and is implemented by investment managers. In addition, the System and Share Plan utilize an investment advisor who monitors the investing activities.

g. Cost of Living Adjustments (COLA)

Monthly benefits paid under the System shall be adjusted, on July 1 of any year, to reflect the increase, if any, in the cost of living. A benefit shall be adjusted if it is being paid as of such adjustment date and was being paid as of July 1 of the preceding year. The benefit paid to any beneficiary of a deceased member shall be adjusted if either the benefit paid to the beneficiary or to the deceased member was paid effective as of July 1 of the preceding year.

The COLA increases may be granted only if the System remains in a net positive experience position, determined by the actuary on a cumulative basis

**CITY OF FORT LAUDERDALE POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

Note 2 – Summary of Significant Accounting Policies

a. Basis of Accounting

The System and Share Plan financial statements are prepared using the accrual basis of accounting. Member contributions are recognized as revenues in the period in which employee services are performed. Employer contributions are recognized as revenues when due pursuant to actuarial valuations. Interest and dividend income are recorded as earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the System and Share Plan.

b. Recent accounting standards

In May 2007, the Government Accounting Standards Board issued GASB Statement No. 50 "*Pension Disclosures*" (an amendment of GASB Statement No. 25 and No. 27) effective for financial statements with periods beginning after June 15, 2007. We are currently evaluating the impact of the adoption of this pronouncement, but do not expect the impact to be material to the System and Share Plan's combined financial statements.

c. Principles of combination

The combined financial statements include the accounts of the City of Ft. Lauderdale Firefighters' Share Plan (see Note 1), a plan affiliated by virtue of a common Board of Trustees. All interfund balances and transactions have been eliminated in the combined financial statements.

d. Investments

Investments are recorded at fair market value. Fair market values of investments are determined as follows: 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; commercial paper, time deposits and short-term investment pools are valued at cost which approximates market; mortgages are valued based on current market yield.

Unrealized gains and losses are presented as net appreciation (depreciation) in fair value of investments on the combined 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. Realized gains and losses on the sale of investments are based on specific cost identification method.

**CITY OF FORT LAUDERDALE POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

Note 2 – Summary of Significant Accounting Policies (continued)

e. Use of Estimates

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

f. Property and Equipment

Property and equipment are stated at cost and depreciated using straight-line over the estimated lives of the assets.

g. Risks and Uncertainties

The System and Share Plan has investments in a combination of stocks, bonds, government securities, international securities and other investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect balances and the amounts reported in the combined statements of plan net assets and the combined statements of changes in plan net assets. The System and Share Plan, through their investment advisors, monitors the System's and Share Plan's investments and the risks associated therewith on a regular basis, which the System and Share Plan believes minimizes these risks.

Note 3 – Deposits and Investment Risk Disclosures

a. Investment Authorization

The System and Share Plan investment policy is determined by the Board of Trustees. The policy has been identified by the Board with emphasis on capital protection, the achievement of adequate investment growth so that the purchasing power of the principal amount of these assets is at least maintained and preferably increased.

**CITY OF FORT LAUDERDALE POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

Note 3 – Deposits and Investment Risk Disclosures

a. Investment Authorization (continued)

The investment policy of the System and Share Plan stipulates that the trustees shall, in acquiring, investing, reinvesting, exchanging, retaining, selling and maintaining property for the benefit of the System and Share Plan 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, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital.

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

Investment in all domestic equity securities shall be limited to those listed on a major U.S. stock exchange and limited to no more than 66% (at market) of the System's and Share Plan's total asset value. No more than 5% of the portfolio may be invested in the shares of a single corporate issuer at cost. Investments in stocks of foreign companies shall be limited to 10% of the value of the portfolio.

The overall portfolio quality of the active bond portfolios shall be maintained at AA- rating or higher by a major rating service and limited to no more than 35% (at market) of the System's and Share Plan's total asset value.

Investments in real estate shall not exceed 15% of the market value of the portfolio

b. Types of Investments

Florida statutes and the System and Share Plan investment policy authorize the Trustees to invest funds in various investments. The current target allocation of these investments at market is as follows:

<u>Authorized investments</u>	<u>Target % of portfolio</u>	<u>Actual</u>
Domestic equity	53%	55%
Fixed income	30%	33%
Cash	0%	1%
International equity	7%	4%
Real estate	10%	7%

**CITY OF FORT LAUDERDALE POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

Note 3 – Deposits and Investment Risk Disclosures (continued)

c. 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 and Share Plan diversifies their investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

Information about the sensitivity of the fair values of the System's and Share Plan's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the System's and Share Plan's investments by maturity at December 31:

		2007			
		Investment Maturities (in years)			
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>6-10</u>	<u>More than 10</u>
U.S. treasuries	\$ 4,945,220	\$ -	\$ -	\$ -	\$ 4,945,220
U.S. agencies	33,365,247	-	3,992,011	2,721,449	26,651,787
Corporate bonds and bond funds	<u>125,436,546</u>	<u>514,732</u>	<u>10,181,927</u>	<u>92,805,391</u>	<u>21,934,496</u>
Total fixed income securities	<u>\$163,747,013</u>	<u>\$ 514,732</u>	<u>\$14,173,938</u>	<u>\$95,526,840</u>	<u>\$ 53,531,503</u>

		2006			
		Investment Maturities (in years)			
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>6-10</u>	<u>More than 10</u>
U.S. treasuries	\$ 6,500,018	\$ -	\$ -	\$ -	\$ 6,500,018
U.S. agencies	41,733,785	-	14,193,328	741,634	26,798,823
Corporate bonds and bond funds	<u>137,433,659</u>	<u>618,818</u>	<u>7,865,836</u>	<u>108,760,120</u>	<u>20,188,885</u>
Total fixed income securities	<u>\$185,667,462</u>	<u>\$ 618,818</u>	<u>\$22,059,164</u>	<u>\$109,501,754</u>	<u>\$ 53,487,726</u>

d. 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 and Share Plan's investment policy utilizes portfolio diversification in order to control this risk.

**CITY OF FORT LAUDERDALE POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

Note 3 – Deposits and Investment Risk Disclosures(continued)

d. Credit Risk (continued)

The following table discloses credit ratings by investment type, at December 31, as applicable:

	2007		2006	
	Fair Value	Percentage of Portfolio	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	<u>\$ 38,310,467</u>	<u>23.40%</u>	<u>\$ 48,233,802</u>	<u>25.98%</u>
Quality rating of credit risk debt securities				
AAA	101,007,646	61.69	109,730,438	59.10
AA+	569,314	0.35	-	-
AA	298,629	0.18	-	-
AA-	3,874,281	2.37	2,560,091	1.38
A+	2,414,838	1.47	2,319,163	1.25
A	2,176,935	1.33	5,568,122	3.00
A-	3,184,156	1.94	3,124,400	1.68
BBB+	5,961,631	3.64	6,578,343	3.54
BBB	3,058,999	1.87	5,395,370	2.91
BBB-	<u>2,890,117</u>	<u>1.76</u>	<u>2,157,734</u>	<u>1.16</u>
Total credit risk debt securities	<u>125,436,546</u>	<u>76.60</u>	<u>137,433,660</u>	<u>74.02</u>
Total Fixed Income	<u>\$163,747,013</u>	<u>100.00%</u>	<u>\$185,667,462</u>	<u>100.00%</u>

* Obligations of the U.S. government or obligations explicitly or implicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

e. Concentration of Credit Risk

The investment policy of the System and Share Plan 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 combined plan net assets at December 31, 2007 and 2006.

f. Custodial Credit Risk

This is the risk that in the event of the failure of the counterparty, the System and Share Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the System's and Share Plan's investment policy, the investments are held by Systems and Share Plan's custodial bank and registered in the System's and Share Plan's name.

**CITY OF FORT LAUDERDALE POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

Note 4 – Property and Equipment

Property and equipment consist of the following at December 31:

	Estimated <u>Useful Life</u>	<u>2007</u>	<u>2006</u>
Furniture & fixtures	5 – 7 years	\$ 17,753	\$ 17,753
Computers and equipment	5 years	7,390	7,390
Network connection	5 – 7 years	<u>2,014</u>	<u>2,014</u>
Total cost		27,157	27,157
Less: accumulated depreciation		<u>22,303</u>	<u>20,926</u>
Net		<u>\$ 4,854</u>	<u>\$ 6,231</u>

Depreciation expense for the years ended December 31, 2007 and 2006 was \$1,377 and \$5,148, respectively.

Note 5 – Due to City of Fort Lauderdale

The System and Share Plan uses the City of Fort Lauderdale as paying agent for the payment of all the investment, benefit and administrative expenses. The System and Share Plan reimburses the City on an ongoing basis. The amount due to the City as of December 31, 2007 and 2006 is \$565,615 and \$512,437, respectively.

Note 6 – Commitments

The System and Share Plan is obligated under a operating lease for office space, which expires on February 28, 2007. The System and Share Plan has exercised its option, effective February 20, 2007 to extend the lease for an additional two year period through February 28, 2009. The following is a schedule of the aggregate future minimum rental payments under this lease:

<u>For the year ending December 31,</u>	
2008	\$ 49,328
2009	<u>8,261</u>
	<u>\$ 57,589</u>

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF FORT LAUDERDALE POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM AND AFFILIATE
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2007
(unaudited)**

**Schedule "1" – Schedule of Funding Progress
(dollars in millions)**

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability AAL	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
12/31/01	\$ 424.5	\$ 436.6	\$ 12.1	97.2%	\$44.5	27%
12/31/02	403.6	482.3	78.7	83.7	45.1	175
12/31/03	403.0	508.6	105.6	79.2	44.2	239
12/31/04	405.5	529.4	123.9	76.6	42.3	293
12/31/05	413.8	543.2	129.4	76.2	41.1	315
12/31/06	428.3	557.1	128.8	76.9	42.5	303

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

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2001	\$ 8,010,665	107.9 %
2002	8,908,703	109.7
2003	14,823,420	109.1
2004	18,806,811	109.3
2005	22,152,995	107.9
2006	22,786,471	108.9

Valuation Date	January 1, 2007
Actuarial Cost Method	Individual Entry Age Normal Cost
Amortization Method	Closed group
Remaining amortization period	20 years
Asset Valuation Method	Five-year Expected Value Method, based on Actuarial Asset Value. Expected value based on cash flow and the Investment Return assumption, applied to actuarial asset value at beginning of year, adjusted by 20% of the difference between expected and actual return for each of the previous five years. The result cannot be greater than 120% of market value or less than 80% of market value.
Actuarial assumptions:	
Investment rate of return*	7.75%
Projected salary increases*	3.25% due to inflation, plus seniority and merit scale
Cost of living adjustments	None

*Includes inflation at 4.5%

SUPPLEMENTARY INFORMATION

**CITY OF FORT LAUDERDALE POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM AND AFFILIATE
COMBINING STATEMENT OF PLAN NET ASSETS
DECEMBER 31, 2007**

Schedule "3"

	<u>System</u>	<u>Share Plan</u>	<u>Total</u>
Assets			
Cash and short-term investments	\$ 7,030,254	\$ -	\$ 7,030,254
Receivables			
Accrued interest and dividends	978,171	-	978,171
Receivable for securities sold	4,305,285		4,305,285
Due to / from other funds	<u>(8,706,192)</u>	<u>8,706,192</u>	<u>-</u>
Total Receivables	<u>(3,422,737)</u>	<u>8,706,192</u>	<u>5,283,455</u>
Investments, at fair value			
Common stock	224,862,287	-	224,862,287
Corporate bonds and debentures	42,311,675	-	42,311,675
U.S. government securities	38,310,467	-	38,310,467
Fixed income fund	83,124,871	-	83,124,871
Domestic equity fund	49,614,094	-	49,614,094
International equity fund	21,851,498	-	21,851,498
Real estate fund	<u>33,781,434</u>	<u>-</u>	<u>33,781,434</u>
Total investments	<u>493,856,327</u>	<u>-</u>	<u>493,856,327</u>
Property and equipment, net	<u>4,854</u>	<u>-</u>	<u>4,854</u>
Total assets	<u>497,468,698</u>	<u>8,706,192</u>	<u>506,174,890</u>
Liabilities			
Accrued expenses	467,209	-	467,209
Payable for securities purchased	4,496,007	-	4,496,007
Prepaid contributions	482,211	-	482,211
Due to City of Fort Lauderdale	<u>565,615</u>	<u>-</u>	<u>565,615</u>
Total liabilities	<u>6,011,042</u>	<u>-</u>	<u>6,011,042</u>
Net assets held in trust for pension benefits	<u>\$ 491,457,656</u>	<u>\$ 8,706,192</u>	<u>\$ 500,163,848</u>
(a schedule of funding progress is presented on Page 20)			

**CITY OF FORT LAUDERDALE POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM AND AFFILIATE
COMBINING STATEMENT OF PLAN NET ASSETS
DECEMBER 31, 2006**

Schedule "3" (continued)

	<u>System</u>	<u>Share Plan</u>	<u>Total</u>
Assets			
Cash and short-term investments	\$ 10,155,145	\$ -	\$ 10,155,145
Receivables			
Accrued interest and dividends	1,264,230	-	1,264,230
Receivable for securities sold	1,687,577		1,687,577
Due to / from other funds	<u>(6,583,687)</u>	<u>6,583,687</u>	<u>-</u>
Total Receivables	<u>(3,631,880)</u>	<u>6,583,687</u>	<u>2,951,807</u>
Investments, at fair value			
Common stock	215,375,100	-	215,375,100
Corporate bonds and debentures	42,645,885	-	42,645,885
U.S. government securities	48,233,802	-	48,233,802
Fixed income fund	94,787,775	-	94,787,775
Domestic equity fund	40,950,561	-	40,950,561
International equity fund	<u>22,704,400</u>	<u>-</u>	<u>22,704,400</u>
Total investments	<u>464,697,523</u>	<u>-</u>	<u>464,697,523</u>
Property and equipment, net	<u>6,231</u>	<u>-</u>	<u>6,231</u>
Total assets	<u>471,227,019</u>	<u>6,583,687</u>	<u>477,810,706</u>
Liabilities			
Accrued expenses	372,772	-	372,772
Payable for securities purchased	945,520	-	945,520
Due to City of Fort Lauderdale	<u>512,437</u>	<u>-</u>	<u>512,437</u>
Total liabilities	<u>1,830,729</u>	<u>-</u>	<u>1,830,729</u>
Net assets held in trust for pension benefits	<u>\$ 469,396,290</u>	<u>\$ 6,583,687</u>	<u>\$ 475,979,977</u>
(a schedule of funding progress is presented on Page 20)			

**CITY OF FORT LAUDERDALE POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM AND AFFILIATE
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Schedule "4"

	<u>System</u>	<u>Share Plan</u>	<u>Total</u>
Additions			
Contributions			
City	\$ 21,332,840	\$ -	\$ 21,332,840
Employee	3,596,451	-	3,596,451
State	<u>3,063,189</u>	<u>2,141,760</u>	<u>5,204,949</u>
Total contributions	<u>27,992,480</u>	<u>2,141,760</u>	<u>30,134,240</u>
Investment income			
Net appreciation in fair value of investments	27,629,280	-	27,629,280
Interest and dividends	<u>7,919,695</u>	<u>-</u>	<u>7,919,695</u>
Total investment income	35,548,975	-	35,548,975
Less: investment expenses	(1,751,650)	-	(1,751,650)
allocation of share plan participants' earnings	<u>(441,703)</u>	<u>441,703</u>	<u>-</u>
Net investment income	<u>33,355,622</u>	<u>441,703</u>	<u>33,797,325</u>
Total additions	<u>61,348,102</u>	<u>2,583,463</u>	<u>63,931,565</u>
Deductions			
Benefits paid	38,471,818	435,666	38,907,484
Refund of contributions	299,642	-	299,642
Administrative expenses	<u>515,276</u>	<u>25,292</u>	<u>540,568</u>
Total deductions	39,286,736	460,958	39,747,694
Net increase	22,061,366	2,122,505	24,183,871
Net assets held in trust for pension benefits			
Beginning of year	<u>469,396,290</u>	<u>6,583,687</u>	<u>475,979,977</u>
End of year	<u>\$ 491,457,656</u>	<u>\$ 8,706,192</u>	<u>\$ 500,163,848</u>

**CITY OF FORT LAUDERDALE POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM AND AFFILIATE
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Schedule "4" (continued)

	<u>System</u>	<u>Share Plan</u>	<u>Total</u>
Additions			
Contributions			
City	\$ 20,472,413	\$ -	\$ 20,472,413
Employee	3,331,601	-	3,331,601
State	<u>3,071,055</u>	<u>1,288,380</u>	<u>4,359,435</u>
Total contributions	<u>26,875,069</u>	<u>1,288,380</u>	<u>28,163,449</u>
Investment income			
Net appreciation in fair value of investments	35,761,969	-	35,761,969
Interest and dividends	<u>8,281,777</u>	<u>-</u>	<u>8,281,777</u>
Total investment income	44,043,746	-	44,043,746
Less: investment expenses	(1,353,646)	-	(1,353,646)
allocation of share plan participants' earnings	<u>(579,909)</u>	<u>579,909</u>	<u>-</u>
Net investment income	<u>42,110,191</u>	<u>579,909</u>	<u>42,690,100</u>
Total additions	<u>68,985,260</u>	<u>1,868,289</u>	<u>70,853,549</u>
Deductions			
Benefits paid	37,345,482	565,293	37,910,775
Refund of contributions	137,338	-	137,338
Administrative expenses	<u>365,437</u>	<u>56,638</u>	<u>422,075</u>
Total deductions	37,848,257	621,931	38,470,188
Net increase	31,137,003	1,246,358	32,383,361
Net assets held in trust for pension benefits			
Beginning of year	<u>438,259,287</u>	<u>5,337,329</u>	<u>443,596,616</u>
End of year	<u>\$ 469,396,290</u>	<u>\$ 6,583,687</u>	<u>\$ 475,979,977</u>

SECTION II

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS.**



Debra A. Bachenheimer, CPA
Vincent Carrodeguas, CPA
Lawrence C. Elmer, CPA
Carlos F. Garcia, CPA
Zvi Gind, CPA
Michael B. Goldstein, CPA
Laurel B. Horwitz, CPA
Joan M. Kaufman, JD/CPA/CFE
Alan Kuzner, CPA
Jeffrey B. Koch, CPA/PFS
William Levy, CPA
Thomas B. Lucas, CPA ABV
Richard J. O'Connell, CPA
Alan Gerald Reiss, CPA
Jack N. Rosenberg, CPA
Lawrence W. Rubenstein, CPA
Bernard J. Schinder, CPA/PFS
David H. Silverman, CPA
Gerald Testelbaum, CPA
Joseph J. Teresi, CPA
Richard P. Zimmick, CPA
Matthew C. Weiss, CPA

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements
Performed in Accordance with
Government Auditing Standards**

Board of Trustees
City of Fort Lauderdale Police and Firefighters' Retirement System
Ft. Lauderdale, Florida

We have audited the combined financial statements of the City of Fort Lauderdale Police and Firefighters' Retirement System and Affiliate (the "System and Share Plan") as of and for the year ended December 31, 2007 and have issued our report thereon dated April 9, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Plan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the combined financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the combined financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's and Share Plan's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Board of Trustees, management, participants and applicable state and city agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Goldstein Schechter Koch Price Lucas Horwitz & Co., P.A.

April 9, 2008