

**CITY OF COOPER CITY  
POLICE OFFICERS  
RETIREMENT PLAN**

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

**CITY OF COOPER CITY**  
**POLICE OFFICERS RETIREMENT PLAN**

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
INDEPENDENT AUDITOR’S REPORT	1-2
MANAGEMENT’S DISCUSSION AND ANALYSIS	3-6
FINANCIAL STATEMENTS	
Statements of Fiduciary Net Position	7
Statements of Changes in Fiduciary Net Position	8
NOTES TO FINANCIAL STATEMENTS	9-17
SUPPLEMENTARY INFORMATION	
Schedules of Administrative expenses	19
Schedules of Contributions from Employer and Other Contributors	21
Schedules of Investment Returns	22
Schedules of Changes in the Employer’s Net Pension Liability and Related Ratios	23
COMPLIANCE REPORT	
Independent Auditor’s 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	25-26

KABAT · SCHERTZER  
DE LA TORRE · TARABOULOS  
— & —  
C O M P A N Y

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
City of Cooper City Police Officers Retirement Plan  
Cooper City, Florida

We have audited the accompanying financial statements of the City of Cooper City Police Officers Retirement Plan, which are comprised of the statements of fiduciary net position as of September 30, 2015 and 2014, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KABAT · SCHERTZER  
DE LA TORRE · TARABOULOS  
— & —  
C O M P A N Y

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT** (Continued)

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the City of Cooper City Police Officers Retirement Plan as of September 30, 2015 and 2014 and the changes in its fiduciary net position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and required supplemental information as listed in the accompanying table of contents 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, which 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information in management's discussion and analysis or the supplemental schedules, the schedule of contributions from the employer and other contributors, the schedule of investment returns, or the schedule of changes in the employer's net pension liability and related ratios because the limited procedures we performed did not provide us with sufficient evidence to express an opinion or provide any assurance on them.

*KABAT, SCHERTZER, DE LA TORRE, TARABOULOS & Co.*

Miami, Florida  
February 22, 2016

# CITY OF COOPER CITY

## POLICE OFFICERS RETIREMENT PLAN

### MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report presents the Management Discussion and Analysis (MD&A) of the City of Cooper City Police Officers Retirement Plan (Plan) financial performance. This analysis provides an overview of the financial activities and funding conditions for fiscal year ended September 30, 2015. Please read it in conjunction with the Plan financial statements, which immediately follow.

#### *General Overview of the Plan*

The Plan was first established on January 11, 2000 and later amended to provide retirement, disability and death benefits for the employees of the City of Cooper City, Florida (City), as defined in Division 2 of Article VI of Chapter 2 of the City code, which is amended from time to time.

There is a Board of Trustees (Board) in whom the general administration, management and responsibility for the proper operation of the Plan is vested.

#### *Overview of the Financial Statements*

The financial section of this annual report consists of four parts: MD&A, the basic financial statements, notes to the financial statements and other required supplemental information.

The financial statements provide both long-term and short-term information about the Plan's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplemental information that further explains and supports the information in the financial statements.

The Plan's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). Under GAAP, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred and appreciation (depreciation) of assets is recognized in the Statement of Changes in Fiduciary Net Position. All assets and liabilities associated with the operation of the Plan are included in the Statement of Fiduciary Net Position.

The Statement of Fiduciary Net Position reports fiduciary net position and how it has changed. A net asset is the difference between the asset and any related liabilities. It is one measurement of the financial health or current position of the Plan.

#### *Financial Highlights*

The Plan's financial statements net results from operations for fiscal year 2015 reflected the following financial activities:

- Total fiduciary net position was \$25,152,309, which was 6% lower than 2014 total fiduciary net position.
- Total contributions were \$354,638, which was 73% lower than the 2014 contributions.
- Total interest and dividend earnings were \$484,080, which was 2% lower than the 2014 earnings.
- Net investment loss was \$93,896, which was 104% lower than the 2014 income.
- Benefits paid were \$1,886,260, which was 16% greater than the benefits paid during 2014.

# CITY OF COOPER CITY

## POLICE OFFICERS RETIREMENT PLAN

### MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

#### ***Financial Highlights*** (Continued)

Employer and employee contributions for the year were \$354,638, which was 73% lower than the 2014 contributions. The amount of employer contributions varies from year to year and is actuarially determined. Effective February 14, 2004, all participants are required to contribute 8.13% of pretax earnings. The Broward Sheriff's office, as part of its contractual obligations to the City, makes these contributions on behalf of the participants.

#### ***Statement of Fiduciary Net Position***

The following condensed comparative Statement of Fiduciary Net Position is a snap shot of account balances at the fiscal year end of the Plan. It reports the assets available for future payments to retirees and any current liabilities that are owed as of the financial statement date. The resulting net asset value, or assets minus liabilities, represents the value of assets held in trust for Plan benefits.

The Plan continues to be evaluated for actuarial soundness by the actuary of the Plan. It should be noted that retirement system funding is based on a long-term perspective and that temporary fluctuations in the market are to be expected.

- Fiduciary net position at September 30, 2015 was \$25,152,309, a 6% decrease from fiduciary net position at September 30, 2014.
- Total investments at September 30, 2015 were \$24,701,581, a 5% decrease from the investments at September 30, 2014.

	2015	2014	% Change
Cash and cash equivalents	\$ 438,353	\$ 766,185	(43%)
Receivables	41,583	91,922	(55%)
Investments, at fair value	24,701,581	26,067,423	(5%)
Total assets	25,181,517	26,925,530	(6%)
Accounts payable	29,208	30,468	(4%)
Accounts payable - purchase of investments	-	41,383	(100%)
Total liabilities	29,208	71,851	(59%)
Net position	\$ 25,152,309	\$ 26,853,679	(6%)

#### ***Statement of Changes in Fiduciary Net Position***

The Statement of Changes in Fiduciary Net Position presents the effect of Plan transactions that occurred during the fiscal year. On the statement, additions to the Plan minus deductions from the plan equal the net increase or decrease in fiduciary net position.

The funding objective is to meet long-term obligations and fund all Plan benefits.

- Revenues (additions to the fiduciary net position) for the Plan were \$262,681, which was made up of employer and employee contributions of \$354,638 less net investment loss of \$93,896 and other income of \$1,939.

# CITY OF COOPER CITY

## POLICE OFFICERS RETIREMENT PLAN

### MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

***Statement of Changes in Fiduciary Net Position*** (Continued)

- Expenses (deductions from the fiduciary net position) increased from \$1,684,880 during 2014 to \$1,964,051 during 2015.

	2015	2014	% Change
Total contributions	\$ 354,638	\$ 1,296,704	(73%)
Net investment (loss) income	(93,896)	2,462,563	(104%)
Other income	1,939	864	124%
Total additions	262,681	3,760,131	(93%)
Total deductions	1,964,051	1,684,880	17%
Net (decrease) increase	(1,701,370)	2,075,251	(182%)
Net position – beginning	26,853,679	24,778,428	8%
Net position – ending	\$ 25,152,309	\$ 26,853,679	(6%)

***Asset Allocation***

The table below indicates the Plan investment policy limitations and actual asset allocations as of September 30, 2015:

Type of Investment	Investment policy	Actual Allocation
Domestic equities	27.5%-67.5%	52%
Fixed income	12.5%-47.5%	28%
Real estate	0%-15%	12%
International equities	0%-30%	7%
Cash and cash equivalents	Minimal	1%

The investment guidelines provide for the appropriate diversification of the portfolio. Investments have been diversified to the extent practicable to control risk of loss resulting from over-concentration of a specific maturity, issuer, instrument, dealer or bank through which financial instruments are bought and sold.

The Board recognizes that some risk must be assumed to achieve the Plan's long-term investment objectives. In establishing the risk tolerances, the Plan's ability to withstand short and intermediate term variability has been considered. However, the Plan's financial condition enables the Board to adopt long-term investment perspective.

# **CITY OF COOPER CITY**

## **POLICE OFFICERS RETIREMENT PLAN**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS** (Continued)

#### ***Investment Activities***

Investment income is vital to the Plan for current and future financial stability. Therefore, the Board has a fiduciary responsibility to act prudently when making plan investment decisions. To assist the Board in this area, the Board retains investment managers who supervise and direct the investment of the assets. The Board also retains an investment monitor to evaluate and report on quarterly basis compliance by the investment managers with the investment policy of the Board and investment performance of the Plan. The investment policy statement was last amended in September 2014.

The Board and its investment consultant review portfolio performance in compliance with the investment policy statement quarterly. Performance is evaluated both individually by money manager style and collectively by investment type and for the aggregate portfolio.

#### ***Financial Analysis Summary***

The investment activities, for the fiscal year ended September 30, 2015 are a function of the underlying market, money managers' performance and the investment policy's asset allocation model. The Plan has consistently implemented a high quality, conservative approach.

#### ***Contacting the Plan's Financial Management***

This financial analysis is designed to provide the Board, plan participants and the marketplace credit analysts with an overview of the Plan's finances and the prudent exercise of the Board's oversight. If you have any questions regarding this report or you need additional financial information, please contact the administrator of the Plan:

Joan Wall  
c/o City of Cooper City Police Officers Retirement Plan  
2955 Myrtle Oak Circle  
Davie, Florida 33328

**CITY OF COOPER CITY**  
**POLICE OFFICERS RETIREMENT PLAN**

STATEMENTS OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>CASH AND CASH EQUIVALENTS</b>	\$ 438,353	\$ 766,185
<b>RECEIVABLES:</b>		
Accrued investment income	39,707	41,516
Employee contributions receivable	1,876	-
Employee loan receivable	-	50,406
<b>TOTAL RECEIVABLES</b>	<u>41,583</u>	<u>91,922</u>
<b>INVESTMENTS, AT FAIR VALUE:</b>		
Common stocks	4,936,410	5,944,816
Government securities	2,671,476	3,645,138
Corporate bonds	4,310,058	3,558,718
Mutual funds	<u>12,783,637</u>	<u>12,918,751</u>
<b>TOTAL INVESTMENTS, AT FAIR VALUE</b>	<u>24,701,581</u>	<u>26,067,423</u>
<b>TOTAL ASSETS</b>	<u>25,181,517</u>	<u>26,925,530</u>
<b>LIABILITIES</b>		
<b>ACCOUNTS PAYABLE</b>	29,208	30,468
<b>ACCOUNTS PAYABLE - PURCHASE OF INVESTMENTS</b>	-	41,383
<b>TOTAL LIABILITIES</b>	<u>29,208</u>	<u>71,851</u>
<b>NET POSITION RESTRICTED FOR PENSIONS</b>		
<b>NET POSITION RESTRICTED FOR PENSIONS:</b>		
Net position restricted for DROP Benefits	2,870,590	2,728,536
Net position restricted for Defined Benefits	<u>22,281,719</u>	<u>24,125,143</u>
<b>TOTAL NET POSITION RESTRICTED FOR PENSIONS</b>	<u>\$ 25,152,309</u>	<u>\$ 26,853,679</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF COOPER CITY**  
**POLICE OFFICERS RETIREMENT PLAN**

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b>ADDITIONS:</b>		
Contributions:		
Employer	\$ -	\$ 989,373
Chapter 185	261,740	263,432
Employee	<u>92,898</u>	<u>43,899</u>
Total contributions	<u>354,638</u>	<u>1,296,704</u>
Investment income:		
Net (depreciation) appreciation in fair value of investments	(446,221)	2,100,481
Interest and dividend income	<u>484,080</u>	<u>491,627</u>
Total investment income	37,859	2,592,108
Less: investment expenses	<u>131,755</u>	<u>129,545</u>
Net investment income	<u>(93,896)</u>	<u>2,462,563</u>
Other income	<u>1,939</u>	<u>864</u>
<b>TOTAL ADDITIONS</b>	<u>262,681</u>	<u>3,760,131</u>
<b>DEDUCTIONS:</b>		
Benefit payments	1,886,260	1,619,438
Administrative expenses	<u>77,791</u>	<u>65,442</u>
<b>TOTAL DEDUCTIONS</b>	<u>1,964,051</u>	<u>1,684,880</u>
<b>NET (DECREASE) INCREASE IN NET POSITION</b>	(1,701,370)	2,075,251
<b>NET POSITION RESTRICTED FOR PENSIONS</b>		
Beginning of year	<u>26,853,679</u>	<u>24,778,428</u>
End of year	<u>\$ 25,152,309</u>	<u>\$ 26,853,679</u>

The accompanying notes are an integral part of these financial statements.

# CITY OF COOPER CITY

## POLICE OFFICERS RETIREMENT PLAN

### NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

#### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *Investment Valuation and Income Recognition*

Investments are reported at fair value (see Note 3). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

Purchase and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net (depreciation) appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

##### *Income Taxes*

The Plan is exempt from federal income taxes under the Internal Revenue Code and, accordingly, no provision for federal income taxes has been made.

Accounting principles generally accepted in the United States of American require plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the plan has taken an uncertain position that more likely than not would not be sustained upon examination by a taxing authority. The Plan is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to September 30, 2012.

##### *Basis of Accounting and Use of Estimates*

The accompanying financial statements have been prepared using the accrual basis of accounting. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, benefit obligations and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

##### *Accounting Principles*

The Plan applies all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

**CITY OF COOPER CITY**  
**POLICE OFFICERS RETIREMENT PLAN**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2015 AND 2014  
(Continued)

**NOTE 2. DESCRIPTION OF THE PLAN**

The following description of the City of Cooper City Police Officers Retirement Plan (“Plan”) provides only general information. Participants should refer to the City’s ordinance for more complete information.

***General***

The Plan is a single-employer defined benefit retirement plan covering all eligible police officers. The Plan was established by the City in accordance with a City ordinance and state statutes.

Management of the Plan is vested in the Board, which consists of five members - two elected by plan participants, two appointed by the City Manager, and a fifth appointed by the other four from the residents of the City.

***Plan Participation***

At September 30, 2015, Plan participation consisted of the following:

Inactive Plan participants entitled to but not yet receiving benefits	39
Active Plan participants	<u>6</u>
Total	<u>45</u>

***Eligibility***

The Plan became closed to new participants upon the City’s contracting with the Broward Sheriff’s Office for police services. Newly hired police officers were able to participate in the Florida Retirement System from that point forward.

***Benefits***

The Plan provides retirement, death and disability benefits. The amount of the normal retirement benefit is 3% of the average earnings over the five consecutive years during which earnings were the largest, multiplied by the years of continuous service. For participants who retire on or after February 14, 2004, final monthly compensation shall mean a participant’s average monthly rate of earnable compensation during the three years of employment which is greater than the total of any other three years; provided that if a participant has been employed for fewer than three years, such average shall be taken over the period of actual employment. There is no mandatory retirement age. Effective February 14, 2004 the normal retirement age shall be the earlier of the attainment of age fifty and the completion of ten years of credited service, or upon completion of twenty-five years of credited service; provided, however, that if a participant separates from service with more than ten years of credited service but less than twenty-five years of credited service, retirement benefits shall not commence until the first day of the month following the separated participant’s attainment of age fifty.

**CITY OF COOPER CITY**  
**POLICE OFFICERS RETIREMENT PLAN**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2015 AND 2014  
(Continued)

**NOTE 2. DESCRIPTION OF THE PLAN (Continued)**

***Disability Benefits***

The disability benefit for a service-incurred disability is 60% of their average earnings over the five consecutive years during which earnings were the largest, but not less than their accrued Plan benefit.

The disability benefit for a non-service incurred disability, for participants with 10 or more years of service only, is 25% of their average earnings over the five consecutive years during which earnings were the largest, but not less than their accrued Plan benefit.

***Deferred Retirement Option Plan***

Upon reaching the normal retirement date a participant may elect to have the retirement benefit commence while continuing to be employed by the City. If that election is made the Plan makes the benefit payments into the participant's deferred retirement option account ("DROP") where it accumulates earnings at the same rate as the Plan as a whole. Officers may participate in the DROP for a maximum period of the earlier of (a) the last day of the participant's employment by the Broward Sherriff's Office or (b) the first day of the limitation year, as defined in Section 415 of the Internal Revenue Code, in which the continued participation of the participant in the DROP would cause the participant's annual benefit for said limitation year to exceed the applicable Section 415 limitation. When the officer ends participation in the DROP, the Plan begins paying the Plan benefit directly to the participant and the value of the DROP account is also paid to the participant under one of several payment options.

Effective October 2013, Ordinance 13-10-1 was adopted, which incorporates DROP loan provisions into the Plan. The ordinance allows a DROP participant to take a loan from the Plan in an amount up to 50% of their total DROP balance with a minimum of \$5,000 and a maximum of \$50,000. The loan would be repaid by the participant over a period of time not to exceed 5 years, with installment payments to be paid on a biweekly or monthly basis, as chosen by the participant.

***Death Benefits***

The death benefit, for a participant with less than ten years of service, is a refund of the participant's contributions with interest. For a participant with 10 or more years of service the benefit is the same as if the participant had retired on the date of death and had chosen the one hundred (100%) percent joint and survivor option, unless an optional form of benefit had been chosen.

# CITY OF COOPER CITY

## POLICE OFFICERS RETIREMENT PLAN

### NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2015 AND 2014  
(Continued)

#### NOTE 2. DESCRIPTION OF THE PLAN (Continued)

##### *Post Retirement Supplement*

In addition to the monthly retirement benefits provided by this Plan, effective February 14, 2004, a monthly post-retirement supplemental benefit shall be paid to all eligible participants. For purposes of this section, eligible participants entitled to payment of the post-retirement supplemental benefit shall be all participants who were employed by the City as participants of the Plan on September 5, 2002 and all participants hired between September 5, 2002 and March 31, 2004, provided that the participant retires with a normal or early retirement benefit and separates from service on or after February 14, 2004. Disability participants who are eligible retirees shall be entitled to receive the post-retirement supplemental benefit only if they have satisfied the requirements for normal or early retirement on or prior to the date of the award of their disability retirement. Deferred vested participants are not eligible to receive the supplement.

Eligible participants satisfying all criteria who have completed a minimum of ten years of credited service shall be eligible to receive a maximum monthly supplemental benefit of two hundred and thirty-six dollars, based on the participant's years of credited service. The full supplement of \$236.00 shall be paid to eligible participants who have completed twenty-five or more years of credited service.

The supplement for eligible participants with less than twenty-five years of service credit shall be calculated as follows: eligible participants who have completed a minimum of ten years of credited service shall be eligible for forty percent of the monthly supplement; eligible participants shall receive an additional four percent for each additional year of service, not to exceed two hundred thirty-six dollars per month.

This benefit shall commence on the first day of the month following separation from service. The post-retirement supplemental benefit shall not be paid to terminated vested participants or to participants who retired prior to February 14, 2004, but will be payable to eligible participants upon entry into the DROP. It will continue until the earlier of the participant reaching eligibility age for Medicare benefits or age sixty-seven.

##### *Funding*

Effective February 14, 2004 all participants are required to contribute 8.13% of their pensionable compensation as defined in City ordinance 2004-08-01. The Broward Sheriff's Office, as part of its contractual obligations to the City, makes these contributions on behalf of the participants on a bi-weekly basis.

Pursuant to Florida law, the City is responsible for ensuring that the Plan is on a sound actuarial basis, as determined by the Board in conjunction with its actuary. Consequently, it must contribute that amount which, along with the participants' contributions, premium tax monies received under Chapter 185 of the Florida Statutes and investment earnings, will be sufficient to fund the benefits promised under the Plan.

# CITY OF COOPER CITY

## POLICE OFFICERS RETIREMENT PLAN

### NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2015 AND 2014  
(Continued)

#### NOTE 2. DESCRIPTION OF THE PLAN (Continued)

##### *Buybacks*

An ordinance was amended January 26, 2011, adding a provision under which active participants may purchase up to five years of additional service credit for any prior military service in the Armed Forces of the United States or other law enforcement service once the participant has earned at least 10 years of service by paying the full actuarial costs as determined by the Plan's actuary.

In lieu of the purchase of credited service for prior military or law enforcement services, as provided above, a participant may purchase a Normal Retirement Date which is up to five years earlier than otherwise provided in the ordinance. In addition for each month's actuarial equivalent for the increased benefit level purchased hereunder, the participant's multiplier will be increased 0.25% for the final year of credited service.

##### *Rate of Return*

For the year ended September 30, 2015, the annual money-weighted rate of return on Plan investments, net of Plan investment expense, was 0.05%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### NOTE 3. INVESTMENTS

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan. The investment policy statement was last amended on December 31, 2014. The following was the Board's adopted asset allocation policy as of September 30, 2015:

<u>Type of Investment</u>	<u>Target Allocation</u>
Domestic equities	27.5%-67.5%
Fixed income	12.5%-47.5%
Real estate	0%-15%
International equities	0%-30%
Cash and cash equivalents	Minimal

# CITY OF COOPER CITY

## POLICE OFFICERS RETIREMENT PLAN

### NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2015 AND 2014  
(Continued)

**NOTE 3. INVESTMENTS (Continued)**

During the year ended September 30, 2015 the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) depreciated in value by \$446,221 (reported as net depreciation in fair value of investments in the Statements of Changes in Fiduciary Net Position) as follows:

Government securities	\$	26,516
Corporate bonds		(35,297)
Common stock		(81,595)
Mutual funds		(355,845)
Total	\$	<u>(446,221)</u>

The term "interest rate risk" refers to the portfolio's exposure to fair value losses arising from increasing interest rates. Interest rate risk disclosures are required for all debt investments, as well as investments in mutual funds, external investment pools and other pooled investments that do not meet the definition of a 2a7-like pool.

The Board determines the Plan's investment policy. The policy has been designed by the Board to maximize the Plan's asset value, while assuming a risk that is consistent with the Board's risk tolerance. As is prudent, the Board has adopted a policy to diversify investment risk among several institutionally acceptable asset classes including bonds, debentures and other corporate obligations, equity securities and domestic real estate

The Plan's investment policy does not use limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Plan's investments in government securities, fixed income mutual funds and corporate bonds had maturities as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
Corporate bonds	\$ 4,310,058	\$ 393,059	\$ 1,573,612	\$ 1,828,040	\$ 515,347
U.S. treasuries	1,713,610	-	1,513,433	71,094	129,083
U.S. agencies	<u>957,866</u>	<u>106</u>	<u>198,474</u>	<u>109,792</u>	<u>649,494</u>
Totals	<u>\$ 6,981,534</u>	<u>\$ 393,165</u>	<u>\$ 3,285,519</u>	<u>\$ 2,008,926</u>	<u>\$ 1,293,924</u>

# CITY OF COOPER CITY

## POLICE OFFICERS RETIREMENT PLAN

### NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2015 AND 2014  
(Continued)

**NOTE 3. INVESTMENTS (Continued)**

State law limits investments in corporate bonds and commercial paper to the top 3 ratings issued by nationally recognized statistical rating organizations. The Fund's corporate bonds were rated by Moody's Investors Services as follows:

<u>Rating</u>	<u>Fair Value</u>
A1	\$ 1,080,863
A2	796,208
A3	1,137,434
Aa1	66,491
Aa2	99,150
Aa3	270,723
Aaa	1,891,013
Baa1	749,597
Baa2	109,592
Unrated Government Securities	<u>780,463</u>
Total	<u>\$ 6,981,534</u>

“Concentration of credit risk” is the risk inherent with investing a significant amount of Plan assets in particular issuers. The Plan limits investments that may be invested in any one issuer to no more than 5% of fiduciary net position, other than those issued by the U.S. Government or its Agencies. More than 5% of the Plan's fiduciary net position is invested in debt securities issued by the Federal U.S. Treasury. The investments in the debt securities of the U.S. Treasury represented 6.8% of fiduciary net position.

“Custodial credit risk” is the risk that in the event of the failure of the counterparty, the 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 Plan's investment policy, the investments are held by the Plan's custodial bank and registered in the Plan's name.

“Foreign currency risk” is the risk that fluctuations in currency exchange rate may affect transactions conducted in currencies other than U.S. Dollars and the carrying value of foreign investments. The Plan's exposure to foreign currency risk derives mainly from its investments in international equity funds. The Plan owns participation in international equity funds and does not own individual securities on those.

The investment policy limits the foreign investments to no more than 25.00% of the Plan's investment balance. As of year-end, the foreign investments were 7.00% of total investments.

**CITY OF COOPER CITY**  
**POLICE OFFICERS RETIREMENT PLAN**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2015 AND 2014  
(Continued)

**NOTE 4. RISKS AND UNCERTAINTIES**

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of fiduciary net position available for benefits.

Plan contributions are made and the actuarial present value of accumulated Plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

**NOTE 5. NET PENSION LIABILITY**

The components of the net pension liability of the Plan at September 30, 2015 were as follows:

Total pension liability	\$ 31,434,456
Plan fiduciary net position	<u>25,152,309</u>
City's net pension liability	<u>\$ 6,282,147</u>
Plan fiduciary net position as a percentage of the total pension liability	80.02%

The total pension liability was determined by an actuarial valuation as of September 30, 2015, using the following most significant actuarial assumptions, 7.50% for the investment rate of return, 5.00% to 10.00% for projected salary increases and 3.00% for inflation.

The mortality table was the RP-2000 Combined Healthy Participant Mortality Tables for males and females. The provision for future mortality improvements is being made by using Scale AA after 2000.

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

# CITY OF COOPER CITY

## POLICE OFFICERS RETIREMENT PLAN

### NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2015 AND 2014  
(Continued)

**NOTE 5. NET PENSION LIABILITY OF THE PLAN (Continued)**

Best estimates of arithmetic real rates of return for each major asset class included in the Plan’s target asset allocation as of September 30, 2015 (see the discussion of the Plan’s investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-term expected real rate of return</u>
Domestic large equity	6.60%
Domestic mid equity	9.50%
Domestic small equity	6.40%
International equity	3.80%
Fixed income	2.60%
Real estate	7.10%
Cash	(0.60%)

The discount rate used to measure the total pension liability was 7.50 %. The projection of cash flows used to determine the discount rate assumed that Plan participant contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the participant rate. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current Plan participants. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The sensitivity of the net pension liability to changes in the discount rate was measured as follows. The net pension liability of the City was calculated using the discount rate of 7.5%. It was also calculated using a discount rate that was 1-percentage-point lower (6.5%) and 1-percentage-point higher (8.5%) and the different computations were compared.

	1% decrease	Current discount rate	1% increase
	<u>(6.5%)</u>	<u>(7.5%)</u>	<u>(8.5%)</u>
Net pension liability	\$ 9,199,851	\$ 6,282,147	\$ 3,830,414

**NOTE 6. SUBSEQUENT EVENTS**

The Board has evaluated subsequent events through February 22, 2016, the date that the financial statements were available to be issued.

**CITY OF COOPER CITY  
POLICE OFFICERS RETIREMENT PLAN**

SUPPLEMENTARY INFORMATION

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

**CITY OF COOPER CITY**  
**POLICE OFFICERS RETIREMENT PLAN**

SCHEDULES OF ADMINISTRATIVE EXPENSES

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b>ADMINISTRATIVE EXPENSES:</b>		
Actuarial	\$ 21,452	\$ 15,804
Auditing fees	6,550	5,330
Administrative	19,972	11,644
Insurance	5,817	6,275
Legal	24,000	24,000
Miscellaneous	<u>-</u>	<u>2,389</u>
<b>TOTAL ADMINSTRATIVE EXPENSES</b>	<u><u>\$ 77,791</u></u>	<u><u>\$ 65,442</u></u>

The accompanying independent auditor's report should be read with this supplementary schedule.

# CITY OF COOPER CITY POLICE OFFICERS RETIREMENT PLAN

## SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER AND OTHER CONTRIBUTORS

AS OF SEPTEMBER 30, 2015  
(Continued)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarilly determined employer contribution	\$ 1,380,815	\$ 1,048,841	\$ 1,173,065	\$ 1,512,493	\$ 1,774,317	\$ 1,445,201	\$ 1,172,418	\$ 1,073,274	\$ 1,193,881	\$ 1,233,214
Actual employer contribution	<u>261,740</u>	<u>1,252,805</u>	<u>2,064,054</u>	<u>1,904,622</u>	<u>1,774,317</u>	<u>1,445,201</u>	<u>1,172,418</u>	<u>1,073,274</u>	<u>1,229,003</u>	<u>1,264,901</u>
Annual contribution deficiency (excess)	<u>\$ 1,119,075</u>	<u>\$ (203,964)</u>	<u>\$ (890,989)</u>	<u>\$ (392,129)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (35,122)</u>	<u>\$ (31,687)</u>
 Covered-employee payroll*	 <u>\$ 606,307</u>	 <u>\$ 583,916</u>	 <u>\$ 601,711</u>	 <u>\$ 592,661</u>	 <u>\$ 904,863</u>	 <u>\$ 1,154,305</u>	 <u>\$ 1,973,855</u>	 <u>\$ 2,120,809</u>	 <u>\$ 2,155,286</u>	 <u>\$ 2,464,216</u>
 Actual contributions as a percentage of covered-employee payroll	 43.17%	 214.55%	 343.03%	 321.37%	 196.09%	 125.20%	 59.40%	 50.61%	 57.02%	 51.33%

\* Based upon payroll provided for actuarial valuation.

Actuarial cost method	Aggregate Actuarial Cost Method
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Five year smoothed market
Inflation:	3.00%
Salary increases	5.00% to 10.00%
Investment rate of return	7.50%
Retirement age	100% when first eligible for Normal Retirement or DROP entry
Mortality	RP-2000 Combined Health Participant Mortality Table for males and females with mortality improvement projected to all future years after 2000 using Scale AA

The accompanying independent auditor's report should be read with this supplementary schedule.

**CITY OF COOPER CITY**  
**POLICE OFFICERS RETIREMENT PLAN**

SCHEDULE OF INVESTMENT RETURNS  
(UNAUDITED)

AS OF SEPTEMBER 30, 2015

Year Ended <u>September 30</u>	Annual money- weighted rate of return net of investment <u>expense</u>
2015	0.05%
2014	10.03%
2013	12.37%
2012	16.55%
2011	2.04%
2010	8.53%
2009	(1.63%)
2008	(12.92%)
2007	11.55%
2006	6.19%
2005	6.47%

The accompanying independent auditor's report should be read with this supplementary schedule.

# CITY OF COOPER CITY

## POLICE OFFICERS RETIREMENT PLAN

### SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b>TOTAL PENSION LIABILITY:</b>		
Service Cost	\$ 130,185	\$ 130,185
Interest	2,267,290	2,218,607
Difference between actual and expected experience	(120,237)	53,154
Benefit Payments	<u>(1,886,260)</u>	<u>(1,619,438)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	390,978	782,508
<b>TOTAL PENSION LIABILITY - BEGINNING</b>	<u>31,043,478</u>	<u>30,260,970</u>
<b>TOTAL PENSION LIABILITY - ENDING</b>	<u>31,434,456</u>	<u>31,043,478</u>
 <b>PLAN FIDUCIARY NET POSITION:</b>		
Contributions - Employer (City)	-	68,240
Contributions - Employer (BSO)	261,740	921,133
Contributions - State	-	263,432
Contributions - Member	92,898	43,899
Net investment (loss) income	(91,957)	2,463,427
Benefit Payments	(1,886,260)	(1,619,438)
Administrative expenses	<u>(77,791)</u>	<u>(65,442)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(1,701,370)	2,075,251
<b>PLAN FIDUCIARY NET POSITION - BEGINNING</b>	<u>26,853,679</u>	<u>24,778,428</u>
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<u>25,152,309</u>	<u>26,853,679</u>
 <b>NET PENSION LIABILITY - ENDING</b>	<u>\$ 6,282,147</u>	<u>\$ 4,189,799</u>
 <b>PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY</b>	80.02%	86.50%
 <b>COVERED EMPLOYEE PAYROLL</b>	\$ 606,307	\$ 583,916
 <b>NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL</b>	1036.13%	717.53%

The accompanying independent auditor's report should be read with this supplementary schedule.

**CITY OF COOPER CITY**  
**POLICE OFFICERS RETIREMENT PLAN**

COMPLIANCE REPORT

YEAR ENDED SEPTEMBER 30, 2015

KABAT · SCHERTZER  
DE LA TORRE · TARABOULOS  
— & —  
C O M P A N Y

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**INDEPENDENT AUDITOR'S 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 Cooper City Police Officers Retirement Plan  
Cooper City, Florida

We have audited, in accordance with the 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, the financial statements of the City of Cooper City Police Officers Retirement Plan (Plan), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated February 22, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

KABAT · SCHERTZER  
DE LA TORRE · TARABOULOS  
&  
C O M P A N Y

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**INDEPENDENT AUDITOR'S 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** (Continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under Government Auditing Standards.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*KABAT, SCHERTZER, DE LA TORRE, TARABOULOS & Co.*

Miami, Florida  
February 22, 2016