

**CITY OF COOPER CITY**  
**FIREFIGHTERS RETIREMENT PLAN**

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

**CITY OF COOPER CITY**  
**FIREFIGHTERS RETIREMENT PLAN**

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

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KABAT · SCHERTZER  
DE LA TORRE · TARABOULOS  
&  
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CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
City of Cooper City Firefighters Retirement Plan  
Cooper City, Florida

We have audited the accompanying financial statements of the City of Cooper City Firefighters 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.

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**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 Firefighters 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 administrative expenses, 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 4, 2016

# CITY OF COOPER CITY

## FIREFIGHTERS RETIREMENT PLAN

### MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report presents the Management's Discussion and Analysis of the City of Cooper City Firefighters 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.

#### *Overview of the Financial Statements*

The financial section of this annual report consists of four parts: management's discussion and analysis (MD&A), the basic financial statements, notes to the financial statements and other required supplementary 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 \$22,612,283, which was 5% lower than 2014 total fiduciary net position.
- Total contributions were \$572,566, which was 58% lower than the 2014 contributions.
- Total interest and dividend earnings were \$547,410 which was 3% greater than the 2014 earnings.
- Net investment loss was \$543,055, which was 123% lower than the 2014 income.
- Benefits paid were \$1,058,286, which was 5% greater than the benefits paid during 2014.

# CITY OF COOPER CITY

## FIREFIGHTERS RETIREMENT PLAN

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

#### *Financial Highlights* (Continued)

Employer and employee contributions for the year were \$572,566, which was 58% lower than the 2014 contributions. The amount of employer contributions varies from year to year and is actuarially determined. Participant contributions were 8.45% of their compensation. The Broward Sheriff's Office (BSO), as part of their contractual obligations to the City, picks-up rather than deducts from firefighter's pay, 5% of the required contribution rate and submits 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 pension 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 \$22,612,283, a 5% decrease from fiduciary net position at September 30, 2014.
- Total investments at September 30, 2015 were \$21,920,006, a 4% decrease from the investments at September 30, 2014.

	2015	2014	% Change
Cash and cash equivalents	\$ 283,840	\$ 523,360	(46%)
Receivables	431,831	342,168	26%
Investments, at fair value	21,920,006	22,893,667	(4%)
Total assets	22,635,677	23,759,195	(5%)
Accounts payable	23,394	47,546	(51%)
Net position	\$ 22,612,283	\$ 23,711,649	(5%)

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

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

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

# CITY OF COOPER CITY

## FIREFIGHTERS RETIREMENT PLAN

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

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

- Revenues (additions to the fiduciary net position) for the Plan were \$30,344, which was made up of employer and employee contributions of \$572,566 less a net investment loss of \$543,055 and plus other income of \$833.
- Expenses (deductions from the fiduciary net position) increased from \$1,788,560 during 2014 to \$1,129,710 during 2015.

	2015	2014	% Change
Total contributions	\$ 572,566	\$ 1,358,760	(58%)
Net investment (loss) income	(543,055)	2,339,806	(123%)
Other income	833	19	4,284%
Total additions	30,344	3,698,585	(99%)
Total deductions	1,129,710	1,788,560	(37%)
Net (decrease) increase	(1,099,366)	1,910,025	(158%)
Net position – beginning	23,711,649	21,801,624	9%
Net position – ending	\$ 22,612,283	\$ 23,711,649	(5%)

#### *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	26%-69%	44.00%
International equities	8%-25%	12.00%
Fixed income	26.00%	25.00%
TIPS	5% to 10%	4.00%
Master limited partnerships	0%-10%	5.00%
Real estate investment trusts	0%-10%	9.00%
Cash and cash equivalents	Minimal	1.00%

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 of Trustees (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 FIREFIGHTERS 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 on November 7, 2013.

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:

Benefits USA, Inc.  
c/o City of Cooper City Firefighters Retirement Plan  
3810 Inverrary Blvd., Ste 303  
Lauderhill, Florida 33319

**CITY OF COOPER CITY**  
**FIREFIGHTERS 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>	\$ 283,840	\$ 523,360
<b>RECEIVABLES:</b>		
Employer and employee contributions	279,582	-
Chapter 175	77,407	304,056
Accrued investment income	61,791	38,112
Accounts receivable - sale of investments	12,151	-
Miscellaneous	900	-
<b>TOTAL RECEIVABLES</b>	<u>431,831</u>	<u>342,168</u>
<b>INVESTMENTS, AT FAIR VALUE:</b>		
Common stocks	3,539,247	4,322,222
Government securities	3,960,012	3,976,497
Corporate bonds	3,631,717	2,942,440
Real estate	1,153,459	1,032,882
Mutual funds	9,635,571	10,619,626
<b>TOTAL INVESTMENTS, AT FAIR VALUE</b>	<u>21,920,006</u>	<u>22,893,667</u>
<b>TOTAL ASSETS</b>	<u>22,635,677</u>	<u>23,759,195</u>
<b>LIABILITIES</b>		
<b>ACCOUNTS PAYABLE</b>	<u>23,394</u>	<u>47,546</u>
<b>NET POSITION RESTRICTED FOR PENSIONS</b>		
<b>NET POSITION RESTRICTED FOR PENSIONS:</b>		
Net position restricted for DROP Benefits	3,658,079	3,123,004
Net position restricted for Defined Benefits	18,954,204	20,588,645
<b>TOTAL NET POSITION RESTRICTED FOR PENSIONS</b>	<u>\$ 22,612,283</u>	<u>\$ 23,711,649</u>

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

**CITY OF COOPER CITY**  
**FIREFIGHTERS 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	\$ 299,251	\$ 1,034,347
Employee	18,257	20,357
Chapter 175	<u>255,058</u>	<u>304,056</u>
Total contributions	<u>572,566</u>	<u>1,358,760</u>
Investment income:		
Net (depreciation) appreciation in fair value of investments	(990,490)	1,913,661
Interest and dividend income	<u>547,410</u>	<u>529,334</u>
Total investment (loss) income	(443,080)	2,442,995
Less: investment expenses	<u>99,975</u>	<u>103,189</u>
Net investment (loss) income	<u>(543,055)</u>	<u>2,339,806</u>
Other income	<u>833</u>	<u>19</u>
<b>TOTAL ADDITIONS</b>	<u>30,344</u>	<u>3,698,585</u>
<b>DEDUCTIONS:</b>		
Benefit payments	1,058,286	1,008,785
Administrative expenses	71,424	60,591
DROP distributions	<u>-</u>	<u>719,184</u>
<b>TOTAL DEDUCTIONS</b>	<u>1,129,710</u>	<u>1,788,560</u>
<b>NET (DECREASE) INCREASE IN NET POSITION</b>	(1,099,366)	1,910,025
<b>NET POSITION RESTRICTED FOR PENSIONS</b>		
Beginning of year	<u>23,711,649</u>	<u>21,801,624</u>
End of year	<u>\$ 22,612,283</u>	<u>\$ 23,711,649</u>

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

# CITY OF COOPER CITY

## FIREFIGHTERS RETIREMENT PLAN

### NOTES TO FINANCIAL STATEMENTS

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 America 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 Board believes it is no longer subject to income tax examinations for years prior to September 30, 2012.

##### *Accounting Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. 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.

#### NOTE 2. DESCRIPTION OF THE PLAN

The following description of the City of Cooper City Firefighters Retirement Plan (Plan) provides only general information. Participants should refer to the City of Cooper City's ordinance for more complete information.

##### *General*

The Plan is a single-employer defined benefit retirement plan covering all eligible firefighters. The Plan was established by the City of Cooper City (City) in accordance with a City ordinance and state statutes.

**CITY OF COOPER CITY**  
**FIREFIGHTERS RETIREMENT PLAN**

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015 AND 2014  
(Continued)

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

*General* (Continued)

Management of the Plan is vested in the Board, which consists of five participants—two participants elected by plan participants, two shall be residents of the City and appointed by the City manager, and a fifth appointed by the other four participants of the board.

*Plan Participation*

At September 30, 2015, pension plan participation consisted of the following:

Inactive Plan participants or beneficiaries	
currently receiving benefits	22
Active Plan participants	5
Terminated participant eligible for	
benefits beginning in 2016	<u>1</u>
Total	<u>28</u>

*Eligibility*

The Plan became closed to new participants upon the City's contracting with the Broward Sheriff's Office for firefighter services on February 15, 2004. Newly hired firefighters were able to participate in the Florida Retirement System from that point forward.

*Benefits*

The Plan provides retirement, death and disability benefits. 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, without regard to age.

The disability benefit for a service-incurred disability is 60% of the participant's final monthly compensation as of the date of disability retirement, together with any additional accrued services which have been earned by the participant as the result of additional service.

The disability benefit for a non-service incurred disability, which only applies to participants with 10 or more years of service, is no less than 25% of the final monthly compensation defined as the last day the participant was actively working for the City.

# CITY OF COOPER CITY

## FIREFIGHTERS RETIREMENT PLAN

### NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015 AND 2014  
(Continued)

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

##### *Benefits* (Continued)

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). The firefighter's account accumulates earnings at the same rate as the Plan as a whole unless the firefighter makes a one time, irrevocable election to direct his or her own investments. When the firefighter ends participation in the DROP, the Plan begins paying the retirement benefit directly to the retiree and the value of the DROP account is also paid to the retiree under one of several payment options.

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 percent (100%) joint and survivor option, unless an optional form of benefit had been chosen.

In addition, a post retirement supplemental benefit is paid for normal or disability retirees that either elected to remain in the plan or retired after the effective date. The supplemental benefit shall be paid monthly upon retirement including DROP participation in the amount of \$5 per year of completed credited service. The benefit shall be treated as an extra benefit as defined by Section 175.351, Florida Statutes.

A contingent cost of living adjustment ("13th check") shall be established for normal or disability retirees that either elected to remain in the plan or retired after the effective date. The payment of the 13th check in any year shall be based upon the cumulative net actuarial gains over the past 3 year periods, as determined in the annual actuarial valuation report, subject to an overall limitation in cumulative net actuarial gain not to exceed 2% over the Plan's assumed rate of investment return. No 13th check shall be paid in any year in which the Plan fails to experience a cumulative net actuarial gain as determined in the annual actuarial valuation report.

In the event that the cumulative net actuarial gain is insufficient to pay each eligible participant a full monthly benefit, the Board shall distribute the available funds on a pro-rata basis. In the event that there are more funds available than required to pay all eligible participants in any year, the unused funds will be absorbed back into the Plan. The 13<sup>th</sup> checks shall be paid, if funds are available, within 60 days after the receipt and adoption of the actuarial valuation report by the Board. The 13<sup>th</sup> check paid to any eligible retiree shall not exceed the retiree's regular monthly benefit. No retiree shall be eligible for his/her first 13<sup>th</sup> check until at least 12 full months have elapsed after the eligible retiree entered normal or disability retirement without participating in DROP, or for those retirees who participate in the DROP, at least 12 full months have elapsed after the retiree has completed such participation in the DROP. However, there shall be no retroactive payment to any participant who is retired and/or completed participation in DROP more than 12 months before becoming eligible. This benefit shall be treated as an extra benefit, as defined by Section 175.351, Florida Statutes.

# CITY OF COOPER CITY FIREFIGHTERS RETIREMENT PLAN

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015 AND 2014  
(Continued)

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

#### *Funding*

Effective on February 14, 2004 all participants are required to contribute 8.45% of pretax earnings. The Broward Sheriff's Office (BSO), as part of its contractual obligations to the City, picks-up, rather than deducts from firefighters pay, 5% of the required contribution rate and submits these contributions on behalf of the participants.

Pursuant to Florida law, the BSO and the City are 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 175 of the Florida Statutes and investment earnings, will be sufficient to fund the benefits promised under the Plan.

#### *Rate of Return*

For the year ended September 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -2.0%. 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 pension plan. The investment policy statement was last amended on January 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	26%-69%
International equities	8%-25%
Fixed income	25.00%
Real estate	0%-10%
Tips	5%-10%
Master limited partnerships	0%-10%
Cash and cash equivalents	Minimal

# CITY OF COOPER CITY

## FIREFIGHTERS RETIREMENT PLAN

### NOTES TO FINANCIAL STATEMENTS

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 \$990,490 (reported as net (depreciation) in fair value of investments in the accompanying Statements of Changes in Fiduciary Net Position) as follows:

Common stock	\$	(518,225)
Government securities		10,358
Mutual funds		(575,369)
Corporate bonds		(34,941)
Real Estate		<u>127,687</u>
Total	\$	<u><u>(990,490)</u></u>

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	\$ 3,631,717	\$ -	\$ 1,068,064	\$ 1,623,773	\$ 939,880
U.S. agencies	1,108,998	-	376,986	166,735	565,277
U.S. treasuries	<u>2,851,014</u>	-	<u>2,257,977</u>	<u>454,590</u>	<u>138,447</u>
Totals	<u>\$ 7,591,729</u>	<u>\$ -</u>	<u>\$ 3,703,027</u>	<u>\$ 2,245,098</u>	<u>\$ 1,643,604</u>

The fixed income portfolio must be comprised of securities rated "BBB" or higher by Moody's or Standard & Poor's ratings services. The Plan's corporate bonds were rated by Moody's Investors Services as follows:

<u>Rating</u>	<u>Fair Value</u>
Aaa	\$ 3,371,880
Aa1	56,992
Aa2	95,589
Aa3	269,565
A1	619,833
A2	636,145
A3	855,159
Baa1	789,073
Baa2	309,362
Unrated Government Securities	<u>588,131</u>
Total	<u><u>\$ 7,591,729</u></u>

# CITY OF COOPER CITY FIREFIGHTERS RETIREMENT PLAN

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015 AND 2014  
(Continued)

### NOTE 3. INVESTMENTS (Continued)

The Plan limits investment in the securities of any one issuer, other than the U.S. Government and its agencies, to no more than 5% of net fiduciary position. The Plan had none at September 30, 2015.

“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 as well as individual securities.

The investment policy limits the foreign investments to no more than 25% of any manager’s total Plan portfolio. As of year-end, the foreign investments were 0.08% of total investments; however all are self-directed investments.

### NOTE 4. RISK 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 OF THE PLAN

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

Total pension liability	\$ 29,162,456
Plan fiduciary net position	<u>22,612,283</u>
City's net pension liability	<u>\$ 6,550,173</u>

Plan fiduciary net position as a percentage of the total pension liability	77.54%
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The total pension liability was determined by an actuarial valuation as of September 30, 2015 using certain actuarial assumptions, the most significant of which were 7.00% for the investment rate of return, 7.25% for projected salary increases and 3% for inflation.

Mortality rates were based on the RP-2000 Combined Healthy Annuitant Participant Table for Males or Females, as appropriate, with mortality improvement projected to all future years after 2000 using Scale AA.

# CITY OF COOPER CITY

## FIREFIGHTERS RETIREMENT PLAN

### NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015 AND 2014  
(Continued)

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

The long-term expected rate of return on pension 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 pension 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-term expected real rate of return</u>
Domestic equity	8.00%
International equity	3.00%
Bonds	4.40%
TIPS	3.10%
Real estate	4.50%
REITS	7.00%
MLPs	10.40%

The discount rate used to measure the total pension liability was 7.00%. 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 pension 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 pension 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 7.00%. It was also calculated using a discount rate that was 1-percentage-point lower (6.00%) and 1-percentage-point higher (8.00%) and the different computations were compared.

	1% decrease	Current discount rate	1% increase
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
Net pension liability	\$ 9,415,691	\$ 6,550,173	\$ 4,170,517

**NOTE 6. SUBSEQUENT EVENTS**

The Board has evaluated subsequent events through February 4, 2016, the date that the financial statements were available to be issued.

**CITY OF COOPER CITY  
FIREFIGHTERS RETIREMENT PLAN**

SUPPLEMENTARY INFORMATION

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

**CITY OF COOPER CITY**  
**FIREFIGHTERS RETIREMENT PLAN**

SCHEDULES OF ADMINISTRATIVE EXPENSES

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b>ADMINISTRATIVE EXPENSES:</b>		
Actuarial	\$ 21,054	\$ 18,243
Legal	15,250	12,500
Administrative Fees	12,000	12,000
Accounting	9,620	5,965
Insurance	4,812	4,812
Miscellaneous	<u>8,688</u>	<u>7,071</u>
<b>TOTAL ADMINSTRATIVE EXPENSES</b>	<u>\$ 71,424</u>	<u>\$ 60,591</u>

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

# CITY OF COOPER CITY FIREFIGHTERS RETIREMENT PLAN

## SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER AND OTHER CONTRIBUTORS

AS OF SEPTEMBER 30, 2015

(UNAUDITED)

	<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	\$ 1,358,054	\$ 1,296,957	\$ 1,320,144	\$ 2,043,616	\$ 1,855,982	\$ 1,629,856	\$ 1,021,155	\$ 953,360	\$ 887,589	\$ 684,795
Actual employer contribution	<u>554,309</u>	<u>1,328,383</u>	<u>2,004,963</u>	<u>2,093,718</u>	<u>1,808,276</u>	<u>1,629,856</u>	<u>1,021,155</u>	<u>953,360</u>	<u>1,194,262</u>	<u>684,795</u>
Annal contribution deficiency (excess)	<u>\$ 803,745</u>	<u>\$ (31,426)</u>	<u>\$ (684,819)</u>	<u>\$ (50,102)</u>	<u>\$ 47,706</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (306,673)</u>	<u>\$ -</u>
Covered-employee payroll*	<u>\$ 529,204</u>	<u>\$ 590,048</u>	<u>\$ 658,222</u>	<u>\$ 621,690</u>	<u>\$ 666,772</u>	<u>\$ 1,355,415</u>	<u>\$ 2,396,729</u>	<u>\$ 2,506,698</u>	<u>\$ 2,422,769</u>	<u>\$ 2,223,213</u>
Actual contributions as a percentage of covered-employee payroll	104.74%	225.13%	304.60%	336.78%	271.20%	120.25%	42.61%	38.03%	49.29%	30.80%
*Estimated payroll										

Acturial cost method	Aggregate method
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	5-year smoothed market
Inflation:	3.00%
Salary increases	7.25%
Investment rate of return	7.00%
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**  
**FIREFIGHTERS RETIREMENT PLAN**

SCHEDULE OF INVESTMENT RETURNS

AS OF SEPTEMBER 30, 2015

(UNAUDITED)

<u>Year Ended</u> <u>September 30</u>	Annual money- weighted rate of return net of investment <u>expense</u>
2015	2.0%
2014	11.4%
2013	12.2%
2012	17.6%
2011	0.8%
2010	10.2%
2009	2.0%

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

**CITY OF COOPER CITY**  
**FIREFIGHTERS 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	\$ 158,031	\$ 188,438
Interest	1,939,322	1,885,382
Difference between actual and expected experience	47,678	104,017
Benefit Payments	(1,058,286)	(1,727,969)
Other	-	10,020
NET CHANGE IN TOTAL PENSION LIABILITY	<u>1,086,745</u>	<u>459,888</u>
<b>TOTAL PENSION LIABILITY - BEGINNING</b>	<u>28,075,711</u>	<u>27,615,823</u>
<b>TOTAL PENSION LIABILITY - ENDING</b>	<u>29,162,456</u>	<u>28,075,711</u>
 <b>PLAN FIDUCIARY NET POSITION:</b>		
Contributions - Employer and State	554,309	1,338,403
Contributions - Member	18,257	20,357
Net investment (loss) income	(542,222)	2,339,825
Benefit Payments	(1,058,286)	(1,727,969)
Administrative expenses	(71,424)	(60,591)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	<u>(1,099,366)</u>	<u>1,910,025</u>
<b>PLAN FIDUCIARY NET POSITION - BEGINNING</b>	<u>23,711,649</u>	<u>21,801,624</u>
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<u>22,612,283</u>	<u>23,711,649</u>
 <b>NET PENSION LIABILITY - ENDING</b>	<u>\$ 6,550,173</u>	<u>\$ 4,364,062</u>
 <b>PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY</b>	 77.54%	 84.46%
 <b>COVERED EMPLOYEE PAYROLL</b>	 \$ 529,204	 \$ 590,048
 <b>NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL</b>	 1,237.74%	 739.61%

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

**CITY OF COOPER CITY  
FIREFIGHTERS RETIREMENT PLAN**

COMPLIANCE REPORT

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 Firefighters 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 Firefighters 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 4, 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

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**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 4, 2016