

**City of Coral Springs Police
Officers' Pension Plan
(A component Unit of City
of Coral Springs, Florida)**

Financial Report
September 30, 2023

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RSM US LLP

Independent Auditor's Report

Board of Trustees
City of Coral Springs Police Officers' Pension Plan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the City of Coral Springs Police Officers' Pension Plan (the Plan), a component unit of City of Coral Springs, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of September 30, 2023, and the changes in fiduciary financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the pension related schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plan's basic financial statements. The schedule of administrative expenses is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of administrative expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2024, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Plan's internal control over financial reporting and compliance.

RSM US LLP

Fort Lauderdale, Florida
April 30, 2024

**City of Coral Springs
Police Officers' Pension Plan**

**Statement of Fiduciary Net Position
September 30, 2023**

Assets

Cash and cash equivalents	<u>\$ 6,213,012</u>
Other assets:	
Accrued investment income	220,260
Pending trades receivables	<u>374,067</u>
Total other assets	<u>594,327</u>
Investments:	
Common stocks	101,049,095
U.S. government securities	16,605,317
U.S. mortgage backed securities	825,430
U.S. corporate bonds and other debt securities	13,889,282
Real-estate commingled funds	40,712,853
Limited partnership	26,249,920
Multi-asset mutual funds	12,454,157
Common stock mutual funds	<u>79,273,363</u>
Total investments	<u>291,059,417</u>
Total assets	<u>297,866,756</u>

Liabilities

Accounts payable	399,183
Pending trades payables	<u>244,303</u>
Total liabilities	<u>643,486</u>
Total net position restricted for pension benefits	<u><u>\$ 297,223,270</u></u>

See notes to financial statements.

**City of Coral Springs
Police Officers' Pension Plan**

**Statement of Changes in Fiduciary Net Position
Fiscal Year Ended September 30, 2023**

Additions:	
Contributions:	
Employer	\$ 9,161,809
Employee	2,366,279
State – Chapter 185	1,579,510
Employer – DROP Contributions	2,848,630
Total contributions	<u>15,956,228</u>
Investment income:	
Net appreciation in fair value of investments	17,797,137
Interest and dividend income	7,494,388
Investment income	<u>25,291,525</u>
Less investment expenses	(1,767,089)
Net investment income	<u>23,524,436</u>
Other income	<u>1,492,327</u>
Net increase from contributions and investment income	<u>40,972,991</u>
Deductions:	
Benefit payments	22,183,933
Refund of contributions	46,822
Administrative expenses	264,808
Total deductions	<u>22,495,563</u>
Change in net position	18,477,428
Net position restricted for pension benefits:	
Beginning of year	<u>278,745,842</u>
End of year	<u><u>\$ 297,223,270</u></u>

See notes to financial statements.

City of Coral Springs Police Officers' Pension Plan

Notes to Financial Statements

Note 1. Description of Plan

The following description of the City of Coral Springs Police Officers' Pension Plan (the Plan) provides only general information. Participants should refer to the City of Coral Springs, Florida's (the City) ordinance for more complete information.

General: The Plan is a single-employer defined benefit plan, established June 1, 1973 pursuant to the City ordinance, covering all full-time certified police officers of the City. The Plan is also governed by certain provisions of the Florida Statutes Chapters 112 and 185. Since the Plan is sponsored by the City, the Plan is included as a fiduciary component unit in the City's annual comprehensive financial report as part of the City's financial reporting entity.

Management of the Plan is vested in the Board, which consists of 5 members—2 legal residents of the City, to be selected by the City commission, 2 police officers, who are actively employed as full-time law enforcement officers, including Deferred Retirement Option Plan (DROP) participants, to be elected by a majority of the actively employed full-time law enforcement officers at times and places designated by the Board and the fifth member shall be chosen by a majority of the previous 4 members.

Plan participation:

Plan participation consisted of the following at September 30, 2023:

Inactive plan participants or beneficiaries currently receiving benefits	217
Inactive plan participants entitled to but not yet receiving benefits	19
Active Plan participants	180
	<hr/>
	416
	<hr/>

Eligibility: All full-time certified police officers are eligible to participate in the Plan.

Benefits: The Plan provides normal retirement, early retirement, delayed retirement, termination, death and disability benefits. The benefit provisions are established and may be amended under the authority of City ordinance. Effective October 1, 2012, Ordinance 2012-112 was adopted, which made numerous changes to the Plan's benefits. The benefit changes from ordinance 2012-112 do not apply to participants who had obtained 20 years of services as of September 30, 2012.

Normal retirement: Any participant who has attained the age of 55 with 10 years of credited service or any age with 25 years (20 years prior to October 1, 2012) of credited continuous service may retire with a normal retirement benefit.

Upon retirement, a participant will receive a monthly benefit determined based on 3.0% (3.5% prior to October 1, 2012, and 3.375% prior to November 16, 2006) of the Average Monthly Earnings times continuous service credits. Only base pay is included in pensionable earnings. The maximum monthly retirement benefits is an amount equal to the greater of 87.5% (84.375% prior to November 16, 2006) of Average Monthly Earnings or 2.0% of Average Monthly Earnings multiplied by continuous service. The benefit limitation for benefits earned after September 30, 2012, is the lesser of 75% of average monthly compensation or \$110,000 per year instead of 87.5% of average monthly compensation.

City of Coral Springs Police Officers' Pension Plan

Notes to Financial Statements

Note 1. Description of Plan (Continued)

Average Monthly Earnings is equal to 1/12th of the average annual earnings for the highest four consecutive years (three years prior to October 1, 2012) out of the ten full years immediately preceding the determination. Members who were hired prior to 1980 and who joined the Plan within one year of becoming eligible have been given continuous service credit from their date of employment.

Early retirement: A participant who has attained age 50 and completed 10 continuous years of credited service may retire with an early retirement benefit.

Upon early retirement, a participant will receive either a deferred monthly benefit, payable at normal retirement age with average monthly earnings and continuous service determined as of the early retirement date, or an immediate monthly benefit based upon the normal pension benefit reduced by 5/9% for each month by which the participant's early retirement age precedes age 55.

Deferred retirement option plan (DROP): The Plan provides for a DROP. A participant shall become eligible for participation in the DROP on the first day of the month coincident with or next following the completion of twenty years of continuous service. Upon entry into the DROP, an amount equal to the participant's monthly retirement benefit plus any cost-of living adjustments granted to retirees shall be transferred to an account designated by the participant for investment. Participants may direct their DROP money to any of the investment options available. The election to participate in the DROP is irrevocable and allows participants to continue employment with the City for up to seven years. There is no guaranteed rate of investment return on DROP deposits.

DROP accounts are separately invested from the assets of the Plan and are participant-directed. The DROP investment balance on September 30, 2023, of \$21,080,678 is included in the Plan's financial statements.

Disability retirement: Any participant who, after ten years of credited service, becomes totally and permanently disabled, as certified by medical examination, may retire on a non-service incurred disability retirement benefit. A participant may retire on a service incurred disability retirement benefit if disabled as a result of the performance of duty, without regard to credited service at the time of disability.

The monthly non-service incurred disability retirement benefit is the greater of the accrued pension benefit or 25% of Average Monthly Earnings. The monthly service incurred disability retirement benefit is the greater of the accrued pension benefit, 42% of Average Monthly Earnings or the difference between 70.00% of Average Monthly Earnings and the workers' compensation income received as a result of the disability.

Termination benefit: Any participant whose employment is terminated at any age with at least 5 years of continuous service is eligible for a termination benefit equal to the monthly accrued benefit multiplied by the participant's vested interest, payable at age 55.

Death benefit: Upon the death of any participant prior to retirement, his or her beneficiary will receive a 10-year certain annuity determined as if the participant had retired on the day before his death and elected a 10-year certain and life annuity. In any event, the participant's beneficiary will receive an amount that is at least equal to the participant's accumulated contributions.

City of Coral Springs Police Officers' Pension Plan

Notes to Financial Statements

Note 1. Description of Plan (Continued)

Cost-of-living adjustment: All retirement benefits are increased by 1% (2.5% prior to October 1, 2012) per year except during the first five years after retirement.

Pursuant to Chapter 185, Florida Statutes, the City imposes a 0.85% tax on casualty insurance premiums paid to insure property within its corporate limits. The proceeds of this tax are contributed to the Plan as part of the City's contribution.

Funding: Effective December 16, 2015, all participants who do not have 20 years of service are required to contribute 9.8% of earnings on a pick-up basis, 9.785% if the participant has over 20 years, and each participant's actual contributions are individually accumulated. If a participant terminates their employment before they become eligible to receive benefits, the accumulated contributions plus 3% interest will be returned to the participant. Beginning on January 1, 2022, employees are required contribute 11.50% of pensionable earnings (previously 9.8% of pensionable earnings) and such contributions are accumulated with interest at the rate of 3.00% per annum.

Pursuant to Florida law, the City is ultimately responsible for making sure the Plan remains actuarially sound. Therefore, each year, the City must contribute an amount determined by the Board in conjunction with their actuary to be sufficient, along with the employee's contribution and the State contribution, to fund the benefits under the Plan. Contribution will vary from year to year.

Buybacks: An ordinance was adopted July 17, 2001, adding a provision whereby active participants as of April 1, 2001, could purchase up to 2 years of additional service credit for non-covered military or sworn law enforcement service once the participant has earned at least 10 years of continuous service by paying the full actuarial costs as determined by the Plan's actuary.

Note 2. Summary of Significant Accounting Policies

Basis of accounting: The accompanying financial statements of the Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due pursuant to legal requirements. Benefits and refunds are recognized when due in accordance with the terms of the Plan, pursuant to legal requirements. Interest and dividends are recorded as earned. Investments are reported at fair value.

Use of estimates: The preparation of financial statements in conformity with GAAP, requires the Plan's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue/additions and expenses/deductions during the reported period. Actual results could differ from those estimates.

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 projected benefit payments (total pension liability) are reported based on certain assumptions pertaining to investment and discount 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.

City of Coral Springs Police Officers' Pension Plan

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Investment valuation and income recognition: Investments are reported at fair value. 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 appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Common stock mutual funds and multi-asset mutual funds are valued based on the underlying fair value of the investments (mutual funds, stocks, debt obligations, etc.) held by the funds.

Partnerships and real-estate commingled funds fair values are established by using the net asset value (NAV) per share of each investment, as provided by the investment fund manager. The Plan is permitted to establish the fair value of an investment in a nongovernmental entity that does not have a readily determinable fair value by using the NAV per share (or its equivalent), such as member units or an ownership interest in partners' capital to which a proportionate share of net assets is attributed. This method of determining fair value is permitted if the NAV per share (or its equivalent) of the investment is calculated as of the Plan's measurement date.

Partnerships are valued based on the fair value of investments held by the partnership which are measured using inputs which represents unadjusted quoted prices in active markets that the General Partner has the ability to access at the Plan's net position date.

Money market funds are measured at amortized cost. The Plan is allowed to report money market investments at amortized cost if the investment has a remaining maturity at time of purchase of one year or less and the fair value of those investments are not significantly affected by the impairment of the credit standing of the issuer or by other factors.

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

Payment of benefits: Benefit payments to participant are recognized upon distribution.

Actuarial present value of projected benefit payments: The actuarial present value of projected benefit payments also known as the total pension liability, are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated Plan benefits include benefits expected to be paid to: (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are based on employees' compensation and years of credited service. Benefits payable under all circumstances – retirement, death, disability and termination of employment – are included, to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided via annuity contracts excluded from Plan assets are excluded from accumulated Plan benefits.

The total pension liability is determined by an actuary and is the amount that results from applying actuarial assumptions to adjust the accumulated Plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment. The total pension liability, less the amount of the Plan's fiduciary net position at year-end is reported as the net pension liability or asset. See Note 4 for actuarial assumptions used for valuation of the net pension liability or asset as of year-end.

City of Coral Springs Police Officers' Pension Plan

Notes to Financial Statements

Note 3. Investments

Investment policy: 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 in August 2016.

The Board's adopted asset allocation policy as of September 30, 2023, follows:

Type of Investment	Target Allocation
Global asset allocation	5%
Infrastructure	5%
Fixed income	10%
International equity	15%
Real estate	15%
Domestic equity	50%
	<u>100%</u>

Interest rate risk: 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 debt securities had maturities as follows:

Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. government Securities	\$ 16,605,317	\$ -	\$ 275,869	\$ 5,089,692	\$ 11,239,756
Mortgage backed securities	825,430	-	-	-	825,430
Money market mutual funds	6,213,012	6,213,012	-	-	-
Corporate bonds	6,765,647	-	2,871,030	3,505,790	388,827
Bond mutual funds	7,123,635	-	5,287,025	1,836,610	-
Totals	<u>\$ 37,533,041</u>	<u>\$ 6,213,012</u>	<u>\$ 8,433,924</u>	<u>\$ 10,432,092</u>	<u>\$ 12,454,013</u>

Concentration of credit risk: 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 the Plan's net position. Investments in the American Core Realty Fund and JPMCB Special Situations Property Fund each represent approximately 7% of the Plan's net position at year-end.

Credit risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO). U.S. government and U.S. government guaranteed securities are not considered to have credit risk.

City of Coral Springs Police Officers' Pension Plan

Notes to Financial Statements

Note 3. Investments (Continued)

The Plan limits corporate fixed income securities to the top four ratings classification by a NRSRO and limits money market funds to a rating of "A1" or higher by Standard & Poor's or "P1" by Moody's. At September 30, 2023, the portfolio met the credit rating limitations of the investment policy.

Rating	Fair Value
Government securities	
AAA	\$ 5,704,225
Mortgage backed securities	
AAA	11,251,714
Corporate bonds	
AA-	94,063
A+	102,983
A	915,242
A-	2,367,719
BBB+	2,153,829
BBB	854,939
BBB-	112,433
Unrated corporate bonds	164,439
Unrated mortgage backed securities	474,808
Unrated bond mutual funds	7,123,635
Unrated money market mutual funds	6,213,012
Total	<u>\$ 37,533,041</u>

Foreign investments: The investment policy limits the foreign investments to no more than 25% of any manager's total Plan portfolio. As of year-end, the Plan had no foreign investments.

The Plan categorizes its investments according to the fair value hierarchy levels established by Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets or liabilities; Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted market prices for similar assets or liabilities in active markets; Level 3 inputs are significant unobservable inputs used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations where there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment.

City of Coral Springs Police Officers' Pension Plan

Notes to Financial Statements

Note 3. Investments (Continued)

At September 30, 2023, the Plan's investments were categorized as follows:

Investments	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Debt Securities:			
U.S. government obligations	\$ 16,605,317	\$ -	\$ 16,605,317
Mortgage backed securities	825,430	-	825,430
Corporate bonds	6,765,647	-	6,765,647
Bond mutual funds	7,123,635	7,123,635	-
Equity Securities:			
Common stocks	101,049,095	101,049,095	-
Common stock mutual funds	79,273,363	13,957,041	65,316,322
Multi-Asset Mutual Funds	12,454,157	-	12,454,157
Total investments by fair value level	224,096,644	\$ 122,129,771	\$ 101,966,873

Other Investments:

Measured at net asset value:

Real-Estate Commingled Funds:

American Core Realty Fund	20,134,412
JPMCB Special Situations Property Fund	20,578,441
	40,712,853

Limited Partnerships:

Vontobel Global Emerging Markets Fund	10,894,599
Affiliated Housing Impact Fund	2,578,690
IFM Global Infrastructure	12,776,631
	26,249,920

Measured at amortized costs:

Money market funds	6,213,012
Total investments	\$ 297,272,429

The American Core Realty Fund is a real-estate fund whose purpose is to actively manage a core portfolio of primarily equity real-estate investments located in the United States. The fund is a diversified open-end commingled fund invested in high-quality core office, industrial, retail and multi-family properties nationwide emphasizing strong income and the potential for long-term appreciation. The fund targets major metropolitan markets that are innovation hubs, have a concentration of globally competitive industries, and highly educated populations. Requests for redemptions may be made at any time with 10 business days notification, by submitting a redemption notice form signed by a representative of the Plan, and it will be effective at the end of the calendar quarter in which the request is received.

City of Coral Springs Police Officers' Pension Plan

Notes to Financial Statements

Note 3. Investments (Continued)

JPMCB Special Situation Property Fund is a real-estate fund whose purpose is to actively manage a core and value-added portfolio of primarily equity real-estate investments located in the United States. The fund targets real estate investments that seek to provide a moderate level of current income and high residual property appreciation. The fund's investment portfolio spans major markets and property types and includes a balanced mix of stabilized properties and value-added properties with appreciation potential. Requests for redemptions may be made at any time with 60 business days notification, by submitting a redemption notice form signed by a representative of the Plan, and it will be effective at the end of the calendar quarter in which the request is received.

Vontobel Global Emerging Markets Fund's investment objective is capital appreciation through investing in a diversified portfolio consisting primarily of equity securities. Equity securities consist of common stocks and securities convertible into common stocks, such as warrants, rights, convertible bonds, debentures or convertible preferred stock. Under normal market conditions, the Fund will invest at least 75% of its assets in equity securities issued by companies that are in "developing countries" or "emerging markets. Requests for redemptions may be made at any time with 10 business days notification, by submitting a redemption notice form signed by a representative of the Plan, and it will be effective at the end of the calendar quarter in which the request is received.

Affiliated Housing Impact Fund is a real estate value added fund managed by Affiliated Development. The fund is located in Fort Lauderdale, Florida and invests in Florida. The fund seeks real estate related impact investments. The fund's objective is to identify and invest in real-estate opportunities in multi-family properties for value add and opportunistic returns to investors. As of September 30, 2023, the Plan has an unfunded commitment of \$3,836,536 for this investment.

IFM Global Infrastructure is a partnership that operates as a feeder in a master-feeder structure. The partnership invests substantially all of its assets in IFM Global Infrastructure Fund (the Master Fund), which is a Cayman Islands unit trust registered under the Mutual Funds Law of the Cayman Islands. The Master Fund's investment objective, which is the same investment objective as the Partnership, is to acquire and maintain a diversified portfolio of global infrastructure investments (with strong market positions, predictable regulatory environments, high barriers to entry, limited demand elasticity and long lives) that realizes a 10% annual return over the long term (10+ years), which will range between 8%-12% per annum depending on the stage of the market cycle. All or a portion of the capital account balances may be redeemed, subject to prior written notice given to the partnership. Requests for redemptions may be made at any time with 90 business days notification, by submitting a redemption notice form signed by a representative of the Plan, and it will be effective at the end of the calendar quarter in which the request is received.

Note 4. Net Pension Liability

Net pension liability: The components of the net pension liability of the City as of September 30, 2023, were as follows:

Total pension liability	\$ 375,662,911
Plan fiduciary net position	(297,223,270)
City's net pension liability	<u>\$ 78,439,641</u>

Plan fiduciary net position as a percentage of the total pension liability 79%

City of Coral Springs Police Officers' Pension Plan

Notes to Financial Statements

Note 4. Net Pension Liability (Continued)

Actuarial assumptions: The total pension liability was based on an actuarial valuation dated October 1, 2022 and rolled-forward to September 30, 2023, using certain actuarial assumptions, the most significant of which were 7.00% for the investment rate of return and discount rate, a service-based table for projected salary increases, and 2.5% inflation rate.

The mortality assumption basis are as follows:

Mortality Rate Healthy Active Lives:

Female: PubS.H-2010 for Employees, set forward one year.

Male: PubS.H-2010 for Employees, set forward one year.

Mortality Rate Healthy Retiree Lives:

Female: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.

Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.

Mortality Rate Beneficiary Lives:

Female: PubG.H-2010 (Below Median) for Healthy Retirees.

Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.

Mortality Rate Disabled Lives:

80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

All rates are projected generationally with Mortality Improvement Scale MP-2018.

25% of actives deaths are assumed to be serviced-incurred.

The most recent actuarial experience study was conducted and dated November 22, 2023.

Long-term expected rate of return: 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. 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, 2023, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
International equity	8.50%
Domestic equity	7.50%
Real Estate	4.50%
Infrastructure	4.50%
Global asset allocation	3.50%
Fixed income	2.50%

Rate of return: For the year ended September 30, 2023, the annual money-weighted rate of return on Plan investments, net of Plan investment expense, was 8.95%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

City of Coral Springs Police Officers' Pension Plan

Notes to Financial Statements

Note 4. Net Pension Liability (Continued)

Discount rate: The discount rate used to measure the total pension liability was 7.0%. 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 City 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.

Sensitivity of the net pension liability to changes in the discount rate: 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 7.0%. It was also calculated using a discount rate that was 1-percentage-point lower (6.0%) and 1-percentage-point higher (8.0%).

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability	\$ 125,639,137	\$ 78,439,641	\$ 39,766,152

**City of Coral Springs
Police Officers' Pension Plan**

**Required Supplementary Information
Schedule of Contributions from Employer and Other Contributions – Unaudited
Last Ten Years**

Year	2023	2022	2021	2020	2019
Actuarially determined employer contribution	\$ 10,406,927	\$ 11,180,566	\$ 11,697,770	\$ 11,534,214	\$ 11,310,398
Actual employer contribution (a)	13,589,949	11,238,201	11,735,573	11,194,923	11,518,268
Annual contribution deficiency (excess)	<u>\$ (3,183,022)</u>	<u>\$ (57,635)</u>	<u>\$ (37,803)</u>	<u>\$ 339,291</u>	<u>\$ (207,870)</u>
Covered payroll	18,520,913	\$ 18,643,645	\$ 17,481,543	\$ 17,006,487	\$ 17,751,985
Actual contributions as a percentage of covered payroll	73%	60%	67%	66%	65%

Year	2018	2017	2016	2015	2014
Actuarially determined employer contribution	\$ 10,220,960	\$ 9,194,365	\$ 9,015,031	\$ 9,248,652	\$ 9,164,486
Actual employer contribution (a)	10,330,313	9,533,875	9,533,875	9,218,730	9,393,477
Annual contribution deficiency (excess)	<u>\$ (109,353)</u>	<u>\$ (339,510)</u>	<u>\$ (518,844)</u>	<u>\$ 29,922</u>	<u>\$ (228,991)</u>
Covered payroll	\$ 16,479,660	\$ 14,558,858	\$ 14,881,215	\$ 14,375,815	\$ 13,987,337
Actual contributions as a percentage of covered payroll	63%	65%	64%	64%	67%

Note to Schedule:

(a) For years 2021 and previous, actual employer contribution only includes contributions towards current pension benefits and does not include DROP and other amounts restricted for future benefit enhancements.

(b) This schedule is presented to illustrate the requirements of GASB Statement No. 67.

**City of Coral Springs
Police Officers' Pension Plan**

**Required Supplementary Information
Schedule of Contributions from Employer and Other Contributions – Unaudited (Continued)**

Methods and Assumptions Fiscal Year Ended September 30, 2023

Methods and assumptions used to determine the actuarially determined contribution is based on an actuarial valuation as of October 1, 2021:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	30 years
Asset valuation method	The actuarial value of assets is equal to the market value of assets, adjusted to reflect a five-year phase-in of the net investment appreciation (depreciation)
Inflation:	2.50%
Salary scale	4.75%
Investment rate of return	7.00%
Mortality	PUB-2010 Mortality Tables with generational improvements in mortality using Scale MP-2018.

Note to Schedule:

This schedule is presented to illustrate the requirements of GASB Statement No. 67.

**City of Coral Springs
Police Officers' Pension Plan**

**Required Supplementary Information
Schedule of Investment Returns – Unaudited
Last Ten Years**

Years Ended September 30th:	Annual Money-Weighted Rate of Return (loss), Net of Investment Expense
2023	8.95%
2022	-13.25%
2021	7.50%
2020	7.42%
2019	5.14%
2018	10.54%
2017	12.11%
2016	9.58%
2015	1.60%
2014	11.14%

Note to Schedule:

This schedule is presented to illustrate the requirements of GASB Statement No. 67.

City of Coral Springs
Police Officers' Pension Plan

Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios – Unaudited
Last Ten Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:										
Service cost	\$ 6,561,326	\$ 5,349,081	\$ 5,391,509	\$ 5,576,478	\$ 5,661,618	\$ 4,345,351	\$ 3,848,387	\$ 4,026,131	\$ 3,960,640	\$ 5,129,594
Interest	24,979,467	24,638,623	24,012,383	20,890,435	18,286,849	19,486,843	17,972,364	17,276,218	16,386,234	14,808,396
Demographic experience	-	-	2,826,277	10,883,337	3,882,200	2,993,912	612,903	(1,619,349)	4,343,366	134,405
Difference between actual and expected experience	1,296,153	(1,934,052)	-	-	-	-	-	-	1,850,931	-
Assumption changes	3,413,529	19,100,702	(7,167,314)	-	21,233,529	-	6,988,272	-	(22,826,617)	-
Change in benefit terms	-	-	-	1,498,101	-	235,180	-	-	-	-
Contribution - buy back	239,611	451,517	-	-	-	-	-	-	-	-
Benefit payments	(22,230,755)	(18,736,364)	(14,736,491)	(14,678,781)	(13,401,666)	(12,239,961)	(11,908,412)	(10,884,662)	(10,002,824)	(9,224,785)
Net change in total pension liability	14,259,331	28,869,507	10,326,364	24,169,570	35,662,530	14,821,325	17,513,514	8,798,338	(6,288,270)	10,847,610
Total pension liability – beginning	361,403,580	314,490,616	304,164,252	279,994,682	244,332,152	229,510,827	211,997,313	203,198,975	209,487,245	198,639,635
Prior period adjustment (a)	-	18,043,457	-	-	-	-	-	-	-	-
Total pension liability – ending	375,662,911	361,403,580	314,490,616	304,164,252	279,994,682	244,332,152	229,510,827	211,997,313	203,198,975	209,487,245
Plan fiduciary net position:										
Contributions – employer and state	13,589,949	11,238,201	11,735,573	11,194,923	11,518,268	10,330,313	8,766,068	9,533,875	9,218,730	9,393,477
Contributions – member	2,366,279	5,740,012	1,757,326	1,880,013	1,846,201	1,754,523	1,511,546	1,514,657	1,198,413	1,199,916
Net investment and other income (loss)	25,016,763	(43,413,521)	55,257,590	17,280,976	11,969,160	21,825,091	22,518,129	16,635,024	2,794,517	16,754,911
Benefit payments and refunds	(22,230,755)	(18,736,363)	(14,736,491)	(14,678,781)	(13,401,666)	(12,239,961)	(11,908,412)	(10,884,662)	(10,002,824)	(9,224,785)
Administrative and other expenses	(264,808)	(262,876)	(270,661)	(206,918)	(198,714)	(164,989)	(166,619)	(166,709)	(121,308)	(61,970)
Net change in plan fiduciary net position	18,477,428	(45,434,547)	53,743,337	15,470,213	11,733,249	21,504,977	20,720,712	16,632,185	3,087,528	18,061,549
Plan fiduciary net position – beginning	278,745,842	306,136,932	252,393,595	236,923,382	225,190,133	203,685,156	182,964,444	166,332,259	163,244,731	145,183,182
Prior period adjustment (a)	-	18,043,457	-	-	-	-	-	-	-	-
Plan fiduciary net position – ending (a)	297,223,270	278,745,842	306,136,932	252,393,595	236,923,382	225,190,133	203,685,156	182,964,444	166,332,259	163,244,731
Net pension liability – ending	\$ 78,439,641	\$ 82,657,738	\$ 8,353,680	\$ 51,770,657	\$ 43,071,300	\$ 19,142,019	\$ 25,825,671	\$ 29,032,869	\$ 36,866,716	\$ 46,242,514
Plan fiduciary net position as a percentage of total pension liability	79%	77%	97%	83%	85%	92%	89%	86%	82%	78%
Covered payroll	\$ 18,520,913	\$ 18,643,645	\$ 17,481,543	\$ 17,006,487	\$ 17,751,985	\$ 16,479,660	\$ 14,558,858	\$ 14,881,215	\$ 14,375,815	\$ 13,987,337
Net pension liability as a percentage of covered payroll	424%	443%	48%	304%	243%	116%	177%	195%	256%	331%

Notes to Schedule:

a. Beginning net position was restated with the implementation of GASB 84, Fiduciary Activities at October 1, 2021.

b. This schedule is presented to illustrate the requirements of GASB Statement No. 67. Currently, only data for the fiscal years presented are available.

**City of Coral Springs
Police Officers' Pension Plan**

**Supplementary Information
Schedule of Administrative Expenses
Fiscal Year Ended September 30, 2023**

Administrative expenses:	
Travel, meals and meetings	\$ 224
Communications	972
Office supplies	1,596
Registration fees – FPPTA	3,800
Auditing fees	22,000
Actuary fees	30,035
Legal fees	42,758
Other professional services	163,423
Total administrative expenses	\$ 264,808

**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***

Independent Auditor's Report

Board of Trustees
City of Coral Springs Police Officers' Pension Plan

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 (*Government Auditing Standards*), the financial statements of the City of Coral Springs Police Officers' Pension Plan (the Plan), a component unit of the City of Coral Springs, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated April 30, 2024.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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 entity'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.

RSM US LLP

Fort Lauderdale, Florida
April 30, 2024