

**CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN
OAKLAND PARK, FLORIDA**

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
THEREON AND REPORTS ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND COMPLIANCE PURSUANT TO
*GOVERNMENTAL AUDITING STANDARDS***

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

**BCA WATSON RICE LLP
CERTIFIED PUBLIC ACCOUNTANTS
AND
ADVISORS**

CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN

FINANCIAL STATEMENTS
FISCAL YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN

FINANCIAL STATEMENTS
FISCAL YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
City of Oakland Park, Florida General Employees' Pension Plan
Oakland Park, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of the City of Oakland Park, Florida General Employees' Pension Plan (the "Plan"), as of and for the years ended September 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Plan's 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the statement of fiduciary net position of the City of Oakland Park, Florida General Employees' Pension Plan as of September 30, 2019 and 2018, and the changes in fiduciary net position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 9, the Schedule of Changes in the Employer Net Pension Liability on page 28, Schedule of Employer's Net Pension Liability and related ratios on page 29, Schedule of Employer Contributions on page 30, and Schedule of Investment Return on page 31, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oakland Park, Florida General Employees' Pension Plan's basic financial statements. The accompanying supplemental Schedule of Administrative Expenses on page 33, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Administrative Expenses is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 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 March 27, 2020, on our consideration of the Plan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

Fort Lauderdale, Florida
March 27, 2020

BCA Watson Rice LLP

CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN (GEPP)
MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Oakland Park, Florida General Employees' Pension Plan (the "Plan") has included this section to provide readers of this report with a general overview of the financial activities of the Plan during fiscal year 2019. The information in this section should be considered in conjunction with additional information that is furnished in the Plan's financial statements and the other required supplemental information.

This discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Plan's financial activity, (c) identify changes in the Plan's financial position, (d) identify any material deviations from the financial plan, and (e) identify individual fund issues or concerns. The information contained within this section should be considered only a part of a greater whole.

FINANCIAL HIGHLIGHTS

The following are the highlights of financial activity for the fiscal year ended September 30, 2019:

- At the close of FY 2019, total net position was \$41.5 million, an increase of \$350 thousand over the FY 2018 balance of \$41.2 million. At the end of FY 2017, net position was \$39.1 million.
- Total contributions for FY 2019 amounted to \$ 1.8 million, a decrease of about \$276 thousand or 15% less than FY 2018. This decrease in contribution is consistent with the actuarially required contribution for the year. In FY 2018, total contributions amounted to \$2.1 million, an increase of \$460 thousand or 28.6% from FY 2017.
- Net investment income for FY 2019 was \$ 2.1 million, a decrease by \$1.3 million or 38.9% less than that what was generated as investment income in FY 2018 of \$3.5 million. Any increase or decrease in investment income from year to year is driven by the favorable or unfavorable investment market. FY 2018's net investment income of \$3.5 million reflected a \$1.7 million decrease over FY 2017's \$5.2 million and was a reflection of less favorable investment market from the previous year.
- Total pension benefit payments during FY 2019 was \$ 3.5 million, about \$112 thousand more than FY 2018 or an increase of 3.3%. In FY 2018, pension benefit payments increased by \$206 thousand or 6.6% over FY 2017. The increases in benefit payments in both years is due to the increasing number of retirees who started to receive retirement benefits.

CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN (GEPP)
MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements and notes to financial statements*. This report also contains other required supplementary information.

The basic financial statements provide both short-term and long-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 Net Position. All assets and deferred inflows/outflows and liabilities associated with the operation of the Plan are included in the Statement of Net Position.

The *Statement of Net Position* presents information on all of the Plan's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Plan is improving or deteriorating.

The *Statement of Changes in Net Position* presents information showing how the Plan's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 12 to 23 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Plan's administrative expenses, contributions and funding progress. Required supplementary information can be found on pages 24 to 29 of this report.

CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN (GEPP)
MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Statement of Net Position

As noted earlier, net position may serve as a useful indicator over time of the Plan's financial position. The table below summarizes the Plan's net position for fiscal year 2019, 2018 and 2017:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 207,659	\$ 164,725	\$ 312,671
Investments, at fair value	<u>41,324,133</u>	<u>41,016,525</u>	<u>38,771,177</u>
Total Assets	<u>41,531,792</u>	<u>41,181,250</u>	<u>39,083,848</u>
Net Position	<u>\$ 41,531,792</u>	<u>\$ 41,181,250</u>	<u>\$ 39,083,848</u>

The Plan continues to be actuarially sound as determined by the actuary of the Fund. It is important to remember that retirement system funding is based on a long-term perspective and that temporary ups and downs in the market are to be expected.

- As of September 2019, the Plan's net position was \$41.5 million, an increase of \$350 thousand or .85% from the balance of \$41.2 million at the end of FY 2018, as also indicated in the financial highlight section. At the end of September 2018, the Plan's net position was \$2.1 million greater, or 5.4% more, than the balance of \$39.1 million at the end of FY 2017.
- The Plan has no liabilities, its net position is equal to its total assets (cash and investments) which amounted to \$ 41.5 million. Total cash and investments as of September 30, 2019 was \$41.5 million, an increase of \$350 thousand over last year's \$41.2 million. Between FY 2018 and FY 2017, cash and investments increased by \$2.1 million or 5.4% over the balance of \$39.1 million at the end of FY 2017.

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CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN (GEPP)
MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Statement of Changes in Net Position

As noted earlier, the *Statement of Changes in Net Position* presents information showing how the Plan's net position presents the effects of the pension fund transactions that occurred during the recent fiscal year. The following table reflects the Plan's revenues and expenses for fiscal year 2019 compared to fiscal year 2018 and 2017, with the resulting change in net position:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contributions	\$ 1,789,505	\$ 2,065,967	\$ 1,605,846
Investment and miscellaneous income	<u>2,117,690</u>	<u>3,466,499</u>	<u>5,215,604</u>
Total Additions	3,907,195	5,532,466	6,821,450
Less: Total Deductions	<u>3,556,653</u>	<u>3,435,064</u>	<u>3,227,365</u>
Change in Net Position	350,542	2,097,402	3,594,085
Net Position, beginning	<u>41,181,250</u>	<u>39,083,848</u>	<u>35,489,763</u>
Net Position, ending	<u><u>\$ 41,531,792</u></u>	<u><u>\$ 41,181,250</u></u>	<u><u>\$ 39,083,848</u></u>

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

- In FY 2019, revenues (additions) of the Plan were \$3.9 million which consisted of employer contributions of \$1.8 million, net investment income of \$2.1 million, and miscellaneous income of \$2 thousand. Revenues (additions) of the Plan in FY 2018 were \$5.5 million which consisted of employer contributions of \$2.1 million and net investment earnings and miscellaneous income amounting totaling \$3.5 million.
- In FY 2019, total expenses (deductions) of \$ 3.6 million is about \$122 thousand more than FY 2018, reflecting an increase of 3.5%. In FY 2018, total expenses (deductions) of \$3.4 million was \$208 thousand more than FY 2017. The increase in deductions this year is due to the additional benefit payments to new retirees and an increase in administrative expenses.

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CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN (GEPP)
MANAGEMENT'S DISCUSSION AND ANALYSIS

CURRENTLY KNOWN FACTS

On August 31, 2012, the City approved Ordinance Number O-2012-021 effective October 1, 2012 providing for member contributions to the Plan cease and all general employees participate in a defined contribution retirement plan. Plan participants as of September 30, 2012 ceased to accrue any benefits in the Plan and became participants of the City's defined contribution plan on October 1, 2012, shall make mandatory contributions to the City's defined contribution plan established pursuant to Resolution R-2012-103. Employer contributions to the Plan continue until the Plan is fully funded and additional contributions are no longer required as determined by the Plan actuary.

ASSET ALLOCATION

The table below indicates the Plan's investment policy target and actual asset allocations as of September 30, 2019.

<u>Type of Investment</u>	<u>Investment Policy</u>	<u>Actual Allocation</u>
Fixed income	70%	81%
Equities	<u>30%</u>	<u>19%</u>
	<u>100%</u>	<u>100%</u>

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

The Board recognizes that some risks must be assumed to achieve the Plan's long-term investment objectives. In establishing the risk tolerance, 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.

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CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN (GEPP)
MANAGEMENT'S DISCUSSION AND ANALYSIS

INVESTMENT ACTIVITIES

Investment income is vital to the Plan for current and future financial stability. Therefore, the Trustees have a fiduciary responsibility to act prudently when making plan investment decision. To assist the Board of Trustees in this area, the Board retains investment managers who supervise and direct the investment of the Plan's assets. The Board also retains an investment monitor to evaluate and report on a quarterly basis the compliance by the investment managers with the investment policy of the Board and investment performance of the Fund. There were no amendments in the investment policy statement during the year.

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, 2019 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.

REQUESTS FOR INFORMATION

The Plan's financial statements are designed to present users (Board of Trustees and plan participants) with a general overview of the Plan's finances and to demonstrate the Plan's accountability. If you have questions about the report or need additional financial information, please contact the Administrator of the City of Oakland Park General Employees' Pension Plan, the Florida Municipal Pension Trust Fund at the Florida League of Cities, Inc., Attention: Retirement Services, 301 S. Bronough Street, Suite 300, Tallahassee, FL 32301.

BASIC FINANCIAL STATEMENTS

**CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES PENSION PLAN
STATEMENT OF PLAN NET POSITION
SEPTEMBER 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 207,659	\$ 164,725
Investments, at fair value	<u>41,324,133</u>	<u>41,016,525</u>
Total assets	<u>41,531,792</u>	<u>41,181,250</u>
Net Position Held in Trust for Pension Benefits	<u>\$ 41,531,792</u>	<u>\$ 41,181,250</u>

**CITY OF OAKLAND PARK, FLORIDA GENERAL
EMPLOYEES PENSION PLAN
STATEMENT OF CHANGES IN PLAN NET POSITION
FOR THE YEARS ENDED
SEPTEMBER 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
ADDITIONS		
Employer Contributions	\$ 1,789,505	\$ 2,065,967
Net investment income	2,115,417	3,464,043
Miscellaneous income	<u>2,273</u>	<u>2,456</u>
Total additions	<u>3,907,195</u>	<u>5,532,466</u>
DEDUCTIONS		
Pension benefits paid	3,465,534	3,353,659
Administrative expenses	<u>91,119</u>	<u>81,405</u>
Total deductions	<u>3,556,653</u>	<u>3,435,064</u>
 Changes in Net Position	 <u>350,542</u>	 <u>2,097,402</u>
 Net position held in trust for pension benefits, beginning	 <u>41,181,250</u>	 <u>39,083,848</u>
 Net position held in trust for pension benefits, ending	 <u>\$ 41,531,792</u>	 <u>\$ 41,181,250</u>

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND DESCRIPTION OF THE PLAN

a. Organization

The Plan is a single-employer defined benefit plan principally covering employees in the civil service of the City of Oakland Park, Florida, except certain elected officials, who are not covered under the Police, Firefighters and Public Safety Officers' Retirement System or the Florida Retirement System.

The Plan was first established on May 1, 1963 to provide retirement, disability and death benefits for the employees of the City, as defined in Chapter 9 of the City of Oakland Park code, which was amended from time to time. The City of Oakland Park is the Plan Sponsor of this system.

Currently, there are two eighty-seven (287) members as reflected in the most recent actuarial report performed on October 1, 2018 with the following membership status:

Service retirees	161
Active Participants (Frozen)	68
Deferred vested	45
Due for refund	1
Disabled	0
Beneficiary	<u>3</u>
Total	<u>278</u>

Effective September 30, 2007, the Plan was closed to new entrants. Also, effective as of October 1, 2011, the accrued benefits of employees who are participants in the Plan on that date were frozen, and as such, participants accrued no additional benefits. All such participants became one hundred (100) percent vested in their frozen accrued benefits.

The general administration, management and responsibility for the proper operation of the Plan are vested in a Board of Trustees ("board") which consisted of seven (7) members prior to October 1, 2011. Effective October 1, 2011, the Board of Trustees members had been reduced to only three (3) members consisting of the following: (1) the City Manager or designee; (2) the Director of Financial Services; and (3) the Human Resources Director.

NOTE 1. ORGANIZATION AND DESCRIPTION OF THE PLAN

b. Description of the Plan

The following description of the City of Oakland Park, Florida General Employees' Pension Plan provides only general information. Participants should refer to the City's ordinance for more complete information.

Employees Covered. General employees of the City of Oakland Park hired prior to October 1, 2007, as well as certain former employees who are now employed by the Broward Sheriff's Office (BSO). Prior to the approval of City Ordinance Number O-2011-021 in August 2011, employees became eligible to participate on the first day of the month following the date the participant became a "regular full-time employee" under Section 2-84 of the City's administrative code.

In September 2007, the Plan was closed to new members. The City Commission has decided that all general employees hired on or after the City's participation in the Florida Retirement Systems (FRS) shall become members of FRS. Effective October 1, 2011 following the approval of City Ordinance Number O-2011-021, member contributions to the Plan ceased and the accrued benefits of the employees were frozen.

Types of Benefits Offered. In addition to regular retirement benefits, the Plan also provides for disability pension and pre-retirement death benefits. The disability pension is a temporary life annuity equal to two-thirds of base salary offset by social security disability benefit and worker's compensation. The pre-retirement death benefit is a lump sum payment equal to either 100% of base pay if less than 15 years of service, or 150% of base pay if at least 15 years of service. Maximum pre-retirement death benefit under the Plan is \$30,000.

Basic Pension Formula. The basic pension is computed as 3.5% of average earnings times up to 20 years of service + 0.50% of average earnings times next 10 years of service payable at normal retirement age of 62 years old.

Eligibility to Retire. The normal date for retirement is the first day of the calendar month coinciding with or next following the participant's sixty-second birthday. Additionally, a participant may elect to retire, without reduction of benefits, after 30 years of continuous service, regardless of age. Participants may also elect retirement, with reduced benefits, within a ten-year period immediately preceding normal retirement age.

NOTE 1. ORGANIZATION AND DESCRIPTION OF THE PLAN

b. Description of the Plan (continued)

Funding. Employer contributions are actuarially determined which are at least equal to the minimum as required under State Statutes, Chapter 112. Commencing in July 2009 or the date specified in their collective bargaining agreement, employees contribute 4% of their compensation. The contribution rate was subject to change each year as part of the City's budget process. However, effective October 1, 2011 following the approval of City Ordinance Number O-2011-021, member contributions to the Plan ceased. The accrued benefits of employees who were members of the Plan as of September 30, 2011 were frozen and no additional benefits accrued from the Plan.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of the City of Oakland Park, Florida General Employees' Pension Plan (the "Plan") significant accounting policies is presented to assist the reader in interpreting the basic financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying basic financial statements.

The accounting policies of the Plan conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. This report, the accounting systems, and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

a. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting under which revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cashflows.

The accounting and reporting policies of the System conform to accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP requires 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 additions and deductions in plan net position during the reporting period. Actual results could differ from those estimates.

b. *Assets, Liabilities, and Net Position*

1. *Cash and Cash Equivalents*

The Plan's cash and cash equivalents are considered to be cash in bank, and short-term investments with original maturities of three months or less from the date of acquisition.

2. *Investment Valuation and Income Recognition*

Investments are reported at fair value. Mutual funds are stated at fair value as determined by quoted market prices, which represents the net position of shares held by the Fund.

3. *Contributions*

Included in the employers' contributions is a small portion provided by the Broward Sheriff's Office (BSO) to cover for the administrative employees of what used to be the City's Police and Fire Departments which services are contracted out to the BSO. The City's contributions account for the majority of the contributions.

4. *Income Taxes*

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

5. *Revenue and Expense Recognition*

Employer contributions are recognized (additions) in the period in which plan member services are performed. Benefits and refunds are recognized when paid in accordance with the terms of the Plan. Expenses (deductions) are recognized as incurred.

c. *Use of Estimates - Defined Benefit Plan*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of Plan assets available for benefits and the actuarial present value of accumulated plan benefits as of the date of the financial statements. Actual results could differ from those estimates.

c. Use of Estimates - Defined Benefit Plan (continued)

The Plan uses an actuary to determine the actuarial present value of accumulated plan benefits. A change in the actuarial assumptions used could significantly change the amount of the actuarial present value of accumulated plan benefits reported in the accompanying financial statements.

NOTE 3. DEPOSITS AND INVESTMENTS

The GEPP’s Board of Trustees has adopted certain investment policies and guidelines which they review annually to identify the parameters for investment decisions to consistently comply with its investment policy. The Investment Policy must be approved by the City Commission at least annually, and any subsequent changes thereto must also be approved by the City Commission. The previously-approved investment policy shall remain in effect if the city commission fails to act, or disapproves the proposed amendment under review. The Board has retained an investment monitor (adviser) and managers. The investment monitor evaluates and reports on a quarterly basis compliance by the investment managers with the investment policy of the Board and investment performance of the GEPP.

The Board’s investment guidelines provide for the appropriate diversification of the investment portfolio to the extent practicable to control risk of loss resulting from over- concentration of instruments. The GEPP adopted a 70/30 asset allocation in favor of equities at 70% and 30% for fixed income.

The Fund’s investments are being held by the Florida Municipal Investment Trust (FMIVT) and monitored by Florida Municipal Pension Trust Fund. Investments at September 30, 2019 and 2018 consisted of the following at fair value as determined by quoted marketprice:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 207,659	\$ 164,725
Mutual funds	<u>41,324,133</u>	<u>41,016,525</u>
Total investments	<u>\$ 41,531,792</u>	<u>\$ 41,181,250</u>

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

The Plan's cash and cash equivalents are unrated. Florida Statute require that all qualified public depositories hold public funds collateralize deposits in excess of FDIC insurance with the State Treasurer. Since the Fund uses only qualified public depositories, all demand deposits are fully insured or collateralized.

During the 2019 and 2018, the Plan's mutual fund investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$2,115,417 and \$3,464,043, respectively. These are reported as net investment income in the Statement of Changes in Plan Net Position.

The Plan owns shares in FMIvT Broad Market High Quality Bonds and FMIvT Core Plus Fixed Income Fund in mutual fund, which in turn owns interest in individual government securities. The weighted average maturity (WAM) of the securities held by these funds, and the value and the percentage of the funds' portion to total investments as of September 30, 2019 and 2018, are as follows:

	<u>2019</u>			<u>2018</u>		
	<u>WAM</u>	<u>Value</u>	<u>% to Total</u>	<u>WA M</u>	<u>Value</u>	<u>% to Total</u>
Broad Market High Quality Bonds	6.43	\$ 3,987,052	9.6%	6.40	\$ 4,338,307	10%
Core Plus Fixed Income Fund	5.16	3,903,988	9.4%	7.00	6,761,506	12%
Total investments		<u>\$ 7,891,040</u>			<u>\$ 11,099,813</u>	

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Investment Risks

The Plan's investments may be subject to various risks. Among these risks are credit risk, concentration of credit risk, custodial credit risk, interest rate risk, and foreign currency risk. Due to the level of risk associated with certain investments, it is possible that changes in the values of investments may occur in the near term and that such changes could materially affect the amounts reported in the Statements of Plan Net Position.

Credit Risk: Credit risk exists when there is a possibility the issuer, or other counterparty to an investment, may be unable to fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating organizations (NRSRO) such as Fitch Investor Services (Fitch), Moody's, and S&P. The Plan limits its credit risk by limiting its investments in fixed income securities to U.S. Government and agency securities or corporate bonds which meet or exceed a credit rating of "BBB" or higher. As of September 30, 2019 and 2018, the GEPP's investments on Broad Market High Quality Bond rating is AA. GASB 40 requires disclosure of credit quality ratings for investments in debt securities as well as investments in external investment pools, money market funds, and other pooled investments of fixed-income securities.

Credit Risk for FMIvT Funds

<u>Fixed Income Fund:</u>	<u>Fitch Rating</u>
FMIvT Broad Market High Quality Bond Fund	AAf/S4
FMIvT Core Plus Fixed Income Fund	Not Rated
<u>Equity Portfolios:</u>	<u>Rating</u>
FMIvT Diversified Large Cap Equity Portfolio	Not Rated
FMIvT Diversified Small to Mid Cap Equity Portfolio	Not Rated
FMIvT International Equity Portfolio	Not Rated
FMIvT Core Real Estate Portfolio	Not Rated

- **Concentration of Credit Risk:** The GEPP's investment policy places investment limitations and provides target allocations to its investment managers to limit credit risk due to concentration. As of September 30, 2019 and 2018, other than mutual funds, the Plan does not currently hold any securities that exceed 5% of total assets of the portfolio.
- **Custodial Credit Risk:** Investments in external investment pools and open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. These investments are also excluded from the concentration of credit risk disclosure requirement.

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Investment Risks (continued)

- **Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates will adversely affect an investments fair value. The Plan limits its interest rate risk by diversifying the fixed income portfolio. The GEPP's investment policy does not set a parameter on the duration of its fixed income securities. As of September 30, 2019 and 2018, the weighted average maturity (WAM) of the fixed income portfolio is as indicated above.
- **Foreign Currency Risk:** This risk refers to the risk that fluctuations in currency exchange rate may affect transactions conducted in foreign currencies as well as the carrying value of foreign investments. The Plan has invested in international equity funds. However, the Plan's investment policy limits the foreign investments to no more than 18% of its investment balance. As of September 30, 2019, the foreign investments were 17.7% of total investments or \$7,351,127; while in 2018, the foreign investments were 17% of total investments or \$7,124,356, respectively. Participating Employers' investments in the FMIvT are not subject to foreign currency risk.

Investment Fair Value

The fair value hierarchy for each type of asset or liability measured at fair value as well as a description of the valuation techniques used in the fair value measurement and any significant changes in valuation techniques are organized by type of asset or liability instead of reporting entity segment below.

The three - tier fair value hierarchy:

Level 1 Inputs – directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means.

Level 3 Inputs – unobservable inputs used only when relevant Level 1 and Level 2 inputs are unavailable.

The level in which an asset is assigned is not indicative of its quality but an indication of the source of valuation inputs.

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

FMivT Broad Market High Quality Bond Fund

This fund invests mainly in US government and agency securities, asset-backed securities and corporate bonds and notes. The underlying securities have observable level 1 quoted pricing inputs or observable level 2 significant other observable pricing inputs. Most of the security prices were obtained from a pricing service, Interactive Data Corporation (IDC). While the underlying asset values are based on quoted prices or market-corroborated inputs, the net asset value of the portfolio is not publicly quoted.

FMivT Core Plus Fixed Income Fund

This fund invests in two underlying funds, the Franklin Templeton Global Multi-Sector Plus Fund, LP and the Pioneer Institutional Multi-Sector Fixed Income Portfolio, LLC. Shares of these funds are not publicly quoted. These underlying funds invest in a variety of financial instruments, including equity investments, asset-backed securities, debt securities, swaps, forward exchange contracts, credit-linked notes, escrow accounts, litigation trusts for both U.S. and foreign companies and governments.

FMivT Diversified Large Cap Equity Portfolio

This portfolio invests mainly in domestic stocks and in a single underlying fund, the Intech U.S. Broad Enhanced Plus Fund, LLC (Intech Fund), shares of which are not publicly quoted. The majority of the underlying securities have observable level 1 quoted pricing inputs. Most of the security prices were obtained from a pricing service, Interactive Data Corporation (IDC). The value of the portfolio's shares of the Intech Fund investment are determined based on the net asset value provided by the Intech Fund, which was calculated in accordance with generally accepted accounting principles. While most of the underlying asset values are based on quoted market prices, the net asset value of the portfolio is not publicly quoted.

FMivT Diversified Small to Mid Cap Equity Portfolio

This portfolio invests mainly in domestic stocks. The majority of the underlying securities have observable level 1 quoted pricing inputs. Most of the security prices were obtained from a pricing service, Interactive Data Corporation (IDC). While the underlying asset values are based on quoted market prices, the net asset value of the portfolio is not publicly quoted.

FMivT International Equity Portfolio

This portfolio invests in two underlying funds, the Investec International Dynamic Equity Fund, LLC (Investec Fund) and the Wells Capital Management 525 Market Street Fund, LLC (Wells Fund), shares of which are not publicly quoted. Both Funds invest in stocks sold on U.S. and international exchanges, all of which have observable level 1 quoted pricing inputs. The value of the shares of the Investec Fund and Wells Fund investment are determined based on the net asset value provided by the Funds, which was calculated in accordance with generally accepted accounting principles.

FMivT Core Real Estate Fund

This portfolio invests in a single underlying fund, the Morgan Stanley Prime Property Fund (Morgan Stanley Fund), shares of which are not publicly quoted. The Morgan Stanley Fund invests in core real estate in the U.S. The value of the Morgan Stanley Fund investments were determined based on quarterly real estate appraisals, which were calculated in accordance with generally accepted accounting principles.

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying statements of fiduciary net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2019:

	September 30, <u>2019</u>	Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
Investments by fair value level:				
Broad Market High Quality Bond Fund	\$ 3,987,052	\$ -	\$ 3,987,052	\$ -
Core Plus Fixed Income	3,903,989	-	-	3,903,989
Diversified Large Cap Equity	16,571,185	-	16,571,185	-
Diversified Small to Mid Cap Equity	5,731,387	-	5,731,387	-
International Equity Portfolio	7,351,127	-	7,351,127	-
Core Real Estate	3,779,393	-	-	3,779,393
Total Investments	\$ 41,324,133	\$ -	\$ 33,640,751	\$ 7,683,382

As of September 30, 2018:

	September 30, <u>2018</u>	Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
Investments by fair value level:				
Broad Market High Quality Bond Fund	\$ 4,118,125	\$ -	\$ 4,118,125	\$ -
Core Plus Fixed Income	4,941,750	-	-	4,941,750
Diversified Large Cap Equity	15,648,875	-	15,648,875	-
Diversified Small to Mid Cap Equity	5,435,925	-	5,435,925	-
International Equity Portfolio	7,124,356	-	7,124,356	-
Core Real Estate Fund	3,747,494	-	-	3,747,494
Total Investments	\$ 41,016,525	\$ -	\$ 32,327,281	\$ 8,689,244

NOTE 4. ACTUARIAL VALUATION

The actuarial valuation which determines the contribution for the 2019 fiscal year was performed as of October 1, 2017. At this date the actuaries determined that the present value of future benefits for FY 2019 was \$45,985,673 while the actuarial value of the assets available to pay benefits was \$35,716,148.

The actuarial valuation which determines the contribution for the 2018 fiscal year, was performed on October 1, 2016. At this date the actuaries determined that the present value of future benefits for FY 2018 was 46,823,468 while the actuarial value of the assets available to pay benefits was \$35,588,977.

They further determined that the annual required city contribution for the years ended September 30, 2019 and 2018 were \$1,846,600 and \$2,065,967, respectively.

Principal assumptions used were 7.5% in 2019 and 2018 for the investment rate of return and 5% for projected salary increases, 3-year smoothed market value is used for the asset method.

Additional information regarding major assumptions used by the actuaries and funding progress is included in the attached supplemental information.

NOTE 5. NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS

The components of the net pension liability of the participating employers (City of Oakland Park, Florida and Broward Sheriff’s Office) at September 30, 2019 are as follows:

	<u>2019</u>	<u>2018</u>
Total pension liability	\$ 45,574,838	\$ 47,292,370
Plan fiduciary net position	<u>(41,531,792)</u>	<u>(41,181,250)</u>
Employer net pension liability	<u>\$ 4,016,046</u>	<u>\$ 6,111,120</u>
Plan fiduciary net position as a percentage of the Total Pension Liability	 <u>91%</u>	 <u>87%</u>

NOTE 5. NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS (Continued)

Actuarial Assumptions

The total pension liability as of September 30, 2019 was determined by rolling forward the Plan's total pension liability as of September 30, 2018 to September 30, 2019 using the following actuarial assumptions, applied to periods included in the measurement:

- Actuarial cost method - Aggregate
- Investment return - 7.5%
- Salary increase rate - 5% per annum
- Cost-of-living increases - None assumed
- Discount rate - 7.50% per annum (2.89% per annum is attributable to long-term inflation)

- Mortality rate - Sex-distinct rates set forth in the RP-2000 Combined Mortality Table, with full generational improvements in mortality using scale BB.

- Retirement - Retirement is assumed to occur upon the earlier of age 62 or 30 years of service.

- Other decrements - Assumed employment termination is based on the Scale 255 Table while assumed disability is based on the Wyatt 1985 Disability Study (Class 1)

- Non-investment expenses - Assumed to equal 1.25% of payroll

- Future contributions - Contributions from the employer are assumed to be made as legally required.

- Changes - No assumptions or methods were changed since completion of the previous valuation.

NOTE 5. NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS (continued)

Actuarial Assumptions

The following were the assumed rates used to determine the long-term expected rate of return of the Plan's assets:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Expected Long-term Real Return Rate</u>
Core Bonds	10%	1.60% per annum
Core Plus	10	2.10% per annum
U.S. Large Cap Equity	39	4.60% per annum
U.S. Small Cap Equity	13	5.50% per annum
Non-U.S. Equity	18	6.70% per annum
Core Real Estate	<u>10</u>	5.00% per annum
Total or weighted arithmetic average	<u>100%</u>	4.58% per annum

Sensitivity of the Net Pension Liability

The following present the net pension liability, calculated using the discount rate of 7.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is one (1) percentage point lower (6.5%) or one (1) percentage point higher (8.5%) than the current rate:

	<u>Discount Rate Minus 1%</u>	<u>Discount Rate 7.50%</u>	<u>Discount Rate Plus 1%</u>
Total pension liability	\$ 52,010,190	\$ 45,547,838	\$ 41,844,882
Plan fiduciary net position	<u>(41,531,792)</u>	<u>(41,531,792)</u>	<u>(41,531,792)</u>
Net pension liability	<u>\$ 8,369,921</u>	<u>\$ 4,016,046</u>	<u>\$ 313,090</u>

NOTE 6. RISKS AND UNCERTAINTIES

The Fund 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 net position available for benefits.

Fund 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 7. PLAN AMENDMENTS

Amendments O-2009-13 and O-2009-20 were passed, calling for contributions from the participants commencing either in July 2009 or when specified in the applicable collective bargaining agreement then in effect for each group of employees. Such contributions were defined to be a percentage of compensation. The initial percentage of compensation was set at 4% with subsequent contribution rates to be set in the city's budget-making process each year. The amendments defined the contributions as city contributions for tax purposes but employee contributions for all plan purposes.

The amendments allow participants to leave these contributions in the plan should they terminate employment while vested but prior to normal or optional retirement and to receive a limited retirement benefit at normal retirement age. They further specified that such contributions are to be refunded to the participant without interest should the participant terminate employment with the city prior to vesting.

On August 31, 2011, the City approved Ordinance Number O-2011-021 freezing the accrued benefits of the active plan participants effective September 30, 2011. Effective such date, the accrued benefits of the participants were frozen and no benefits accrue. All participants become 100% vested in their frozen accrued benefit as of September 30, 2011. The participants are eligible to receive their frozen accrued benefits upon separation from employment and attaining eligibility for normal or optional retirement in accordance with the provision of the Plan in effect on September 29, 2011.

NOTE 9. SUBSEQUENT EVENTS

The Plan's Management evaluated subsequent events through March 27, 2020 the date on which the financial statements were available to be issued. Events or transactions occurring after September 30, 2019, but prior to March 27, 2020 that provided additional evidence about conditions that existed at September 30, 2019, have been recognized in the financial statements for the year ended September 30, 2019. Events or transactions that provided evidence about conditions that did not exist at September 30, 2019, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended September 30, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OAKLAND PARK, FLORIDA GENERAL EMPLOYEES PENSION
SCHEDULE OF CHANGES IN EMPLOYER NET PENSION LIABILITY SEPTEMBER 30, 2019
(Unaudited)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability:						
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Recognized changes in net pension liability						
Expected interest growth	3,412,120	3,403,524	3,246,037	3,178,167	2,934,291	3,283,975
Demographic changes	(1,691,558)	145,358	(206,608)	879,003	(248,412)	-
Changes in assumptions	-	-	2,201,333	-	3,584,856	-
Benefit payments	(3,464,094)	(3,351,611)	(3,138,803)	(3,091,344)	(3,013,472)	(3,245,571)
Net change in total pension liability	(1,743,532)	197,271	2,101,959	965,826	3,257,263	38,404
Total pension liability, beginning	47,292,370	47,095,099	44,993,140	44,027,314	40,770,051	40,731,647
Total pension liability, ending (a)	45,547,838	47,292,370	47,095,099	44,993,140	44,027,314	40,770,051
Plan Fiduciary Net Position:						
Employer contributions	1,789,505	2,065,967	1,605,846	1,868,141	2,326,446	2,423,532
Net investment income	2,115,417	3,464,043	5,207,181	2,919,201	160,616	3,112,186
Benefit payments	(3,465,534)	(3,353,659)	(3,147,114)	(3,092,026)	(3,013,472)	(2,998,668)
Administrative expenses	(91,119)	(81,405)	(80,251)	(84,798)	(77,935)	(74,923)
Other	2,273	2,456	8,423	2,853	3,790	-
Net Change in Plan Fiduciary Net Position	350,542	2,097,402	3,594,085	1,613,371	(600,555)	2,462,127
Plan Fiduciary Net Position, beginning (b)	41,181,250	39,083,848	35,489,763	33,876,392	34,476,947	32,014,820
Plan Fiduciary Net Position, ending (a) - (b)	\$ 41,531,792	\$ 41,181,250	\$ 39,083,848	\$ 35,489,763	\$ 33,876,392	\$ 34,476,947

Note: Ten-Year Historical Changes in Employer Net Pension Liability are not available

CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES PENSION SCHEDULE OF NET PENSION LIABILITY
SEPTEMBER 30, 2019
(Unaudited)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability	\$ 45,547,838	\$ 47,292,370	\$ 47,095,099	\$ 44,993,140	\$ 44,027,314	\$ 40,770,051
Less: Fiduciary Net Position	(41,531,792)	(41,181,250)	(39,083,848)	(35,489,763)	(33,876,392)	(34,476,947)
Employer Net Pension Liability	4,016,046	6,111,120	8,011,251	9,503,377	10,150,922	6,293,104
Plan fiduciary net position as a percentage of the Total Pension Liability	91.18%	87.08%	82.99%	78.88%	76.94%	84.56%
Covered payroll	2,877,185	3,333,110	3,616,327	4,067,102	4,547,339	4,757,815
Employer Net Position Liability as a percentage of covered payroll	140%	183%	222%	234%	223%	132%

Note: Ten-Year Historical Changes in Employer Net Pension Liability are not available

CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES PENSION PLAN
SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER AND OTHER CONTRIBUTIONS
SEPTEMBER 30, 2019
(Unaudited)

<u>Year Ended</u>	<u>Actuarially Determined Contributions</u> [1]	<u>Contributions Recognized by the Plan</u> [2]	<u>Difference Between [1] and [2]</u> [3]	<u>Covered Payroll</u> [4]	<u>Column [2] as a Percent of Covered Payroll</u> [5]
2019	\$ 1,846,600	\$ 1,789,505	\$ 57,095	\$ 2,877,185	62.20%
2018	1,835,540	1,962,213	(126,673)	3,333,110	58.87%
2017	1,610,387	1,605,846	4,541	3,616,327	44.40%
2016	1,863,600	1,868,141	(4,541)	4,067,102	45.93%
2015	2,230,002	2,326,446	(96,444)	4,547,339	51.16%
2014	2,519,977	2,423,532	96,445	4,757,815	50.94%
2013	2,295,850	2,295,850	-	5,152,927	44.55%
2012	1,871,345	1,871,345	-	5,386,307	34.74%
2011	4,744,632	4,744,632	-	6,281,203	75.54%
2010	2,556,393	2,556,393	-	6,737,639	37.94%

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is as follows:

Employers Report Date : **September 30, 2019**

Measurement date : **September 30, 2019**

Actuarial valuation date : **October 1, 2018**

Actuarial assumptions

Discount rate : 7.50% per annum (2.92% per annum is attributable to long-term inflation.) This rate was used to discount all future benefit payments

Projected salary increases : 5% per annum

Cost-of-living adjustment : None assumed

Mortality basis : Sex-distinct rates set forth in the RP-2000 Mortality Table with full generational improvements in mortality using scale BB.

Retirement : Retirement is assumed to occur upon the earlier of age 62 or 30 years of service.

Other decrements : Assumed employment termination is based on the Scale 255 Table; Assumed disability is based on the Wyatt 1985 Disability Study (Class 1)

Non-investment expenses: Assumed to equal 1.25% of payroll

Future contributions : Contributions from the employer are assumed to be made as legally required

Changes : No assumptions were changed since the prior measurement date.

**CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES PENSION PLAN
SCHEDULE OF INVESTMENT RETURNS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018
(Unaudited)**

Annual money-weighted rate of return, net of investment expense

2019	7.62%
2018	8.91%
2017	14.97%
2016	8.76%
2015	0.48%
2014	9.72%

Note: 10-year historical information on annual money-weighted rate of return is not available.

**CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES PENSION PLAN
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION SEPTEMBER 30, 2019**

I. CHANGE IN BENEFIT TERMS

None

II. CHANGE IN ASSUMPTIONS

No assumptions were changed since the prior measurement date.

**III. METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF
ACTUARIALY DETERMINED CONTRIBUTIONS**

The actuarially determined contributions are calculated as of October 1 preceding the fiscal year in which contributions are made. That is, the contributions calculated as of October 1, 2017 actuarial valuation will be made during the fiscal year ended September 2019. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Investment return	: 7.50%
Salary increases	: 5% per annum
Benefit payments	: No post-retirement benefit increase assumed in the future
Other decrement tables	: Assumed employment termination is based on the Scale 255 Table while assumed disability is based on the Wyatt 1985 Disability Study (Class 1)

SUPPLEMENTARY INFORMATION

CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES PENSION PLAN
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Accounting	\$ 12,000	\$ -
Actuarial fees	15,000	15,000
Administrative fees	56,049	54,957
Insurance	5,340	5,180
Legal fees	<u>2,730</u>	<u>6,268</u>
Total deductions	<u>\$ 91,119</u>	<u>\$ 81,405</u>

COMPLIANCE SECTION

**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**

The Board of Trustees
City of Oakland Park, Florida General Employees' Pension Plan
Oakland Park, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Oakland Park General Employees' Pension Plan (the "Plan") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated March 27, 2019.

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 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 City of Oakland Park General Employees' Pension 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted an additional matter which is not considered significant enough to be a significant deficiency nor a material weakness which is described in the accompanying *schedule of findings and responses* as item 2011-IC-01.

The Plan's responses to the findings identified in our audit are described in the accompanying *schedule of findings and responses*. We did not audit the Plan's response and, accordingly, we express no opinion on it.

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.

Fort Lauderdale, Florida
March 27, 2020

BCA Watson River LLP

**Schedule of Findings and Responses
Fiscal Year Ended September 30, 2019**

**SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENT AUDIT AS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

None.

**Summary Schedule of Prior Audit Findings
Fiscal Year Ended September 30, 2019**

2011-IC-01 Require SSAE 18 Audit from Plan Administrator

Condition

The Plan's Administrator, the Florida League of Cities (FLC), does not have an audit performed under the Statement on Standards for Attestation Engagements (SSAE) No. 18, *Attestation Standards: Clarification and Recoding*.

Criteria

Under SSAE No. 18, an entity that performs outsourced services that affect the financial statements of another entity should have an SSAE 18 audit.

Questioned Cost

Not applicable.

Effect

The absence of an SSAE 18 audit performed on FLC does not provide an assurance whether the Service Provider's controls and activities over their system are suitably designed and are functioning properly. In the absence of the SSAE 18 audit, professional auditing standards require additional procedures to be performed by the auditors.

Recommendation

We suggested that the City require its Plan Administrator to have an audit conducted under SSAE No. 18 to provide the City an assurance that adequate controls exist in their organization and the Plan's assets are managed properly.

Current Year's Status

Although the condition still exists, the GEPP auditors performed additional procedures to obtain comfort that adequate internal controls exist in the Plan Administrator's organization. In the performance of additional procedures, the GEPP auditors did not find significant deficiencies or material weakness in FLC's system of internal accounting controls.

View of Responsible Officials and Planned Corrective Action