

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

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

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

**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, 2015 AND 2014

TABLE OF CONTENTS

	PAGE
I. FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-9
FINANCIAL STATEMENTS:	
STATEMENTS OF PLAN NET POSITION	10
STATEMENTS OF CHANGES IN PLAN NET POSITION	11
NOTES TO PLAN FINANCIAL STATEMENTS	12-23
REQUIRED SUPPLEMENTARY INFORMATION:	
SCHEDULE OF CHANGES IN THE EMPLOYER NET PENSION LIABILITY	24
SCHEDULE OF EMPLOYER NET PENSION LIABILITY	25
SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER AND OTHERS	26
SCHEDULE OF INVESTMENT RETURNS	27
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	28
SUPPLEMENTARY INFORMATION:	
SCHEDULE OF ADMINISTRATIVE EXPENSES	29
II. COMPLIANCE SECTION	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	30-31

CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN

FINANCIAL STATEMENTS
FISCAL YEARS ENDED SEPTEMBER 30, 2015 AND 2014

TABLE OF CONTENTS
(Continued)

II. COMPLIANCE SECTION (CONTINUED)

SCHEDULE OF FINDINGS AND RESPONSES	32
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	33
MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	34-36

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, 2015 and 2014, 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, 2015 and 2014, 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 24, Schedule of Employer's Net Pension Liability and related ratios on page 25, Schedule of Employer Contributions on page 26, and Schedule of Investment Return on page 27, 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 29, 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 June 10, 2016, 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
June 10, 2016

BCA Watson Rice LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN (GEPP)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

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 2015. 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, 2015:

- Total net position at the close of the FY 2015 was \$33.89 million which posted a decrease of \$600 thousand or -1.74% over FY 2014's \$34.48 million. The decrease is due to the deficiency of additions (plan contributions and investment income) compared to deductions (benefit payments and administrative expenses). Total net position in FY 2014 posted an increase of 7.69% or \$2.46 million over 2013.
- Total contributions for FY 2015 amounted to \$2.33 million which reflects a decrease of \$97 thousand or -4.01% over FY 2014. In FY 2014, total contributions amounted to \$2.42 million, an increase of \$231 thousand 10.56% from FY 2013.
- Net investment income for FY 2015 was \$160 thousand against FY 2014's \$3.11 million, a decrease of \$2.95 million or -94.84%. The increase or decrease of investment income is driven by the favorable or unfavorable investment market. Net investment income in FY 2014 was \$3.11 million or 23.42% lower than FY 2013's \$4.06 million.
- Total pension benefit payments during FY 2015 was \$3.01 million, an increase of \$14 thousand or 0.46% over FY 2014's \$3.0 million. The increase in benefit payments is due to additional retirees who started to receive benefits during the year. In FY 2014, pension benefit payments increased by \$147 thousand or 5.15% over FY 2013.

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CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN (GEPP)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

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 Plan implemented Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans an amendment of GASB No. 25* effective as of and for the year ended September 30, 2014. The financial statements, notes to the financial statements, and required supplementary information the necessary reflect changes as required by this statement.

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.

CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN (GEPP)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

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 2015, 2014 and 2013:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 269,977	\$ 344,769	\$ 352,163
Contributions receivable	129,210	-	-
Investments, at fair value	<u>33,477,205</u>	<u>34,132,178</u>	<u>31,662,657</u>
Total Assets	<u>33,876,392</u>	<u>34,476,947</u>	<u>32,014,820</u>
Net Position	<u>\$ 33,876,392</u>	<u>\$ 34,476,947</u>	<u>\$ 32,014,820</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 2015, the Plan's net position decreased by \$600 thousand or 1.74% from the balance of \$34.48 million at the end of FY2014. At September 2014, the Plan's net position increased by 7.69% or \$2.46 million over FY2013.
- Total cash and investments as of September 30, 2015 was \$33.75 million, a decrease of \$729 thousand or -2.12% over the balance of \$34.48 million in FY2014, which also posted an increase of \$2.46 million or 7.69% over the balance of \$32.01 million in FY2013.

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CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN (GEPP)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

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 2015 compared to fiscal year 2014 and 2013, with the resulting change in net position:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contributions	\$ 2,326,446	\$ 2,423,532	\$ 2,192,097
Investment and miscellaneous income	<u>164,406</u>	<u>3,113,207</u>	<u>4,066,341</u>
Total Additions	2,490,852	5,536,739	6,258,438
Less: Total Deductions	<u>3,091,407</u>	<u>3,074,612</u>	<u>2,947,069</u>
Change in Net Position	(600,555)	2,462,127	3,311,369
Net Position, beginning	<u>34,476,947</u>	<u>32,014,820</u>	<u>28,703,451</u>
Net Position, ending	<u>\$ 33,876,392</u>	<u>\$ 34,476,947</u>	<u>\$ 32,014,820</u>

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

- Revenues (additions) for the Plan in 2015 were \$2.5 million which was made up of employer contributions of \$2.33 million and net investment income and miscellaneous income totaling of \$164 thousand. In 2014, revenues (additions) for the Plan were \$5.54 million which was made up of employer contributions of \$2.42 million, net investment income of \$3.11 million, and miscellaneous income of \$1 thousand.
- Expenses (deductions) for the Plan in 2015 were \$3.09 million which was an increase of \$17 thousand from FY 2014's \$3.07 million. In FY 2014, expenses posted an increase of \$127.54 thousand from FY 2013's \$2.95 million.

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CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN (GEPP)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

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, 2015.

<u>Type of Investment</u>	<u>Investment Policy</u>	<u>Actual Allocation</u>
Fixed income	70%	70%
Equities	<u>30</u>	<u>30</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
SEPTEMBER 30, 2015

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. As of the end of FY 2015, the investment policy statement was last amended on October 1, 2013.

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

FINANCIAL ANALYSIS SUMMARY

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

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
STATEMENTS OF PLAN NET POSITION
SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash and cash equivalents	\$ 269,977	\$ 344,769
Investments, at fair value:		
Mutual funds	33,477,205	34,132,178
Contributions receivable	129,210	-
Total assets	33,876,392	34,476,947
 Net Position Held in Trust for Pension Benefits	 \$ 33,876,392	 \$ 34,476,947

See accompanying Notes to Financial Statements.

CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES PENSION PLAN
STATEMENTS OF CHANGES IN PLAN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Additions		
Employer contributions	\$ 2,326,446	\$ 2,423,532
Net investment income	160,616	3,112,186
Miscellaneous income	<u>3,790</u>	<u>1,021</u>
Total additions	<u>2,490,852</u>	<u>5,536,739</u>
Deductions:		
Pension benefits paid	3,013,472	2,999,689
Administrative expenses	<u>77,935</u>	<u>74,923</u>
Total deductions	<u>3,091,407</u>	<u>3,074,612</u>
Changes in Net Position	(600,555)	2,462,127
Net Position Held in Trust for Pension Benefits, beginning	<u>34,476,947</u>	<u>32,014,820</u>
Net Position Held in Trust for Pension Benefits, ending	<u><u>\$ 33,876,392</u></u>	<u><u>\$ 34,476,947</u></u>

See accompanying Notes to Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 and 2014

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 three hundred (301) members with the following membership status:

Service retirees	149
Deferred vested	47
Due for refund	4
Disabled	2
Beneficiary	<u>4</u>
Total	<u><u>301</u></u>

Effective September 30, 2007, the Plan was already 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.

CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 and 2014

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.

CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 and 2014

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 cash flows.

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.

CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 and 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 bulk 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.

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.

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.

CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 and 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Accounting Principles

The Plan follows the guidelines of GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements".

e. Adoption of New Governmental Accounting Standards

In 2014, the Plan adopted GASB Statement No. 67, *Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25*, which establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and non-employer contributing entities for benefits provided through the pension plan. Significant changes include an actuarial calculation of total and net pension liability. It also includes comprehensive footnote disclosure regarding the pension liability.

NOTE 3. DEPOSITS AND INVESTMENTS

The GEPP's Board of Trustees has adopted certain investment policies and guidelines which they review annually, 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.

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CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 and 2014

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

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, 2015 and 2014 consisted of the following at fair value as determined by quoted market price:

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 269,977	\$ 344,769
Mutual funds	<u>33,477,205</u>	<u>34,132,177</u>
Total investments	<u>\$ 33,747,182</u>	<u>\$ 34,476,946</u>

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 2015 and 2014, 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 \$160,616 and \$3,112,186, respectively. These are reported as net increase in fair value of investments 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, 2015 and 2014, are as follows:

	2015			2014		
	WAM	Value	% to Total	WAM	Value	% to Total
Broad Market High Quality Bonds	5.98	\$ 4,083,409	12%	6.47	\$ 4,033,802	12%
Core Plus Fixed Income Fund	5.41	<u>5,973,251</u>	18%	6.52	<u>6,309,281</u>	18%
Total investments		<u>\$ 10,056,660</u>			<u>\$ 10,343,083</u>	

CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 and 2014

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 is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. 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, 2015 and 2014, the GEPP's investments on Broad Market High Quality Bond rating is AA.
- ***Credit Risk:*** Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. 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, 2015 and 2014, the GEPP's investments on Broad Market High Quality Bond rating is AA.
- ***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, 2015 and 2014, other than mutual funds, the Plan does not currently hold any securities that exceed 5% of plan net position.
- ***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.
- ***Interest Rate Risk:*** Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of a fixed income investment. 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, 2015 and 2014, the weighted average maturity (WAM) of the fixed income portfolio is as indicated above.

CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 and 2014

NOTE 3. DEPOSITS AND INVESTMENTS (continued)

Investment Risks (continued)

- **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 10% of its investment balance. As of September 30, 2015, the foreign investments were 9.5% of total investments or \$3,205,982; while in 2014, the foreign investments were 9.2% of total investments or \$3,171,879, respectively.

NOTE 4. ACTUARIAL VALUATION

The most recent actuarial valuation was done as of October 1, 2013. On such date, the actuaries determined that the accrued actuarial liability for benefits for FY 2015 was \$44,657,957 while the actuarial value of the assets available to pay benefits was \$27,814,726.

As of September 30, 2014, the most recent actuarial valuation was done as of October 1, 2012. On such date, the actuaries determined that the accrued actuarial liability for benefits for FY 2014 was \$44,603,879 while the actuarial value of the assets available to pay benefits was \$24,962,267.

They further determined that the annual required city contribution for the years ended September 30, 2015 and 2014 were \$2,230,002 and \$2,519,977, respectively.

Principal assumptions used were 7.5% in 2015 and 2014 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, 2015 are as follows:

	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 44,027,314	\$ 40,770,051
Plan fiduciary net position	<u>(33,876,392)</u>	<u>(34,476,947)</u>
Employer net pension liability	<u>\$ 10,150,922</u>	<u>\$ 6,293,104</u>
Plan fiduciary net position as a percentage of the		
Total Pension Liability	<u>77%</u>	<u>85%</u>

CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 and 2014

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

Actuarial Assumptions

The total pension liability as of September 30, 2015 was determined by rolling forward the Plan's total pension liability as of September 30, 2014 to September 30, 2015 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 Mortality Table for annuitants and non-annuitants, projected to 2007 by Scale AA, as published by the International Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) Section 430; future generational improvements in mortality rate have not been reflected.
- 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 - Since the prior measurement date, the discount rate was decreased from 8.39% per annum to 7.50% per annum.

CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 and 2014

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	12%	0.50% per annum
Core Plus	18	1.00% per annum
U.S. Large Cap Equity	47	6.00% per annum
U.S. Small Cap Equity	13	6.75% per annum
Non-U.S. Equity	<u>10</u>	6.75% per annum
Total or weighted arithmetic average	<u>100%</u>	4.61% 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	\$ 48,252,656	\$ 44,027,314	\$ 40,473,850
Plan fiduciary net position	<u>(33,876,392)</u>	<u>(33,876,392)</u>	<u>(33,876,392)</u>
Net pension liability	<u>\$ 14,376,264</u>	<u>\$ 10,150,922</u>	<u>\$ 6,597,458</u>

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CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 and 2014

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.

CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES' PENSION PLAN
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 and 2014

NOTE 8. SUBSEQUENT EVENTS

The Plan's Management evaluated subsequent events through June 10, 2016, the date by which the financial statements were available to be issued. Events or transactions occurring after September 30, 2015, but prior to June 10, 2016, that provided additional evidence about conditions that existed at September 30, 2015, have been recognized in the financial statements for the year ended September 30, 2015. Events or transactions that provided evidence about conditions that did not exist at September 30, 2015, 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, 2015.

- *End* -

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES PENSION PLAN
SCHEDULE OF CHANGES IN EMPLOYER NET PENSION LIABILITY
SEPTEMBER 30, 2015 AND 2014
(Unaudited)

	<u>2015</u>	<u>2014</u>
Total Pension Liability:		
Service cost	\$ -	\$ -
Other recognized changes in net pension liability:		
Expected interest growth	2,934,291	3,283,975
Demographic changes	(248,412)	-
Changes in assumptions	3,584,856	-
Benefit payments	<u>(3,013,472)</u>	<u>(3,245,571)</u>
Net change in total pension liability	3,257,263	38,404
Total pension liability, beginning	<u>40,770,051</u>	<u>40,731,647</u>
Total pension liability, ending (a)	<u>44,027,314</u>	<u>40,770,051</u>
Plan Fiduciary Net Position:		
Employer contributions	2,326,446	2,423,532
Net investment income	160,616	3,112,186
Benefit payments	(3,013,472)	(2,998,668)
Administrative expenses	(77,935)	(74,923)
Other	<u>3,790</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	(600,555)	2,462,127
Plan Fiduciary Net Position, beginning	<u>34,476,947</u>	<u>32,014,820</u>
Plan Fiduciary Net Position, ending (b)	<u>33,876,392</u>	<u>34,476,947</u>
Employer Net Pension Liability, ending (a)-(b)	<u>\$ 10,150,922</u>	<u>\$ 6,293,104</u>

Note: Ten-Year Historical Changes in Employer Net Pension Liability is not available since this is the first year that GASB 67 is implemented.

CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES PENSION PLAN
SCHEDULE OF EMPLOYER NET PENSION LIABILITY
SEPTEMBER 30, 2015 AND 2014
(Unaudited)

	<u>2015</u>	<u>2014</u>
Total Pension Liability	\$ 44,027,314	\$ 40,770,051
Less: Fiduciary Net Position	<u>(33,876,392)</u>	<u>(34,476,947)</u>
Employer Net Pension Liability	<u>\$ 10,150,922</u>	<u>\$ 6,293,104</u>
Plan fiduciary net position as a percentage of the Total Pension Liability	<u>76.94%</u>	<u>84.56%</u>
Covered payroll	<u>\$ 4,547,339</u>	<u>\$ 4,757,815</u>
Employer Net Pension Liability as a percentage of Covered Payroll	<u>223%</u>	<u>132%</u>

Note: Ten-Year Historical information of Employer Net Pension Liability is not available since this is the first year that GASB 67 is implemented.

CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES PENSION PLAN
SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER AND OTHER CONTRIBUTIONS
SEPTEMBER 30, 2015
(Unaudited)

<u>Year Ended</u>	<u>Actuarially Determined Contributions</u> [1]	<u>Contributions Recongnized 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]
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%
2009	2,348,104	2,348,104	-	7,208,807	32.57%
2008	1,828,158	1,828,158	-	7,386,916	24.75%
2007	1,823,084	1,823,084	-	8,471,091	21.52%

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:

- Measurement date** : **September 30, 2015**
- Actuarial valuation date** : **October 1, 2014**
- Actuarial assumptions:**
- Discount rate : 7.50% per annum (2.89% 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 for annuitants and non-annuitants, projected to 2007 by Scale AA, as published by the International Revenue Code (IRC) Section 430.

Future generational improvements in mortality have not been reflected in the calculations.
 - 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; Employer contributions are assumed to equal to \$2,230,002 for FY 2014/2015 and \$2,519,977 for FY 2013/2014 fiscal year.
 - Changes : The actuarial assumptions did not change from the prior measurement date since GASB 67 is first effective for this measurement period.

CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES PENSION PLAN
SCHEDULE OF INVESTMENT RETURNS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014
(Unaudited)

	2015	2014
Annual money-weighted rate of return, net of investment expense	<u>0.48%</u>	<u>9.72%</u>

Note: 10-year historical information on annual money-weighted rate of return is not available since this is the 2nd year that GASB 67 is implemented.

**CITY OF OAKLAND PARK, FLORIDA
GENERAL EMPLOYEES PENSION PLAN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2015**

I. CHANGE IN BENEFIT TERMS

None

II. CHANGE IN ASSUMPTIONS

None

**III. METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF
ACTUARIALLY 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, 2013 actuarial valuation will be made during the fiscal year ended September 2015. 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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Accounting	\$ 7,000	\$ 5,786
Actuarial fees	17,615	17,050
Administrative fees	46,850	45,102
Insurance	5,180	5,100
Legal fees	<u>1,290</u>	<u>1,885</u>
 Total deductions	 <u>\$ 77,935</u>	 <u>\$ 74,923</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, 2015, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated June 10, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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
June 10, 2016

BCA Watson Rice LLP

City of Oakland Park General Employees' Pension the Plan
Schedule of Findings and Responses
Fiscal Year Ended September 30, 2015

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

None.

City of Oakland Park General Employees' Pension the Plan

Summary Schedule of Prior Audit Findings

Fiscal Year Ended September 30, 2015

2011-IC-01 Require SSAE 16 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. 16, *Reporting on Controls at a Service Organization*.

Criteria

Under SSAE No. 16, an entity that performs outsourced services that affect the financial statements of another entity should have an SSAE 16 audit.

Questioned Cost

Not applicable.

Effect

The absence of an SSAE 16 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 16 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. 16 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

We communicated with the Plan Administrator and indicated that an audit under SSAE 16 should be conducted of their organization to provide assurance to the participants that adequate internal controls to properly manage and safeguard the GEPP's investments exist in their organization.



**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF
THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

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

We have audited the financial statements of the City of Oakland Park General Employees' Pension Plan (the "Plan") as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated June 10, 2016.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedules, which are dated June 10, 2016, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' report or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Item 2011-IC-01 made in the preceding annual financial report still exists currently.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City of Oakland Park General Employees' Pension Plan complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Plan was first established on May 1, 1963 and later amended effective August 13, 1971 to provide retirement, disability and death benefits for the employees of the City. The City of Oakland Park is the Plan Sponsor of this system.
- Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the Plan did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Fort Lauderdale, Florida
June 10, 2016

BCA Watson Rice LLP

CITY OF OAKLAND PARK GENERAL EMPLOYEES' PENSION PLAN

Management Letter

Fiscal Year Ended September 30, 2015

I. Current Year's Recommendations

- None.

II. Status of Prior Year's Recommendations

- None.

- End of Report -