

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

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**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, 2017 AND 2016**

**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, 2017 AND 2016**

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

**FINANCIAL STATEMENTS**  
**FISCAL YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

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**INDEPENDENT AUDITOR'S REPORT**

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## 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, 2017 and 2016, 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, 2017 and 2016, 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 7, 2018, 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 7, 2018

*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 2017. 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, 2017:

- Total net position at the close of the FY 2017 was \$39.1 million which posted an increase of \$3.6 million or 10.1% over FY 2016's \$35.5 million. The increase is primarily due to the improving performance in the investment market that posted an increase of \$2.3 million in the investment earnings over last year. In 2016, investment earnings was only \$2.9 million. Total net position in FY 2016 posted an increase of 4.7% or \$1.6 million over 2015's \$33.9 million.
- Total contributions for FY 2017 amounted to \$1.6 million which reflects a decrease of about \$263 thousand or -14.0% over FY 2016. In FY 2016, total contributions amounted to \$1.9 million, a decrease of \$459 thousand or -19.7% from FY 2015.
- Net investment income for FY 2017 was \$5.2 million reflecting a 79.3% or \$2.3 million increase over FY 2016's \$2.9 million. The increase or decrease of investment income is driven by the favorable or unfavorable investment market. Last year's \$2.9 million net investment income reflected a \$2.8 million increase over FY 2015's \$160 thousand was also a reflection of a favorable investment market.
- Total pension benefit payments during FY 2017 was \$3.1 million, just about \$55 thousand more of FY 2016, reflecting 1.8% increase. The increase in benefit payments is due to additional retirees who started receiving benefits during the year. In FY 2016, pension benefit payments increased by \$78.5 thousand or 2.6% over FY 2015.

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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 2017, 2016 and 2015:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 312,671	\$ 709,795	\$ 269,977
Contributions receivable	-	-	129,210
Investments, at fair value	<u>38,771,177</u>	<u>34,779,968</u>	<u>33,477,205</u>
Total Assets	<u>39,083,848</u>	<u>35,489,763</u>	<u>33,876,392</u>
Net Position	<u>\$ 39,083,848</u>	<u>\$ 35,489,763</u>	<u>\$ 33,876,392</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 2017, the Plan's net position increased by \$3.6 million or 10.1% from the balance of \$35.5 million at the end of FY2016. At September 2016, the Plan's net position increased by \$1.6 million or 4.7% from the balance of \$33.9 million at the end of FY2015.
- At the end of FY2017, total cash and investments amounted to \$39.1 million or \$3.6 million more than the balance at the end of FY 2016 which reflects a 10.1% increase. Total cash and investments as of September 30, 2016 was \$35.5 million, an increase of \$1.8 million or 5.3% over the balance of \$33.7 million at the end of FY 2015.

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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 2017 compared to fiscal year 2016 and 2015, with the resulting change in net position:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contributions	\$ 1,605,846	\$ 1,868,141	\$ 2,326,446
Investment and miscellaneous income	<u>5,215,604</u>	<u>2,922,054</u>	<u>164,406</u>
Total Additions	6,821,450	4,790,195	2,490,852
Less: Total Deductions	<u>3,227,365</u>	<u>3,176,824</u>	<u>3,091,407</u>
Change in Net Position	3,594,085	1,613,371	(600,555)
Net Position, beginning	<u>35,489,763</u>	<u>33,876,392</u>	<u>34,476,947</u>
<b>Net Position, ending</b>	<b><u>\$ 39,083,848</u></b>	<b><u>\$ 35,489,763</u></b>	<b><u>\$ 33,876,392</u></b>

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

- In FY 2017, revenues (additions) of the Plan were \$6.8 million which consisted of employer contributions of \$1.6 million, net investment income of \$5.2 million, and miscellaneous income of \$8 thousand. Revenues (additions) of the Plan in 2016 were \$4.8 million which consisted of employer contributions of \$1.9 million and net investment earnings and miscellaneous income amounting totaling \$2.9 million.
- In FY 2017, total expenses (deductions) of \$3.2 million is about the same level as in FY 2016, however reflecting a slight increase of 1.6% or about \$51 thousand from FY 2016. This is primarily due to the increase in benefit payments resulting from additional retirees who started to receive benefits during the year. Expenses (deductions) of the Plan in 2016 were also \$3.2 million which was an increase of \$85 thousand or 2.7% from FY 2015's \$3.1 million.

**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

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

**CURRENTLY KNOWN FACTS (continued)**

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, 2017.

<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.

**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.

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

**FINANCIAL ANALYSIS SUMMARY**

The investment activities for the fiscal year ended September 30, 2017 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.

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## **BASIC FINANCIAL STATEMENTS**

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**CITY OF OAKLAND PARK, FLORIDA  
GENERAL EMPLOYEES PENSION PLAN  
STATEMENT OF PLAN NET POSITION  
SEPTEMBER 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 312,671	\$ 709,795
Investments, at fair value	<u>38,771,177</u>	<u>34,779,968</u>
Total assets	<u>39,083,848</u>	<u>35,489,763</u>
 Net Position Held in Trust for Pension Benefits	 <u>\$ 39,083,848</u>	 <u>\$ 35,489,763</u>

**CITY OF OAKLAND PARK, FLORIDA  
GENERAL EMPLOYEES PENSION PLAN  
STATEMENT OF CHANGES IN PLAN NET POSITION  
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>ADDITIONS</b>		
Employer Contributions	\$ 1,605,846	\$ 1,868,141
Net investment income	5,207,181	2,919,201
Miscellaneous income	8,423	2,853
Total additions	<u>6,821,450</u>	<u>4,790,195</u>
<b>DEDUCTIONS</b>		
Pension benefits paid	3,147,114	3,092,026
Administrative expenses	80,251	84,798
Total deductions	<u>3,227,365</u>	<u>3,176,824</u>
 Changes in Net Position	 <u>3,594,085</u>	 <u>1,613,371</u>
 Net position held in trust for pension benefits, beginning	 <u>35,489,763</u>	 <u>33,876,392</u>
 Net position held in trust for pension benefits, ending	 <u>\$ 39,083,848</u>	 <u>\$ 35,489,763</u>

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**NOTES TO BASIC FINANCIAL STATEMENTS**

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CITY OF OAKLAND PARK, FLORIDA  
**GENERAL EMPLOYEES' PENSION PLAN**  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017 and 2016

**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 hundred ninety-five (295) members as reflected in the most recent actuarial report performed on October 1, 2016 with the following membership status:

Service retirees	157
Frozen Employees	84
Deferred vested	46
Due for refund	4
Disabled	1
Beneficiary	<u>3</u>
Total	<u>295</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, 2017 and 2016

**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, 2017 and 2016

**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.

CITY OF OAKLAND PARK, FLORIDA  
**GENERAL EMPLOYEES' PENSION PLAN**  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017 and 2016

**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 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.

CITY OF OAKLAND PARK, FLORIDA  
**GENERAL EMPLOYEES' PENSION PLAN**  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017 and 2016

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*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.

- d. New Accounting Policies* - The system implemented GASB Statement No. 82, Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73 (GASB 82). This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. GASB 82 requires that payments made by an employer on behalf of employees should be classified in a manner consistent with the pension plan terms. The implementation of this statement did not require a change to the assumptions used in the valuation as described in Note 4 to the 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.

CITY OF OAKLAND PARK, FLORIDA  
**GENERAL EMPLOYEES' PENSION PLAN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017 and 2016**

**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, 2017 and 2016 consisted of the following at fair value as determined by quoted market price:

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 312,671	\$ 709,795
Mutual funds	<u>38,771,177</u>	<u>34,779,968</u>
Total investments	<u>\$ 39,083,848</u>	<u>\$ 35,489,763</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 2017 and 2016, 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 \$5,207,181 and 2,919,201, 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, 2017 and 2016, are as follows:

	<u>2017</u>			<u>2016</u>		
	<u>WAM</u>	<u>Value</u>	<u>% to Total</u>	<u>WAM</u>	<u>Value</u>	<u>% to Total</u>
Broad Market High Quality Bonds	6.10	\$ 4,338,307	11%	5.90	\$ 3,903,874	12%
Core Plus Fixed Income Fund	7.40	<u>6,761,506</u>	17%	6.84	<u>6,352,668</u>	18%
Total investments		<u>\$ 11,099,813</u>			<u>\$ 10,256,542</u>	

CITY OF OAKLAND PARK, FLORIDA  
**GENERAL EMPLOYEES' PENSION PLAN**  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017 and 2016

**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, 2017 and 2016, 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, 2017 and 2016, 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, 2017 and 2016, 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  
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**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 18% of its investment balance. As of September 30, 2017, the foreign investments were 10.5% of total investments or \$4,103,804; while in 2016, the foreign investments were 10.0% of total investments or \$3,548,976, respectively.

*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.

**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.

CITY OF OAKLAND PARK, FLORIDA  
**GENERAL EMPLOYEES' PENSION PLAN**  
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**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 High Quality Growth 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 Large Cap Diversified Value 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 Russell 1000 Enhanced Index Portfolio**

This portfolio invests in a single underlying fund, the Intech U.S. Broad Enhanced Plus Fund, LLC (Intech Fund), shares of which are not publicly quoted. The Intech Fund invests mainly in domestic stocks, all of which have observable level 1 quoted pricing inputs. 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.

**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.

CITY OF OAKLAND PARK, FLORIDA  
**GENERAL EMPLOYEES' PENSION PLAN**  
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**FMIvT International Equity Portfolio**

This portfolio invests in a single underlying fund, the Investec International Dynamic Equity Fund, LLC (Investec Fund), shares of which are not publicly quoted. The Investec Fund invests in stocks sold on U.S. and international exchanges, all of which have observable level 1 quoted pricing inputs. The value of the portfolio's shares of the Investec Fund investment are determined based on the net asset value provided by the Investec Fund, which was 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, 2017:

	Fair Value Measurements Using			
	September 30, <u>2017</u>	Quoted Prices in Active Markets for Identical Assets <b><u>(Level 1)</u></b>	Significant Other Observable Inputs <b><u>(Level 2)</u></b>	Significant Unobservable Inputs <b><u>(Level 3)</u></b>
Investments by fair value level:				
Broad Market High Quality Bond Fund	\$ 4,338,307	\$ -	\$ 4,386,728	\$ -
Core Plus Fixed Income	6,761,506	-	-	6,761,506
High Quality Growth Portfolio	3,830,217	-	3,700,109	-
Diversified Value Portfolio	3,595,714	-	3,471,237	-
Russell 1000 Enhanced Index Portfolio	11,021,645	-	10,604,437	-
Diversified Small Cap Portfolio	5,119,984	-	4,997,055	-
International Equity Portfolio	4,103,804	-	4,119,709	-
Total Investments	<u>\$ 38,771,177</u>	<u>\$ -</u>	<u>\$ 32,009,671</u>	<u>\$ 6,761,506</u>

**CITY OF OAKLAND PARK, FLORIDA**  
**GENERAL EMPLOYEES' PENSION PLAN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017 and 2016**

**NOTE 4. ACTUARIAL VALUATION**

The actuarial valuation performed for the 2016/2017 fiscal year, was performed on October 1, 2015. At this date the actuaries determined that the present value of future benefits for FY 2017 was \$43,526,476 while the actuarial value of the assets available to pay benefits was \$32,835,674.

The actuarial valuation performed for the 2015/2016 fiscal year, was performed on October 1, 2014. At this date the actuaries determined that the present value of future benefits for FY 2016 was \$44,189,521 while the actuarial value of the assets available to pay benefits was \$31,247,703.

They further determined that the annual required city contribution for the years ended September 30, 2017 and 2016 were \$1,610,387 and \$1,863,600, respectively.

Principal assumptions used were 7.5% in 2017 and 2016 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, 2017 are as follows:

	<u>2017</u>	<u>2016</u>
Total pension liability	\$ 47,095,099	\$ 44,993,140
Plan fiduciary net position	<u>(39,083,848)</u>	<u>(35,489,763)</u>
Employer net pension liability	<u>\$ 8,011,251</u>	<u>\$ 9,503,377</u>
Plan fiduciary net position as a percentage of the		
Total Pension Liability	<u>83%</u>	<u>79%</u>

CITY OF OAKLAND PARK, FLORIDA  
**GENERAL EMPLOYEES' PENSION PLAN**  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017 and 2016

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

*Actuarial Assumptions*

The total pension liability as of September 30, 2017 was determined by rolling forward the Plan's total pension liability as of September 30, 2016 to September 30, 2017 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 - Since the prior measurement date, the mortality basis was changed from a 2007 projection of the RP-2000 Mortality Table for Annuitants to the RP-2000 Combined Mortality Table with full generational improvements in mortality using scale BB.

CITY OF OAKLAND PARK, FLORIDA  
**GENERAL EMPLOYEES' PENSION PLAN**  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017 and 2016

**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	\$ 53,125,527	\$ 47,095,099	\$ 44,003,345
Plan fiduciary net position	<u>(39,083,848)</u>	<u>(39,083,848)</u>	<u>(39,083,848)</u>
Net pension liability	<u>\$ 14,041,679</u>	<u>\$ 8,011,251</u>	<u>\$ 4,919,497</u>

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**CITY OF OAKLAND PARK, FLORIDA**  
**GENERAL EMPLOYEES' PENSION PLAN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017 and 2016**

**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, 2017 and 2016**

**NOTE 9. SUBSEQUENT EVENTS**

The Plan's Management evaluated subsequent events through March 7, 2018 the date on which the financial statements were available to be issued. Events or transactions occurring after September 30, 2017, but prior to March 7, 2018 that provided additional evidence about conditions that existed at September 30, 2017, have been recognized in the financial statements for the year ended September 30, 2017. Events or transactions that provided evidence about conditions that did not exist at September 30, 2017, 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, 2017.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF OAKLAND PARK, FLORIDA  
GENERAL EMPLOYEES PENSION  
SCHEDULE OF CHANGES IN EMPLOYER NET PENSION LIABILITY  
SEPTEMBER 30, 2017  
(Unaudited)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability:</b>				
Service cost	\$ -	\$ -	\$ -	\$ -
Other recognized changes in net pension liability				
Expected interest growth	3,246,037	3,178,167	2,934,291	3,283,975
Demographic changes	(206,608)	879,003	(248,412)	-
Changes in assumptions	2,201,333	-	3,584,856	-
Benefit payments	(3,138,803)	(3,091,344)	(3,013,472)	(3,245,571)
<b>Net change in total pension liability</b>	<u>2,101,959</u>	<u>965,826</u>	<u>3,257,263</u>	<u>38,404</u>
<b>Total pension liability, beginning</b>	<u>44,993,140</u>	<u>44,027,314</u>	<u>40,770,051</u>	<u>40,731,647</u>
<b>Total pension liability, ending (a)</b>	<u>47,095,099</u>	<u>44,993,140</u>	<u>44,027,314</u>	<u>40,770,051</u>
<b>Plan Fiduciary Net Position:</b>				
Employer contributions	1,605,846	1,868,141	2,326,446	2,423,532
Net investment income	5,207,181	2,919,201	160,616	3,112,186
Benefit payments	(3,147,114)	(3,092,026)	(3,013,472)	(2,998,668)
Administrative expenses	(80,251)	(84,798)	(77,935)	(74,923)
Other	8,423	2,853	3,790	-
<b>Net Change in Plan Fiduciary Net Position</b>	<u>3,594,085</u>	<u>1,613,371</u>	<u>(600,555)</u>	<u>2,462,127</u>
<b>Plan Fiduciary Net Position, beginning</b>	<u>35,489,763</u>	<u>33,876,392</u>	<u>34,476,947</u>	<u>32,014,820</u>
<b>Plan Fiduciary Net Position, ending (b)</b>	<u>39,083,848</u>	<u>35,489,763</u>	<u>33,876,392</u>	<u>34,476,947</u>
<b>Employer Net Pension Liability, ending (a)-(b)</b>	<u>\$ 8,011,251</u>	<u>\$ 9,503,377</u>	<u>\$ 10,150,922</u>	<u>\$ 6,293,104</u>

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, 2017  
(Unaudited)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability	\$ 47,095,099	\$ 44,993,140	\$ 44,027,314	\$ 40,770,051
Less: Fiduciary Net Position	<u>(39,083,848)</u>	<u>(35,489,763)</u>	<u>(33,876,392)</u>	<u>(34,476,947)</u>
<b>Employer Net Pension Liability</b>	<b><u>\$ 8,011,251</u></b>	<b><u>\$ 9,503,377</u></b>	<b><u>\$ 10,150,922</u></b>	<b><u>\$ 6,293,104</u></b>
Plan fiduciary net position as a percentage of the Total Pension Liability	<u>-82.99%</u>	<u>-78.88%</u>	<u>-76.94%</u>	<u>-84.56%</u>
Covered payroll	<u>\$ 3,616,327</u>	<u>\$ 4,067,102</u>	<u>\$ 4,547,339</u>	<u>\$ 4,757,815</u>
Employer Net Position Liability as a percentage of covered payroll	<u>222%</u>	<u>234%</u>	<u>223%</u>	<u>132%</u>

**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, 2017  
 (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]
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%
2009	2,348,104	2,348,104	-	7,208,807	32.57%
2008	1,828,158	1,828,158	-	7,386,916	24.75%

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, 2017

**Measurement date** : September 30, 2017

**Actuarial valuation date** : October 1, 2015

**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.

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 \$1,610,387 for FY 2016/2017 and \$1,863,600 for FY 2015/2016 fiscal year.

Changes : Since the prior measurement date, the mortality basis was changed from a 2007 projection of the RP-2000 Mortality Table for Annuitants to the RP-2000 Combined Mortality Table with full generational improvements in mortality using scale BB.

**CITY OF OAKLAND PARK, FLORIDA  
GENERAL EMPLOYEES PENSION PLAN  
SCHEDULE OF INVESTMENT RETURNS  
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016  
(Unaudited)**

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

<b>2017</b>	<b>14.97%</b>
<b>2016</b>	<b>8.76%</b>
<b>2015</b>	<b>0.48%</b>
<b>2014</b>	<b>9.72%</b>

*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, 2017**

**I. CHANGE IN BENEFIT TERMS**

None

**II. CHANGE IN ASSUMPTIONS**

Since the prior measurement date, the mortality basis was changed from a 2007 projection of the RP-2000 Mortality Table for Annuitants to the RP-2000 Combined Mortality Table with full generational improvements in mortality using scale BB.

**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, 2016 actuarial valuation will be made during the fiscal year ended September 2017. 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)

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## **SUPPLEMENTARY INFORMATION**

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CITY OF OAKLAND PARK, FLORIDA  
**GENERAL EMPLOYEES PENSION PLAN**  
**SCHEDULE OF ADMINISTRATIVE EXPENSES**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Accounting	\$ 7,000	\$ 5,500
Actuarial fees	17,325	17,325
Administrative fees	49,037	52,528
Insurance	5,180	5,180
Legal fees	<u>1,709</u>	<u>4,265</u>
 Total deductions	 <u>\$ 80,251</u>	 <u>\$ 84,798</u>

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## **COMPLIANCE SECTION**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

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, 2017, 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 7, 2018.

**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 7, 2018

*BCA Watson Rice LLP*

**City of Oakland Park General Employees' Pension the Plan**  
**Schedule of Findings and Responses**  
**Fiscal Year Ended September 30, 2016**

**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, 2017

#### 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.