



**City of Oakland Park
Retirement System for Police and Firefighters**

**Financial Statements
Years Ended September 30, 2014 and 2013**



City Of Oakland Park Retirement System for Police and Firefighters
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Independent Auditors' Report

Board of Trustees
City of Oakland Park Retirement System for Police and Firefighters
Oakland Park, Florida

We have audited the accompanying statements of City of Oakland Park Retirement System for Police and Firefighters (the "Plan"), which comprise the statements of fiduciary net position as of September 30, 2014 and 2013, and the related statements of changes in fiduciary net position for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 fiduciary net position of the City of Oakland Park Retirement System for Police and Firefighters as of September 30, 2014 and 2013, and changes in its fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Independent Auditors' Report (continued)

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2014, the Plan adopted Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25. The financial statements as of and for the year ended September 30, 2013 were restated due to the implementation of GASB Statement No. 67. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and the schedules included under Required Supplementary information as listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Plan. The accompanying supplemental schedules of investment expenses and administrative expenses as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Goldstein Schechter Koch, P.A.

Hollywood, Florida
March 13, 2015

City of Oakland Park Retirement System for Police and Firefighters

Management's Discussion and Analysis

(Required Supplementary Information - Unaudited)
September 30, 2014 and 2013

Our discussion and analysis of the City of Oakland Park Retirement System for Police and Firefighters (the "Plan") financial performance provides an overview of the Plan's financial activities and funding conditions for the fiscal years ended September 30, 2014 and 2013. Its purpose is to provide explanations and insights into the information presented in the financial statements, notes to the financial statements and required supplementary information. Please read it in conjunction with the Plan's financial statements, which follow this discussion.

Financial Highlights

- Plan assets exceeded liabilities at the close of the fiscal years ended September 30, 2014 and 2013 by \$58,645,609 and \$55,001,663, respectively (reported as net position restricted for pensions). Net assets are held in trust to meet future benefit payments. The increase of \$3,643,946 and increase of \$2,548,678 of the respective years have resulted primarily from the changes in the fair value of the Plan's investments due to volatile financial markets.

- Receivables at September 30, 2014 increased by \$801,220 (or 228.9%) primarily due to an increase in state contribution receivable.

Receivables at September 30, 2013 decreased by \$134,663 (or 27.8%) primarily due to a decrease in accrued interest and dividends.

- Liabilities at September 30, 2014 increased by \$55,799 (or 40.7%) primarily due to an increase in accrued expenses.

Liabilities at September 30, 2013 increased by \$40,106 (or 41.4%) primarily due to an increase in accrued expenses.

- For the fiscal year ended September 30, 2014, employer (City and Broward Sheriff's Office) contributions to the Plan decreased by \$158,177 (or 7.1%) based on the actuarial valuation. Actual employer contributions were \$2,058,127 and \$2,216,304 for 2014 and 2013, respectively.

For the fiscal year ended September 30, 2013, employer (City and Broward Sheriff's Office) contributions to the Plan decreased by \$93,301 (or 4.0%) based on the actuarial valuation. Actual employer contributions were \$2,216,304 and \$2,309,605 for 2013 and 2012, respectively.

- For the fiscal year ended September 30, 2014, member contributions decreased by \$30,762 (or 7.1%). Actual member contributions were \$404,467 and \$435,229 for 2014 and 2013, respectively. Member contributions have fluctuated from year to year based on the number of active members and salaries.

For the fiscal year ended September 30, 2013, member contributions decreased by \$33,094 (or -7.1%). Actual member contributions were \$435,229 and \$468,323 for 2013 and 2012, respectively. Member contributions have fluctuated from year to year based on the number of active members and salaries.

City of Oakland Park Retirement System for Police and Firefighters
Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2014 and 2013

Financial Highlights - continued

- For the fiscal year ended September 30, 2014, net investment income increased by \$904,439 (or 18.7%). Actual results were \$3,847,100 and \$3,620,015 of net appreciation in fair value of investments for 2014 and 2013, respectively, and \$2,222,282 and \$1,493,835, of income from interest and dividends for 2014 and 2013, respectively. Investment expenses for the fiscal year September 30, 2013 increased by \$51,093 (or 18.3%).

For the fiscal year ended September 30, 2013, net investment income decreased by \$3,070,428 (or 38.8%). Actual results were \$3,620,015 and \$6,666,363 of net appreciation in fair value of investments for 2013 and 2012, respectively, and \$1,493,835 and \$1,494,181, of income from interest and dividends for 2013 and 2012, respectively. Investment expenses for the fiscal year September 30, 2013 increased by \$23,734 (or 9.3%).

- For the fiscal year ended September 30, 2014, benefit payments and refunds of contributions decreased by \$309,538 (or 5.7%) from 2013.

For the fiscal year ended September 30, 2013, benefit payments and refunds of contributions increased by \$1,173,988 (or 27.7%) from 2012.

- For the fiscal year ended September 30, 2014, administrative expenses decreased by \$31,222 (or 23.6%) from 2013.

For the fiscal year ended September 30, 2013, administrative expenses increased by \$7,835 (or 6.3%) from 2012.

Plan Highlights

For the fiscal year ended September 30, 2014, the relative return of the portfolio was 10.86% for the trailing year and ranked in the 88th percentile of the public fund universe, 0.62% more than the target policy return of 10.24%. Actual net returns from investments were net investment income in 2014 and 2013 of \$5,738,765 and \$4,834,326, respectively.

For the fiscal year ended September 30, 2013, the relative return of the portfolio was 9.68% for the trailing year and ranked in the 88th percentile of the public fund universe, 1.51% less than the target policy return of 11.19%. Actual net returns from investments were net investment income in 2013 and 2012 of \$4,834,326 and \$7,904,755, respectively.

City of Oakland Park Retirement System for Police and Firefighters
Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2014 and 2013

Overview of the Financial Statements

The basic financial statements include the Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position and Notes to the Financial Statements. The Plan also includes in this report additional information to supplement the financial statements.

The Plan presents required supplementary schedules, which provide historical trend information about the Plan.

The Plan prepares its financial statements on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America. These statements provide information about the Plan's overall financial status.

The Plan implemented the requirements of Governmental Accounting Standards Board ("GASB") Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25 as approved by the Governmental Accounting Standards Board in June 2012 in the financial statements for the fiscal year ended September 30, 2014. The financial statements, notes to the financial statements, and required supplementary information reflect changes as required by this statement.

Description of the Financial Statements

The *Statement of Fiduciary Net Position* presents information that includes all of the Plan's assets and liabilities, with the balance representing the Net Position Restricted for Pensions. It is a snapshot of the financial position of the Plan at that specific point in time and reflects the resources available to pay members, retirees and beneficiaries at that point in time.

The *Statement of Changes in Fiduciary Net Position* reports how the Plan's net position changed during the fiscal year. The additions and deductions to net position are summarized in this statement. The additions include contributions to the retirement plan from employers and members and net investment income, which include interest, dividends, investment expenses, and the net appreciation or depreciation in the fair value of investments. The deductions include benefit payments, refunds of member contributions, and administrative expenses.

The *Notes to the Financial Statements* are presented to provide the information necessary for a full understanding of the financial statements. They include additional information not readily evident in the statements themselves such as a description of the Plan, contributions, significant accounting policies, funding policy, and investment risk disclosure.

There is also *Required Supplementary Information* included in this report as required by the Governmental Accounting Standards Board. These schedules consist of the Plan's actuarial methods and assumptions and provide data on changes in the City's net pension liability, the City's contributions, and the Plan's investment returns.

Additional information is presented as part of *Other Supplemental Schedules*. This section is not required but management has chosen to include it. It includes *Schedules of Investment Expenses and Administrative Expenses*. The *Schedule of Investment Expenses* presents the expenses incurred in managing and monitoring the investments of the Plan and include financial management, consultant, and custodial fees. The *Schedule of Administrative Expenses* presents the expenses incurred in the administration of the Plan.

City of Oakland Park Retirement System for Police and Firefighters
Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2014 and 2013

Condensed Statements of Fiduciary Net Position

The table below reflects condensed comparative statements of fiduciary net position as of September 30:

	2014	2013 (Restated)	2012 (Restated)
Cash and cash equivalents	\$ 554,090	\$ 1,408,355	\$ 1,228,622
Prepaid insurance	4,554	4,554	4,552
Receivables	1,151,228	350,008	484,671
Investments	57,128,623	53,375,833	50,832,121
Total assets	58,838,495	55,138,750	52,549,966
Liabilities	192,886	137,087	96,981
Net position restricted for pensions	\$ 58,645,609	\$ 55,001,663	\$ 52,452,985

Condensed Statements of Changes in Fiduciary Net Position

The tables below reflect condensed summaries of the statements of changes in fiduciary net position and reflect the activities of the Plan for the fiscal years ended September 30:

	2014	2013 (Restated)	2012 (Restated)
Additions:			
Contributions			
Members	\$ 404,467	\$ 435,229	\$ 468,323
City	1,673,501	1,681,039	1,671,934
State of Florida	650,357	611,349	610,508
Broward Sheriff's Office	384,626	535,265	637,671
Total	3,112,951	3,262,882	3,388,436
Net investment income	5,738,765	4,834,326	7,904,754
Total additions	8,851,716	8,097,208	11,293,190
Deductions:			
Pension benefits paid	4,945,507	5,334,400	4,242,106
Participants' contributions refunded	161,053	81,698	-
Administrative expenses	101,210	132,432	124,597
Total deductions	5,207,770	5,548,530	4,366,703
Net increase in net position	3,643,946	2,548,678	6,926,487
Net position restricted for pensions at beginning of year	55,001,663	52,452,985	45,526,498
Net position restricted for pensions at end of year	\$ 58,645,609	\$ 55,001,663	\$ 52,452,985

The Plan's investment activity, measured as of the end of any month, quarter or year, is a function of the underlying marketplace for the period measured and the investment policy's asset allocation. Benefit payments are a function of changing payments to retirees, their beneficiary (if the retiree is deceased) and new retirements during the period.

**City of Oakland Park Retirement System for Police and Firefighters
Management’s Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2014 and 2013**

Asset Allocation

At September 30, 2014, the domestic equity portion comprised 42% (\$24,394,586) of the total portfolio. The allocation to fixed income securities was 32% (\$18,172,167), while cash and cash equivalents was 1% (\$554,090). The portion of investments allocated to international equity was \$9,265,316 or 16% and the allocation to real estate was 9% (\$5,296,554) of the total portfolio.

At September 30, 2013, the domestic equity portion comprised 56% \$30,844,974 of the total portfolio. The allocation to fixed income securities was 30% \$16,529,899, while cash and cash equivalents was 3% \$1,408,355. The portion of investments allocated to international equity was \$6,000,960 or 11% of the total portfolio.

The target asset allocation as of September 30, 2014 and 2013 was as follows:

	2014	2013
Domestic equity	45%	45%
Fixed income	30%	40%
International equity	15%	15%
Real estate	10%	0%
Cash equivalents	0%	0%

Contacting the Plan’s Financial Management

This financial report is designed to provide the Board of Trustees, our membership, taxpayers, investors, and creditors with a general overview of the Plan’s finances and to demonstrate the Plan’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Oakland Park Retirement System for Police and Firefighters, c/o Benefits USA, Inc., 3810 Inverrary Blvd., Suite 303, Lauderhill, FL 33319.

City of Oakland Park Retirement System for Police and Firefighters

Statements of Fiduciary Net Position

September 30, 2014

	Membership and Benefit Account	Cost-of-Living Adjustment Account	Share Account	Total
Assets				
Cash and cash equivalents	\$ 554,090	\$ -	\$ -	\$ 554,090
Prepaid insurance	4,554	-	-	4,554
Receivables:				
Accrued interest and dividends	113,462	-	-	113,462
Proceeds from securities sold	216,208	-	-	216,208
Employee contributions	12,007	-	-	12,007
Employer contributions	159,194	-	-	159,194
State contribution	650,357	-	-	650,357
Due to/from other accounts	(3,110,303)	1,579,162	1,531,141	-
Total receivables	(1,959,075)	1,579,162	1,531,141	1,151,228
Investments, at fair value:				
United States government and agency securities	12,372,174	-	-	12,372,174
Corporate bonds	4,491,514	-	-	4,491,514
Fixed income funds	1,308,479	-	-	1,308,479
Common stock	24,394,586	-	-	24,394,586
International equity	9,265,316	-	-	9,265,316
Real estate	5,296,554	-	-	5,296,554
Total investments	57,128,623	-	-	57,128,623
Total assets	55,728,192	1,579,162	1,531,141	58,838,495
Liabilities				
Accrued expenses	159,355	-	-	159,355
Payable for securities purchased	33,531	-	-	33,531
Total liabilities	192,886	-	-	192,886
Net position restricted for pensions	\$ 55,535,306	\$ 1,579,162	\$ 1,531,141	\$ 58,645,609

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

City of Oakland Park Retirement System for Police and Firefighters

Statements of Fiduciary Net Position - Restated

September 30, 2013

	Membership and Benefit Account	Cost-of-Living Adjustment Account	Share Account	Total
Assets				
Cash and cash equivalents	\$ 1,408,355	\$ -	\$ -	\$ 1,408,355
Prepaid insurance	4,554	-	-	4,554
Receivables:				
Accrued interest and dividends	143,821	-	-	143,821
Proceeds from securities sold	12,654	-	-	12,654
Employee contributions	11,974	-	-	11,974
Employer contributions	108,424	-	-	108,424
State contribution	73,135	-	-	73,135
Due to/from other accounts	(3,043,142)	1,656,710	1,386,432	-
Total receivables	(2,693,134)	1,656,710	1,386,432	350,008
Investments, at fair value:				
United States government and agency securities	7,851,030	-	-	7,851,030
Corporate bonds	6,203,892	-	-	6,203,892
Fixed income funds	2,474,977	-	-	2,474,977
Common stock	30,844,974	-	-	30,844,974
International equity	6,000,960	-	-	6,000,960
Total investments	53,375,833	-	-	53,375,833
Total assets	52,095,608	1,656,710	1,386,432	55,138,750
Liabilities				
Accrued expenses	115,470	-	-	115,470
Payable for securities purchased	21,617	-	-	21,617
Total liabilities, as restated	137,087	-	-	137,087
Net position restricted for pensions, as restated	\$ 51,958,521	\$ 1,656,710	\$ 1,386,432	\$ 55,001,663

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

City of Oakland Park Retirement System for Police and Firefighters
Statements of Changes in Fiduciary Net Position
For the Year Ended September 30, 2014

	Membership and Benefit Account	Cost-of-Living Adjustment Account	Share Account	Total
Additions:				
Contributions:				
Members	\$ 404,467	\$ -	\$ -	\$ 404,467
City	1,673,501	-	-	1,673,501
State of Florida	531,755	-	118,602	650,357
Broward Sheriff's Office	384,626	-	-	384,626
Total contributions	2,994,349	-	118,602	3,112,951
Investment income:				
Net appreciation in fair value of investments	3,847,100	-	-	3,847,100
Interest and dividends	2,087,687	-	134,595	2,222,282
Total investment income	5,934,787	-	134,595	6,069,382
Less: Investment expenses	330,617			330,617
Net investment income	5,604,170	-	134,595	5,738,765
Total additions	8,598,519	-	253,197	8,851,716
Deductions:				
Pension benefits paid	4,759,471	77,548	108,488	4,945,507
Refunds of contribution	161,053	-	-	161,053
Administrative expenses	101,210	-	-	101,210
Total deductions	5,021,734	77,548	108,488	5,207,770
Net increase in net position	3,576,785	(77,548)	144,709	3,643,946
Net position restricted for pensions, as restated in 2013:				
Beginning of year	51,958,521	1,656,710	1,386,432	55,001,663
End of year	\$ 55,535,306	\$ 1,579,162	\$ 1,531,141	\$ 58,645,609

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

City of Oakland Park Retirement System for Police and Firefighters

Statements of Changes in Fiduciary Net Position - Restated

For the Year Ended September 30, 2013

	Membership and Benefit Account	Cost-of-Living Adjustment Account	Share Account	Total
Additions:				
Contributions:				
Members	\$ 435,229	\$ -	\$ -	\$ 435,229
City	1,681,039	-	-	1,681,039
State of Florida	517,652	-	93,697	611,349
Broward Sheriff's Office	535,265	-	-	535,265
Total contributions	3,169,185	-	93,697	3,262,882
Investment income:				
Net appreciation in fair value of investments	3,620,015	-	-	3,620,015
Interest and dividends	1,379,114	-	114,721	1,493,835
Total investment income	4,999,129	-	114,721	5,113,850
Less: Investment expenses	279,524	-	-	279,524
Net investment income	4,719,605	-	114,721	4,834,326
Total additions	7,888,790	-	208,418	8,097,208
Deductions:				
Pension benefits paid	5,123,731	57,660	153,009	5,334,400
Refunds of contribution	81,698	-	-	81,698
Administrative expenses	132,432	-	-	132,432
Total deductions	5,337,861	57,660	153,009	5,548,530
Net increase in net position	2,550,929	(57,660)	55,409	2,548,678
Net position restricted for pensions:				
Transfer to COLA	(218,853)	218,853	-	-
Beginning of year, as restated	49,626,445	1,495,517	1,331,023	52,452,985
End of year, as restated	\$ 51,958,521	\$ 1,656,710	\$ 1,386,432	\$ 55,001,663

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

City of Oakland Park Retirement System for Police and Firefighters

Notes to Financial Statements

September 30, 2014 and 2013

Note 1 - Description of the Plan

Organization

On July 5, 1995, the City of Oakland Park (the "City") passed Ordinance No. 0-95-10 that amended and restated the retirement system for police, firefighters and public safety officers of the City of Oakland Park, Florida (the "Plan") and repealed prior ordinances related to the Plan. The Plan was originally established by City Ordinance No. 0-75-15 which was adopted December 13, 1975. The Plan is a single employer defined benefit pension plan. Since the Plan is sponsored by the City, the Plan is included as a pension trust fund in the City's comprehensive financial report as part of the City's reporting entity. The Plan's governing board is the Board of Trustees, which comprises five members: two members of the public elected by the City Commission, two active police officers or firefighters elected by members of the Plan, and one of which is selected by a majority vote of the other four Trustees.

The following is a brief description of the Plan provided for general information purposes only. Participants should refer to the Plan agreement for more detailed and comprehensive information.

Plan Membership

Plan membership data at October 1, was as follows:

	2013	2012
Retirees and beneficiaries currently receiving benefits and terminated members entitled to benefits but not yet receiving them:		
Police	78	78
Fire	51	46
Total	129	124
Current Members:		
Fully vested:		
Police	10	10
Fire	23	23
Partially vested:		
Police	0	0
Fire	24	27
Nonvested:		
Police	0	0
Fire	7	4
Total	64	64

Firefighter Plan Participants

Effective August 1, 1991, the City contracted with Broward County for fire services and all Firefighters were transferred as employees of Broward County. The transferred firefighters had the option to remain in the Plan or to withdraw from the Plan and join the plan in which Broward County participates.

City of Oakland Park Retirement System for Police and Firefighters

Notes to Financial Statements

September 30, 2014 and 2013

Note 1 - Description of the Plan - continued

Firefighter Plan Participants - continued

Effective November 1992, the City terminated its agreement with Broward County for firefighter services and reestablished its fire department. There are no individual firefighters that remain with Broward County, but continue to be Plan participants and contribute to the Plan.

Police Officers Plan Participants

Effective August 1, 2000 the City contracted with the Sheriff's Office of Broward County ("BSO"), for the provision of police services within the Oakland Park District. As of the effective date, each police officer ceased to be an employee of the City and became an employee of BSO. The transferred police officers had an option to remain in the Plan or to withdraw from the Plan and become participants in the Florida Retirement System.

Pension Benefits

The Plan provides for monthly pension benefits to members, police officers and firefighters who, on March 1, 2013 are within 7 years of their normal retirement date, beginning at normal retirement age of 42 with 20 years continuous service or age 55 with 10 years of continuous service or age 58 regardless of length of service. The Plan permits early retirement on the first day of any month following the earlier of the member's 50th birthday and the completion of 10 years of continuous service or 20 years of continuous service. The Plan also provides certain disability and death benefits. For firefighters hired on or after March 1, 2013 and firefighters who, on March 1, 2013 are not within 7 years of the normal retirement date, the normal retirement date shall be 52 with 25 years continuous service or age 55 with 10 years of continuous service.

For firefighters who retired prior to June 20, 2007 and police officers, the normal monthly retirement benefit will be equal to 3% of the member's average monthly earnings for each year of continuous service, subject to a maximum benefit of 75% of average monthly earnings. For members who complete more than 37 ½ years of service, accrual of benefits shall recommence at the rate of 2% for each year of creditable service.

Average monthly earnings is defined as the higher of the monthly average of the member's compensation for the best thirty-six (36) consecutive month period out of the last 120 consecutive months, or the average of the best five (5) of the last ten (10) years of service. Average monthly include base pay and longevity pay and does not include overtime, bonuses, holiday premiums, vacation premiums, and any other nonregular payments. Effective October 1, 2003, up to three hundred (300) hours of overtime pay per year shall be included in final average earnings for police officers.

For firefighters who are actively employed on or after June 20, 2007 and firefighters who, on March 1, 2013 are within 7 years of the normal retirement date, the members' accrued benefit 3.0% of the member's average monthly earnings, the amount of benefit payable at the normal retirement date shall be 3% of the member's average monthly earnings for the first 10 years of continuous service and 4% of average monthly earnings for the next 10 years of service, and 3% of average monthly earnings for the next 5 years of continuous service, subject to a maximum benefit of 85% of average monthly earnings. For firefighters who complete more than 42 ½ years of service, accrual of benefits shall recommence at the rate of 2% for each year of creditable service.

City of Oakland Park Retirement System for Police and Firefighters

Notes to Financial Statements

September 30, 2014 and 2013

Note 1 - Description of the Plan - continued

Pension Benefits - continued

For firefighters who are hired on or after March 1, 2013 and firefighters who, on March 1, 2013, are not within 7 years of the normal retirement date, the amount of benefit payable at normal retirement shall be the members' accrued benefit as of March 1, 2013, and 2.25% of the member's average monthly earnings for each year of continuous service after March 1, 2013, subject to a maximum benefit of 70% of average monthly earnings. Provided in no event the benefit of any member employed prior to March 1, 2013 be less than the member's accrued benefit percentage as of March 1, 2013.

Cost-of-Living Adjustment

Effective October 1, 1999, following the determination of an actuarial gain, a Cost-of-Living Adjustment ("COLA") reserve fund was established within the assets of the Plan, which consists of one-half (1/2) of the value of the actuarial gain. The remaining actuarial gains are used to reduce future costs of the Plan. The COLA fund is co-mingled with other assets of the Plan, but is measured for accounting purposes as a separate fund within the Plan for the exclusive purpose of providing benefits. No benefit may be paid from the COLA fund which exceeds the amount of annual income received by the fund.

In any year in which the Board of Trustees determines that a COLA distribution may be made, the cost-of-living benefit shall be paid in the form of a thirteenth monthly pension payment to each retiree or beneficiary. The payment shall be equal to 3% of the annual retirement benefit multiplied by the number of years that the member has been retired up to a maximum benefit equal to 15% of the member's annual pension payment. In the event that the available funds are less than the projected liability under the formula established, the Board of Trustees may, in its exclusive discretion, decline to make any COLA payment for that year or make a lesser COLA payment based on a pro rata distribution of available funds. No actuarial gain or portion thereof shall be allocated to the COLA fund on or after March 1, 2013.

Share Plan

Effective June 20, 2007 for firefighters and September 15, 2010 for police officers, the Oakland Share Plan ("Share Plan"), a defined contribution plan, implements the provisions of Chapter 175 and 185, Florida Statutes, and provides a means whereby firefighters and police officers of the City may receive benefits from the funds provided for that purpose by Chapter 175 and 185, Florida Statutes. The Share Plan is in addition to any other benefits, and shall not in any way affect any other benefits that now or hereafter exist. Firefighters hired on or after March 1, 2013 shall not be able to participate in the share plan.

The funds to be deposited in the Share Plan each year are designated as "available funds" which are those premium tax revenues received after June 20, 2007 for firefighters and September 15, 2010 for police officers, that are in excess of the maximum annual amount allowed by law to be applied toward the cost of the pension plan prior to June 20, 2007 and September 15, 2010 plus the maximum annual amount allowed by law to be applied toward the cost benefit enhancements provided for retirement and deferred retirement option plans. On or before March 30 of each year, the available funds determined as of September 30 of the preceding year are equally distributed to Share Plan participants who qualify. Available funds are equally divided between each Share Plan participant and credited to the Share Plan participant's individual account. For firefighters, no premium tax revenue received after March 1, 2013 shall be deposited in the share plan.

City of Oakland Park Retirement System for Police and Firefighters

Notes to Financial Statements

September 30, 2014 and 2013

Note 1 - Description of the Plan - continued

Share Plan - continued

An individual share account is established for each participant who is actively employed on the effective dates, including deferred retirement option plan participants, and for members who are hired at any time after such date. Share account balances are invested by the Board of Trustees and may be commingled for investment purposes with the other assets of the Plan. At the end of each quarter, each participant's share account balance is credited or debited with the same overall rate of return, net of all fees and investment related costs, earned by all other assets of the Plan during that quarter, which may include investment losses, depending on the overall rate of return of the Plan.

A Share Plan participant is entitled to payment of their share account balance upon completion of 10 years of credited service and the Share Plan participant becomes eligible for normal, early, disability or death benefit from the Plan.

Deferred Retirement Option Plan

Effective January 3, 2001, the Plan implemented a Deferred Retirement Option Plan ("DROP") for police officers and firefighters who are eligible for normal service retirement at age 42 and have at least 20 years creditable service. Participation in the DROP for firefighters who on March 1, 2013 are within 7 years of the normal retirement date and police officers is limited to a maximum 60 months prior to termination of employment. Participation in the DROP for firefighters hired on or after March 1, 2013 and firefighters who, on March 1, 2013, are not within 7 years of the normal retirement date is limited to a maximum 36 months prior to termination of employment. The DROP is administered by the Plan's actuary and earns interest based upon the earnings and losses of the retirement plan. Once a member enters the DROP, their monthly retirement benefit is frozen, and their monthly benefit is paid into their DROP account. Upon termination of employment, the balance in the member's DROP account, including interest, is payable to them and they also begin to receive their (frozen) monthly retirement benefit.

A summary of the changes in the DROP balance as of September 30 is as follows:

	<u>2014</u>	<u>2013</u>
Beginning balance	\$ 1,354,522	\$ 1,566,123
Additions	434,853	363,925
Distributions	(335,190)	(689,017)
Interest	147,346	113,491
Ending balance	<u>\$ 1,601,531</u>	<u>\$ 1,354,522</u>

Funding

The Plan is funded by contributions from police officers of 8.5% and from firefighters of 10.0%, plus allowable contributions from the State of Florida under Chapters 175 and 185, Florida Statutes, plus additional contributions that are made by the City and BSO (effective August 1, 2000) as employer and Broward County as needed to soundly fund the Plan. The Plan is not subject to the requirements of ERISA. Effective October 1, 2003 earnings for active police officer members includes up to three hundred (300) hours of overtime per year. Effective March 1, 2013 the member contribution for firefighters, who are hired on or after March 1, 2013, and firefighters who on March 1, 2013 are not within 7 years of the normal retirement date shall be 8%. The member contribution for firefighters who, on March 1, 2013 are within 7 years of the normal retirement date shall be 10%.

City of Oakland Park Retirement System for Police and Firefighters

Notes to Financial Statements

September 30, 2014 and 2013

Note 1 - Description of the Plan - continued

Funding - continued

Members terminated with less than 5 years of continuous service are entitled to a refund of their contributions, plus 3% interest. Members terminated with 5 years or more of continuous services are entitled to the following:

- (i) Refund of member contributions, plus interest, or
- (ii) A percentage, as shown in the table below, of the pension benefit accrued to their date of termination, payable commencing at their otherwise normal retirement date, and on a life annuity basis, provided they do not elect to withdraw their member contributions,

Interest shall not be credited to member contributions of firefighter hired on or after March 1, 2013 or firefighters who have completed less than 10 years of continuous service on March 1, 2013.

Vested Percent:

Police Officers

<u>Years of Continuous Service</u>	<u>Percent</u>
Less than 5	0%
5 but less than 10	25%
10 or more	100%

If a member dies or is disabled prior to retirement, a benefit will be paid to the member or the member's spouse and/or children subject to certain percentage limitations depending on the length of service and whether the death or disability occurred while performing their duties.

Firefighters

Effective March 1, 2013, firefighters shall become 100% vested in their accrued benefit upon attaining 10 years of continuous service; provided that the firefighters hired prior to March 1, 2013, with at least 5 years of continuous service on March 1, 2013, shall retain their vested status as of that date. Any firefighter partially vested prior to March 1, 2013, must complete 10 years of continuous service to become 100% vested in their accrued benefit. There shall be no partial vesting for any firefighter hired on or after March 1, 2013 or any firefighter with less than 5 years of continuous service on that date.

Termination of the Plan

The City reserves the right to terminate the Plan and its contributions thereunder at any time. The termination is to be effective at the close of business on a date to be designated by the City. If the City terminates the Plan, or if it is otherwise terminated or contributions to it are completely discontinued, the Board of Trustees shall continue to administer the fund in accordance with the provisions of the Plan, such that the benefits of each member on such date of termination or discontinuance are nonforfeitable and are 100% vested to the extent then funded. Upon termination of the Plan, preference in the distribution of assets shall first be given to retired members and their beneficiaries; then to fulfilling obligations to vested members, whether or not in service; then to the return of contributions of non-vested members and then to the payment of any administrative obligations of the Plan. Following the payment to the last living member of the Plan and satisfaction of all other debts and obligations of the Plan, any assets remaining shall revert to the City and to the State of Florida in the same proportion as their contributions were made to the Plan.

City of Oakland Park Retirement System for Police and Firefighters

Notes to Financial Statements

September 30, 2014 and 2013

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Member contributions are recognized as revenues in the period in which the contributions are due. City and BSO contributions are recognized as revenue when due pursuant to the actuarial valuation. State contributions are recognized as revenue in the period in which they are approved by the State. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Interest income is recorded as earned and dividend income is recorded as of the ex-dividend date.

Cash Equivalents

The Plan considers all highly liquid investments with original maturity of three months or less when purchased, to be cash equivalents.

Investments

Investments are recorded at fair value in the Statement of Fiduciary Net Position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The diversity of the investment types in which the Plan has entered into requires a range of techniques to determine fair value. The overall valuation processes and information sources by major investment classification are as follows:

- **Debt securities:** Debt securities consist primarily of negotiable obligations of the U.S. government and U.S. government-sponsored agencies and corporations. These securities can typically be valued using the close or last traded price on a specific date (quoted prices in active markets). When quoted prices are not available, fair value is determined based on valuation models that use inputs that include market observable inputs. These inputs included recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the investment's type.
- **Equity securities:** These include domestic common stocks and international equities. Domestic securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year. Securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at September 30, 2014 and 2013. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on yields currently available on comparable securities of issuers with similar credit ratings.
- **Fixed income funds:** Fixed income funds are valued using their respective net asset value (NAV) as of September 30, 2014 and 2013. The most significant input into the NAV of such funds is the fair value of the investment holdings.
- **Real Estate:** Real estate investments are investments where no readily ascertainable market value exists. To value these investments, management, in consultation with the general partner and investment advisors, determines the fair values for the individual investments based upon the partnership's or limited liability company's most recent available financial information adjusted for cash flow activities through September 30, 2014 and 2013. The estimated fair value of these investments may differ from values that would have been used had a ready market existed.

City of Oakland Park Retirement System for Police and Firefighters

Notes to Financial Statements

September 30, 2014 and 2013

Note 2 - Summary of Significant Accounting Policies - continued

Investments - continued

Unrealized gains and losses are presented as net appreciation in fair value of investments on the statement of changes in fiduciary net position along with gains and losses realized on sales of investments. Purchases and sales of investments are recorded on a trade-date basis. Realized gains and losses on the sale of investments are based on average cost identification method.

Given the inherent nature of investments, it is reasonably possible that changes in the value of those investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of fiduciary net position.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported accounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Status

The Plan is exempt from federal income taxes under the Internal Revenue Code, and therefore, has recorded no income tax liability or expense.

Risks and Uncertainties

Contributions to the Plan and the actuarial information included in the required supplementary information are reported based on certain assumptions pertaining to the interest rates, inflation rates and member compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in settling assumptions, that the effect of such changes could be material to the financial statements.

Recently Adopted Accounting Pronouncements

The Plan adopted Governmental Accounting Standards Board (“GASB”) Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25* (GASB Statement No. 67). GASB Statement No. 67 applies to pension plans that administer pension benefits for governments through a trust or equivalent arrangement that meets certain specified criteria. GASB Statement No. 67 establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the net pension liability of employers for benefits provided through the pension plan. The adoption changed various reporting terminology, footnote disclosures, and required supplementary information to be disclosed. The adoption of GASB 67 also required a restatement of prior years’ liabilities in accordance with GASB 67. See Note 6.

Subsequent Events

Management has evaluated subsequent events through March 13, 2015, the date which the financial statements were available for issue.

City of Oakland Park Retirement System for Police and Firefighters

Notes to Financial Statements

September 30, 2014 and 2013

Note 3 - Contributions

Actual Contributions

The actual contributions from the City, BSO, and the State of Florida for active members for the fiscal years ended September 30, 2014 and 2013, amounted to \$2,708,484 and \$2,827,653, respectively, and the actual amount of covered payroll was approximately \$ 5,475,000 and \$4,725,000, respectively. City, BSO and State contributions consisted of the following for the year ended September 30:

	2014		2013	
	Amount	Percent of Actual Annual Covered Payroll	Amount	Percent of Actual Annual Covered Payroll
Employer contributions – City	\$ 1,673,501	30.6%	\$ 1,681,039	35.6%
Employer contributions – BSO	384,626	7.0%	535,265	11.3%
State of Florida	650,357	11.9%	611,349	12.9%
Total contributions				
City and State of Florida	\$ 2,708,484	49.5%	\$ 2,827,653	59.8%
Member contributions	\$ 404,467	7.4%	\$ 435,229	9.2%

Actuarially Determined Contributions

The contributions required from the City, BSO, and the State of Florida (contributing entities) for the fiscal years ended September 30, 2014 and 2013 were actuarially determined by the October 1, 2012 and 2011 valuations to be \$2,399,739 and \$2,733,956, respectively.

Funding requirements for valuations prior to October 1, 2008 disclosed a specific dollar amount ("fixed dollar contribution method") for the minimum required contribution which was based on the actuarially projected payroll. For the year ended September 30, 2011, at the request of the Division of Retirement, the contributing entities were required to contribute an amount based on the actuarially determined percentage of actual pensionable payroll ("percentage of payroll method"). The actuarially determined percentages in the October 1, 2012 and 2011 actuarial valuations were 53.91% and 53.7% for the fiscal years ended September 30, 2014 and 2013, respectively. The annual covered payroll used in the October 1, 2012 and 2011 calculations was approximately \$ 4,561,000 and \$5,087,000, respectively.

	2014		2013	
	Amount	Percent of Annual Covered Payroll	Amount	Percent of Annual Covered Payroll
Normal cost plus interest	\$ 536,967	11.8%	\$ 729,100	14.3%
Amortization of unfunded liability	1,862,772	40.8%	2,004,856	39.4%
Total required from city and state	\$ 2,399,739	52.6%	\$ 2,733,956	53.7%

City of Oakland Park Retirement System for Police and Firefighters

Notes to Financial Statements

September 30, 2014 and 2013

Note 3 – Contributions - continued

Actuarially Determined Contributions - continued

Effective May 30, 2012, the Division of Retirement mandated that local governments confer with the Plan's actuary to select and maintain a contribution method (percentage of payroll or fixed dollar contributions) that best fits the funding requirements of the Plan. During 2012, the Plan has elected to use the fixed dollar method effective with the October 1, 2012 actuarial valuation.

Note 4 - Deposit and Investment Risk Disclosures

Cash and Cash equivalents

Deposits are carried at cost and are included in cash and cash equivalents in the statement of fiduciary net position. Cash and cash equivalents include money market accounts at September 30, 2014 and 2013.

Investment Authorization

The Plan's investment policy is determined and approved by the Board of Trustees. The policy's objective is to obtain a reasonable total rate of return that meets or exceeds the actuarial interest rate assumption net of fees to ensure the Plan is actuarially sound. The investment policy of the Plan stipulates that the Board of Trustees shall, in acquiring, investing, reinvesting, exchanging, retaining, selling and maintaining property for the benefit of the Plan, exercise the care, skill, prudence, and diligence that a prudent man acting in such matters would use in the conduct of an enterprise of like character and with like aim. The policy also states that investments of the Plan will be diversified so as to minimize the risk of large loss, unless under the circumstances, it is clearly prudent not to do so.

The Plan has contracts with investment counselors who supervise and direct the investment of equity and fixed income securities. In addition, the Plan utilizes an investment advisor who monitors the investing activity. The investments owned are held by a custodian in the name of the Plan.

Investment in all equity securities is limited to those listed on a major U.S. stock exchange and limited to no more than 75% (at market) of the Plan's total asset value with no more than 5% of the Plan's assets invested in the common stock of any one issuing company nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding stock of the company. Investments in stocks of foreign companies are limited to 10% of the Plan's assets. The fixed income portfolio shall be comprised of securities rated not less than "BBB" or "Baa" by the major rating services and is limited to no more than 65% (at market) of the Plan's total asset value.

City of Oakland Park Retirement System for Police and Firefighters

Notes to Financial Statements

September 30, 2014 and 2013

Note 4 - Deposit and Investment Risk Disclosures - continued

Types of Investments

Florida statutes and Plan investment policy authorize the Board of Trustees to invest funds in various investments. The current target and actual portfolio allocations of these investments at market as of September 30:

	2014		2013	
	Target %	Actual %	Target %	Actual
Authorized Investments				
Domestic equity	45%	42%	45%	56%
Fixed income	30%	32%	40%	30%
International equity	15%	16%	15%	11%
Real Estate	10%	9%	0%	0%
Cash and cash equivalents	0%	1%	0%	3%

Rate of Return

For the year ended September 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension investment expense, was 10.9%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the Plan diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuations is provided by the following tables that show the distribution of the Plan's investments by maturity at September 30:

Investment Type	Fair Value	2014 Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. treasuries	\$ 6,772,050	\$ -	\$ 2,792,510	\$ 1,698,077	\$ 2,281,463
U.S. agencies	5,600,124	-	-	2,832,955	2,767,169
Corporate bonds	4,491,514	-	1,504,038	2,987,476	-
Fixed income funds	1,308,479	-	-	1,308,479	-
Total fixed					
income securities	\$ 18,172,167	\$ -	\$ 4,296,548	\$ 8,826,987	\$ 5,048,632

City of Oakland Park Retirement System for Police and Firefighters

Notes to Financial Statements

September 30, 2014 and 2013

Note 4 - Deposit and Investment Risk Disclosures - continued

Interest Rate Risk - continued

Investment Type	Fair Value	2013 Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. treasuries	\$ 2,991,848	\$ -	\$ -	\$ 297,409	\$ 2,694,439
U.S. agencies	4,859,182	-	-	2,932,825	1,926,357
Corporate bonds	6,203,892	-	-	6,203,892	-
Fixed income funds	2,474,977	-	1,241,622	1,233,355	-
Total fixed income securities	\$ 16,529,899	\$ -	\$ 1,241,622	\$ 10,667,481	\$ 4,620,796

Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan's investment policy utilizes portfolio diversification in order to control this risk.

The following table discloses credit ratings by investment type, as of September 30 2014 and 2013, as applicable:

	2014		2013	
	Fair Value	Percentage of Portfolio	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	\$ 12,372,174	68.08%	\$ 7,851,030	47.50%
Quality rating of credit risk debt securities:				
AAA	-	-	618,706	3.74
AA+	453,969	2.50	660,746	4.00
AA	-	-	408,278	2.47
AA-	198,992	1.10	-	-
A	601,097	3.31	1,515,411	9.17
A-	1,511,805	8.32	3,704,923	22.41
BBB+	405,132	2.23	660,430	4.00
BBB	-	-	496,119	3.00
BB	1,320,520	7.27	256,847	1.55
B	-	-	191,997	1.16
Below B	-	-	165,412	1.00
Not Rated	1,308,478	7.20	-	-
Total credit risk debt securities	5,799,993	31.92	8,678,869	52.50
Total fixed income securities	\$ 18,172,167	100.00%	\$ 16,529,899	100.00%

*Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

City of Oakland Park Retirement System for Police and Firefighters

Notes to Financial Statements

September 30, 2014 and 2013

Note 4 - Deposit and Investment Risk Disclosures - continued

Concentration of Credit Risk

The investment policy of the Plan contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of plan net assets at September 30, 2014 and 2013.

Custodial Credit Risk

Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Custodial risk for deposits is the risk that, in the event of the failure of the depository financial institution, the Plan will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Plan's deposits are covered by depository insurance or are collateralized by securities held with a financial institution in the Plan's name. The Plan is only exposed to custodial credit risk for uncollateralized cash and cash equivalents that are not covered by federal depository insurance.

Custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Plan, and are held either by the counterparty or the counterparty's trust department or agent but not in the Plan's name.

Consistent with the Plan's investment policy, the investments are held by the Plan's custodial bank and registered in the Plan's name.

Note 5 – Net Pension Liability of the City

The components of the net pension liability of the City at September 30, 2014 were as follows:

	<u>2014</u>
Total pension liability	\$ 68,911,765
Plan's fiduciary net position	(58, 645,609)
<u>City net pension liability</u>	<u>\$ 10,266,156</u>
Plan's fiduciary net position as a percentage of total pension liability	85.10%

City of Oakland Park Retirement System for Police and Firefighters

Notes to Financial Statements

September 30, 2014 and 2013

Note 5 – Net Pension Liability of the City - continued

Actuarial Assumptions

The total pension liability at September 30, 2014 was determined using an actuarial valuation as of October 1, 2013, with update procedures used to roll forward the total pension liability to September 30, 2014. The actuarial valuation used the following actuarial assumptions:

Inflation	2.5%
Projected salary increases	5.75%
Projected COLAs	None
Investment rate of return	8.80% compounded annually, net of pension plan investment expense, including inflation.

Healthy mortality rates are calculated with the 1983 Group Annuity Mortality Table with separate male and female rates. No future improvements in mortality are assumed.

The actuarial assumptions used in the October 1, 2013 valuation were based on the results of an actuarial experience study for the period October 1, 2003 – September 30, 2009.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*.

ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of the valuation date of October 1, 2013 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return*</u> <u>2014</u>
Domestic equity	10.00%
International equity	11.00%
Domestic bonds	6.00%
International bonds	7.00%
Real estate	8.00%

*Real rates of return are net of the long-term inflation assumption of 2.5% for 2014.

City of Oakland Park Retirement System for Police and Firefighters

Notes to Financial Statements

September 30, 2014 and 2013

Note 5 – Net Pension Liability of the City - continued

Discount Rate

The discount rate used to measure the total pension liability was 8.80%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from the City will be made at statutorily required rates, actuarially determined. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to changes in the Discount Rate

The following presents the net pension liability of the City calculated using the discount rate of 8.80%, as well as what the employer net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.8 percent%) or 1-percentage-point higher (9.8 percent) than the current rate:

	Employer Net Pension Liability		
	1% Decrease (7.8%)	Current Discount Rate (8.8%)	1% Increase (9.8%)
September 30, 2014	\$ 16,108,669	\$ 10,266,156	\$ 5,262,660

Note 6 – Restatement of Financial Statements

In accordance with U.S. GAAP and paragraph 49 of GASB 67, certain changes in accounting principles were retrospectively applied, and therefore, comparative financial statements include a restatement of all prior years presented for the following changes made to comply with the requirements of GASB 67.

The Plan administers a DROP (see Note 1). During the DROP participation period, each member's monthly retirement benefit accrues and the balance accumulates with the DROP account. Upon termination of employment and the end of the DROP period, each retired member's funds are immediately due and payable. Monthly accruals of benefits were previously expensed and accordingly recorded as a deduction on the Statement of Changes in Fiduciary Net Position. Similarly, the total amount of deferred retirement benefits that had accumulated but not yet been distributed at fiscal year-end were previously classified as a liability on the Statement of Fiduciary Net Position. According to paragraph 98 of GASB 67, "DROP balances, similar to other benefit payments, should be recognized as a pension plan liability only when ultimately due to the plan member." Further clarification is provided by question 37 in the GASB 67 implementation guide which states that "benefits generally would be considered due and payable only when they are required to be distributed to the plan member from the DROP account."

As a result of the preceding, financial statements have been restated to report a liability only for benefits due but not yet distributed to members who had ended their participation in the DROP program at September 30. Likewise, deductions have been restated to include only DROP amounts actually distributed to participants as well as amounts due but not yet distributed. Additions have also been restated to add back those that relate to the DROP for investment income earned by the DROP account. The cumulative effect of the restatement is as follows:

City of Oakland Park Retirement System for Police and Firefighters

Notes to Financial Statements

September 30, 2014 and 2013

Note 6 – Restatement of Financial Statements - continued

Statement of Fiduciary Net Position

Total liabilities, previously reported	\$ 1,490,721
Impact of restatement	(1,353,634)
Total liabilities, as restated	\$ 137,087

Net position restricted for pensions, previously reported	\$ 53,648,029
Impact of restatement	1,353,634
Total net position restricted for pensions, as restated	\$ 55,001,663

Statement of Changes in Fiduciary Net Position

Total additions, previously reported	\$ 7,984,605
Impact of restatement	112,603
Total additions, as restated	\$ 8,097,208

Total deductions, previously reported	\$ 5,223,437
Impact of restatement	325,093
Total deductions, as restated	\$ 5,548,530

Required Supplementary Information

City of Oakland Park Retirement System for Police and Firefighters
Required Supplementary Information
Schedule of Changes in the City's Net Pension Liability (Unaudited)
Last Fiscal Year

Total pension liability		
Service cost	\$	557,925
Interest		5,780,261
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes of assumptions		-
Benefit payments, including refunds of member contributions		(5,106,560)
Net change in total pension liability		1,231,626
Total pension liability- beginning		67,680,139
Total pension liability- ending		68,911,765
Plan fiduciary net position		
Contributions - City		1,673,501
Contributions - State		650,357
Contributions - Sherriff's Office		384,626
Contributions - Member		404,467
Net investment income		5,738,765
Benefit payments, including refunds of member contributions		(5,106,560)
Administrative expenses		(101,210)
Net change in plan fiduciary net position		3,643,946
Plan fiduciary net position – beginning		55,001,663
Plan fiduciary net position - ending	\$	58,645,609
City's net pension liability	\$	10,266,156

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

City of Oakland Park Retirement System for Police and Firefighters
Required Supplementary Information
Schedule of Changes in the City's Net Pension Liability (Unaudited) - continued
Last Fiscal Year

Total pension liability	\$	68,911,765
Plan fiduciary net position		(58,645,609)
City's net pension liability	\$	10,266,156

Plan fiduciary net position as a percentage of the total pension liability	85.10%
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Covered – employee payroll	\$	4,797,007
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City's net pension liability as a percentage of covered – employee payroll	214.01%
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* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

City of Oakland Park Retirement System for Police and Firefighters
Required Supplementary Information
Schedule of Contributions by Employer (Unaudited)
Last Fiscal Years

	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 2,399,739	\$ 2,733,956	\$ 2,992,829	\$ 2,585,362	\$ 2,148,021
Contributions in relation to the actuarially determined contribution	2,399,739	2,733,956	2,992,829	2,585,362	2,148,021
Contribution deficiency (excess)	<u>\$ -</u>				
Covered-employee payroll	\$ 4,560,724	\$ 5,086,610	\$ 5,323,729	\$ 5,826,502	\$ 6,186,333
Contributions as a percentage of covered-employee payroll	52.6%	53.7%	56.2%	44.4%	34.7%
	2009	2008	2007	2006	2005
Actuarially determined contribution	\$ 1,979,937	\$ 2,004,540	\$ 1,522,223	\$ 1,774,056	\$ 1,622,577
Contributions in relation to the actuarially determined contribution	1,979,937	2,004,540	1,522,223	1,774,056	1,622,577
Contribution deficiency (excess)	<u>\$ -</u>				
Covered-employee payroll	\$ 6,475,592	\$ 7,016,572	\$ 5,996,024	\$ 5,785,581	\$ 5,445,253
Contributions as a percentage of covered-employee payroll	30.6%	28.6%	25.4%	30.7%	29.8%

See accompanying independent auditors' report and notes to required supplementary information.

**City of Oakland Park Retirement System for Police and Firefighters
Required Supplementary Information
Schedule of Investment Returns (Unaudited)
For the Year Ended September 30, 2014**

	2014
Annual money-weighted rate of return, net of investment expense	10.90%

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

City of Oakland Park Retirement System for Police and Firefighters

Required Supplementary Information

Notes to Required Supplementary Information (Unaudited)

Last Ten Fiscal Years

Method and assumptions used in calculations of the City's actuarially determined contributions. The actuarially determined contribution rates in the schedule of the City's contributions are calculated as of October 1. Unless otherwise noted above, the following actuarial methods and assumptions were used to determine contribution rates reported in the Schedule of the City's contributions.

Actuarial cost method	Entry Age Normal Level Percentage of Pay
Amortization method	Layered Amortization
Amortization period	30 Years
Asset valuation method	3-Year smoothing
Inflation	3.00%
Projected salary increases	5.75%
Investment rate of return	7.75%
Cost-of-living increases	None

Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition.

Mortality Rates: The 1983 Group Annuity Mortality Table, with separate male and female rates. No future improvements in mortality are assumed.

Disability Rates: Representative values of the assumed annual rates of disability among members in active service are as follows:

Age	Expected Annual Disabilities Per 1,000 Employees	
	Males	Females
20	1.7	3.4
25	1.7	3.4
30	1.7	3.4
35	1.8	3.6
40	2.0	4.0
45	2.3	4.6
50	2.9	5.8
55 & Over	3.9	7.8

50% of disabilities are service incurred and 50% are non-service incurred.

Employee Withdrawal Rates: Representative values of the assumed annual rates of withdrawal among members in active service are as follows:

Males: The following is a sample of the number of assumed withdrawals per 100 employees.

Age	Completed Years of Continuous Service										10 & over
	0	1	2	3	4	5	6	7	8	9	
20	23.3	31.5	30.6	29.8	24.7	10.2	8.7	7.1	5.5	4.0	2.5
25	24.7	23.8	23.0	22.1	18.7	9.4	8.0	6.6	5.2	3.8	2.5
30	16.2	15.3	14.5	13.6	12.8	5.1	4.6	4.1	3.5	3.0	2.5
35	11.9	11.9	11.9	11.9	10.2	5.1	4.5	3.9	3.2	2.6	2.0
40	11.9	11.9	11.9	11.9	10.2	5.1	4.5	3.8	3.2	2.6	2.0
45	11.9	11.9	11.9	11.9	10.2	5.1	4.5	3.9	3.2	2.6	2.0
50+	11.9	11.9	11.9	11.9	10.2	5.1	4.5	4.0	3.4	2.9	2.3

Females: The following is a sample of the number of assumed withdrawals per 100 employees.

Age	Completed Years of Continuous Service										10 & over
	0	1	2	3	4	5	6	7	8	9	
20	40.8	40.0	39.1	38.3	33.2	18.7	15.4	12.1	8.7	5.4	2.0
25	33.2	32.3	31.5	30.6	27.2	17.9	14.7	11.6	8.3	5.2	2.0
30	24.7	23.8	23.0	22.1	21.3	13.6	11.2	8.8	6.5	4.2	1.8
35	20.4	20.4	20.4	20.4	18.7	13.6	11.2	8.8	6.4	3.9	1.5
40	20.4	20.4	20.4	20.4	18.7	13.6	11.4	9.2	7.1	4.8	2.6
45	20.4	20.4	20.4	20.4	18.7	13.6	11.2	8.8	6.5	4.1	1.7
50+	20.4	20.4	20.4	20.4	18.7	13.6	11.7	9.9	8.0	6.1	4.3

Marital Assumptions: 1. 100% of members are assumed married or entitled to benefits for dependents, including registered domestic partners.

Other Supplemental Schedules

City of Oakland Park Retirement System for Police and Firefighters
Other Supplemental Schedules of Investment Expenses and Administrative Expenses
For the Years Ended September 30, 2014 and 2013

	2014	2013
Schedule "1"		
Schedule of Investment Expenses		
Financial management expenses		
Buckhead Capital	\$ 12,669	\$ 85,246
Garcia Hamilton & Associates	43,942	92,098
Invesco National Trust Company	15,329	42,069
Gamco Asset Management	83,501	-
Prime Property	26,005	-
Wells Capital Management	73,053	-
Total financial management expenses	254,499	219,413
Investment consultant fees		
Bogdahn Group	40,000	34,717
Investment custodial fees		
Salem Trust Company	36,118	25,394
Total investment expenses	\$ 330,617	\$ 279,524

Schedule "2"		
Schedule of Administrative Expenses		
Accounting	\$ 21,800	\$ 23,500
Actuarial	40,460	47,630
Legal	17,782	39,953
Total professional services	80,042	111,083
Other		
Administration fee	15,600	15,600
Dues and subscriptions	600	784
Insurance	4,968	4,965
Total other	21,168	21,349
Total administrative expenses	\$ 101,210	\$ 132,432



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