



# **Oklahoma City Employee Retirement System**

Annual Comprehensive Financial Report | A Component Unit of Oklahoma City

The City of Oklahoma City | for the Fiscal Years ended June 30, 2023 and 2022



# OKLAHOMA CITY EMPLOYEE RETIREMENT SYSTEM

A Pension Trust Fund of  
Oklahoma City, Oklahoma

## *Board of Trustees*

Paul Bronson, Chairman

Ken Culver, Vice-Chairman

Brent Bryant

Doug Dowler

Bruce Davis

Sri Jonnada

Aimee Maddera

Karla Nickels

JC Reiss

Randy Thurman

Matt Weller

Amy K. Simpson, Secretary (ex-officio)

Matthew Boggs, Treasurer (ex-officio)

## *Management*

Regina Story, ERS Manager

Richard Mahoney, Assistant Municipal Counselor

Annual Comprehensive Financial Report  
for the Fiscal Years Ended June 30, 2023 and 2022

Prepared by The Oklahoma City Finance Department, Accounting Services Division  
Alex E. Fedak, CPA, Controller

## Introductory



# OKLAHOMA CITY EMPLOYEE RETIREMENT SYSTEM

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## ***Oklahoma City Employee Retirement System***

December 5, 2023

Oklahoma City Employee Retirement System Board of Trustees and  
Members of the Oklahoma City Employee Retirement System  
Oklahoma City, Oklahoma 73102

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Oklahoma City Employee Retirement System ("System") for fiscal year ended June 30, 2023. During the past years, the System has seen significant advances and celebrated numerous successes and will continue to meet the challenges of tomorrow.

### **FINANCIAL INFORMATION**

The System's management is responsible for both the accuracy of the data and the completeness of the presentation of the financial statements, including all notes and disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position of the System. The System's management is also responsible for establishing and maintaining a comprehensive framework of internal controls designed to ensure that assets are protected from loss, theft, or misuse and to ensure that adequate accounting information is generated in order to prepare financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatements.

AGH LC, a firm of independent certified public accountants has audited the System's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the System for the fiscal year ended June 30, 2023, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the statements, assessing the accounting principles utilized and evaluating the overall financial statement presentation. The independent certified public accountants concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the System's financial statements for the fiscal year ended June 30, 2023, are fairly presented in conformity with U.S. GAAP. The Independent Accountants' Report on Financial Statements and Supplementary Information is presented as the first component of the Financial Section of this report.

U.S. GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The System's MD&A can be found immediately following the Independent Accountants' Report on Financial Statements and Supplementary Information.

### PROFILE OF THE SYSTEM

The Oklahoma City Employee Retirement System was created under the authority granted by Chapter 11 of the Oklahoma State Statutes on January 21, 1958, to provide pension and survivor benefits to all full-time civilian employees of The City of Oklahoma City. The benefit provisions of the System are established by City Ordinance. The System provides normal service retirement and early service retirement benefits for members who attain certain age and service requirements. Coverage for employment-connected (duty) disability benefits is immediate upon entry into the System; while for non-duty-related injuries or illnesses, disability benefits are provided after attainment of fifteen years of service. Members are vested after five years of service and are eligible for benefits at their early or normal service retirement date. For additional information on benefit provisions, see the Summary of Benefit Provisions Evaluated or Considered in the Actuarial Section of the ACFR.

### FUNDING

A pension plan is considered to be "well-funded" when it has enough money in reserve to meet all expected future obligations to its members. The System's funding objective is to meet long-term benefit promises through contributions that remain approximately level as a percent of payroll. The greater the level of funding, the larger the ratio of assets accumulated to fund the actuarial accrued liabilities. Also, a better level of funding gives the members a higher degree of assurance that their pension benefits are secure. As of December 31, 2022, the System had an actuarial asset value of \$913,072,000, and an actuarial accrued liability of \$900,253,000, resulting in an unfunded actuarial accrued liability of (\$12,819,000).

The ratio of actuarial assets to actuarial accrued liabilities as of December 31, 2022 was 101.4%. The System is considered "well-funded" as its funded ratio exceeds 100%. The City's dedication to provide a financially sound plan for its members is illustrated in the "Solvency Test-Schedule of Funding Progress" found in the Actuarial Section of the ACFR. This illustration presents the accrued liabilities calculated according to the plan funding method and historical progress made toward the funding of those liabilities. The "funded ratio" presents a positive indication of the financial strength of the System.

### FACTORS AFFECTING FINANCIAL CONDITION

As provided in the plan provisions, Section 40-95 of the Oklahoma City Municipal Code, the Board of Trustees is authorized to invest the plan assets and to take appropriate action regarding the investment, management, and custodianship of the plan assets. The investment responsibilities of the Board of Trustees include establishing reasonable investment objectives, developing investment policy guidelines, selecting investment managers, and evaluating performance results to assure adherence to guidelines and the achievement of objectives.

The Board of Trustees recognizes that the objective of a sound and prudent policy is to produce investment results, which will preserve the plan's assets, as well as maximize earnings consistent with long-term needs. Furthermore, through diversification of plan assets over several investment classifications, the Board of Trustees recognizes the need to maintain a balanced investment approach to not only maximize investment results but also to reduce risk. The Board of Trustees has adopted a formal investment policy that was last modified March 2023. The policy guidelines provide that the System shall target 20% of the fund to fixed income strategies (Core Bonds 3%, Core Plus Bonds 8%, Global Bonds 5% and Liquid Absolute Return 4%), 15% of the fund to real assets (Core Real Estate 10% and Opportunistic Real Estate 5%) and 65% to equity strategies (Large Cap Domestic Equities 18%, Small/Mid Cap Domestic Equities 10%, International Equities 11%, Emerging Market Equities 6%, Long/Short Equity Strategies 5% and Private Equity 15%). The asset mix may deviate from the targets. Deviations greater than predetermined acceptable levels may require rebalancing back to the target. When an asset class exceeds its range, the goal of rebalancing is to meet the target allocation with consideration of the other remaining asset classes.

The Board of Trustees believes its asset allocation will assist in safeguarding it against short-term market volatility while still providing opportunities for long-term growth. The Board of Trustees along with the investment advisor is involved in a thorough review of each investment manager and asset type to ensure they are fulfilling their role in achieving total portfolio performance. It is important that each investment manager maintain their assigned investment style so the System's total portfolio is less likely to experience erratic market fluctuations.

June 30, 2023

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For fiscal year 2023, investments provided a 7.82 percent rate of return. The System earned an annualized rate of return over the past three years of 7.29 percent, 6.57 percent over the last five years. The Board of Trustees continues to monitor the cost of benefits as well as the financial stability of the System to ensure all benefits promised are paid to our members.

#### AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Oklahoma City Employee Retirement System for its ACFR for the fiscal year ended June 30, 2022. Fiscal year 2022 was the twenty-third year that the System submitted and achieved this prestigious award. In order to be awarded a Certificate of Achievement, a report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Public Pension Coordinating Council (PPCC) awarded the PPCC Standards Award for the plan year December 31, 2022. The PPCC is a coalition of three associations that represent the vast majority of public employees in the United States. The associations are the:

National Association of State Retirement Administrators (NASRA)  
National Council on Teacher Retirement (NCTR)  
National Conference on Public Employee Retirement Systems (NCPERS)

The Public Pension Administration and Funding Standards are intended to reflect the minimum expectations for public retirement system management and administration, as well as serve as a benchmark by which all defined benefit public plans should be measured.

The preparation of this report could not have been accomplished without the dedicated efforts of The City's Controller and his staff. We would like to express our appreciation to all who assisted and contributed to its preparation.

On behalf of the Board of Trustees, we would like to take this opportunity to express our gratitude to the City staff, the System's advisors, and the many people who have worked so diligently to assure the successful operation of the Oklahoma City Employee Retirement System.

Respectfully Submitted,



Regina Story  
Administrator



Matthew Boggs  
Treasurer



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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**The Oklahoma City Employee Retirement System  
Oklahoma**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO



This Certificate of Transparency is awarded to the

**Oklahoma City Employee Retirement System**

for its participation in the *2023 NCPERS Public Retirement Systems Study*, which seeks to further open disclosure, data collection, and encourage the public’s understanding of public retirement systems.

A handwritten signature in black ink, consisting of a stylized 'H' and 'K' followed by a horizontal line.

Hank Kim, Esq.  
Executive Director & Counsel



Public Pension Coordinating Council

***Public Pension Standards Award  
For Funding and Administration  
2023***

Presented to

***Oklahoma City Employee Retirement System***

In recognition of meeting professional standards for  
plan funding and administration as  
set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating Council, a confederation of*

National Association of State Retirement Administrators (NASRA)  
National Conference on Public Employee Retirement Systems (NCPERS)  
National Council on Teacher Retirement (NCTR)

A handwritten signature in cursive script that reads 'Alan H. Winkle'.

Alan H. Winkle  
Program Administrator



The Board of Trustees (Board) is a policy-making body and is responsible for the Oklahoma City Employee Retirement System's (System) proper operation. The System is administered under its guidance and direction, subject to such rules, regulations, and ordinances as adopted.

The Board consists of two ex-officio members, the City Treasurer and the City Clerk; two members from various City departments who are appointed by the City Council (Council); three members who have professional experience in investments and/or pension fund management who are appointed by Council, one member elected from the retired membership; three members elected from the active membership; and two members who serve by position, the Chief Financial Officer and the City Auditor. The Municipal Counselor's Office serves as the System's legal advisor.

|   |   |
|---|---|
| Paul Bronson, Chairman<br>General Services Director | Elected by active membership<br>Term expires June 30, 2026      |
| Ken Culver, Vice-Chairman                           | Appointed by Council  |
| Amy K. Simpson, Secretary<br>City Clerk             | Ex-Officio  |
| Matthew Boggs, Treasurer<br>City Treasurer          | Ex-Officio  |
| Karla Nickels                                       | Elected by retired membership<br>Term expires December 31, 2023 |
| Brent Bryant<br>Chief Financial Officer             | By Position   |
| Sri Jonnada   | Appointed by Council  |
| Bruce Davis<br>Union Liaison                        | Appointed by Council  |
| Matt Weller<br>City Auditor                         | By Position   |
| Aimee Maddera                                       | Appointed by Council  |
| JC Reiss<br>City Systems Analyst III                | Elected by Active Membership<br>Term expires June 30, 2025      |
| Randy Thurman                                       | Appointed by Council  |
| Doug Dowler   | Elected by Active Membership<br>Term expires June 30, 2024      |

*Elected Trustees from the active membership generally serve three-year terms. The elected Trustee from the retiree membership serves a two-year term. Appointed trustees continue to serve until replaced by the Council. By position Trustees continue to serve as long as they hold their position. There are no limitations on the number of terms an elected Trustee may serve.*

CONSULTING SERVICES

LEGAL COUNSEL

Municipal Counselor's Office  
City of Oklahoma City  
Richard Mahoney

Davis Graham & Stubbs LLP  
Cindy Birley  
Denver, Colorado

ACTUARY

Gabriel, Roeder, Smith & Company  
Louise M. Gates  
Southfield, Michigan

INVESTMENT CONSULTANT

Asset Consulting Group, Inc.  
Jason Pulos  
George Tarlas  
St. Louis, Missouri

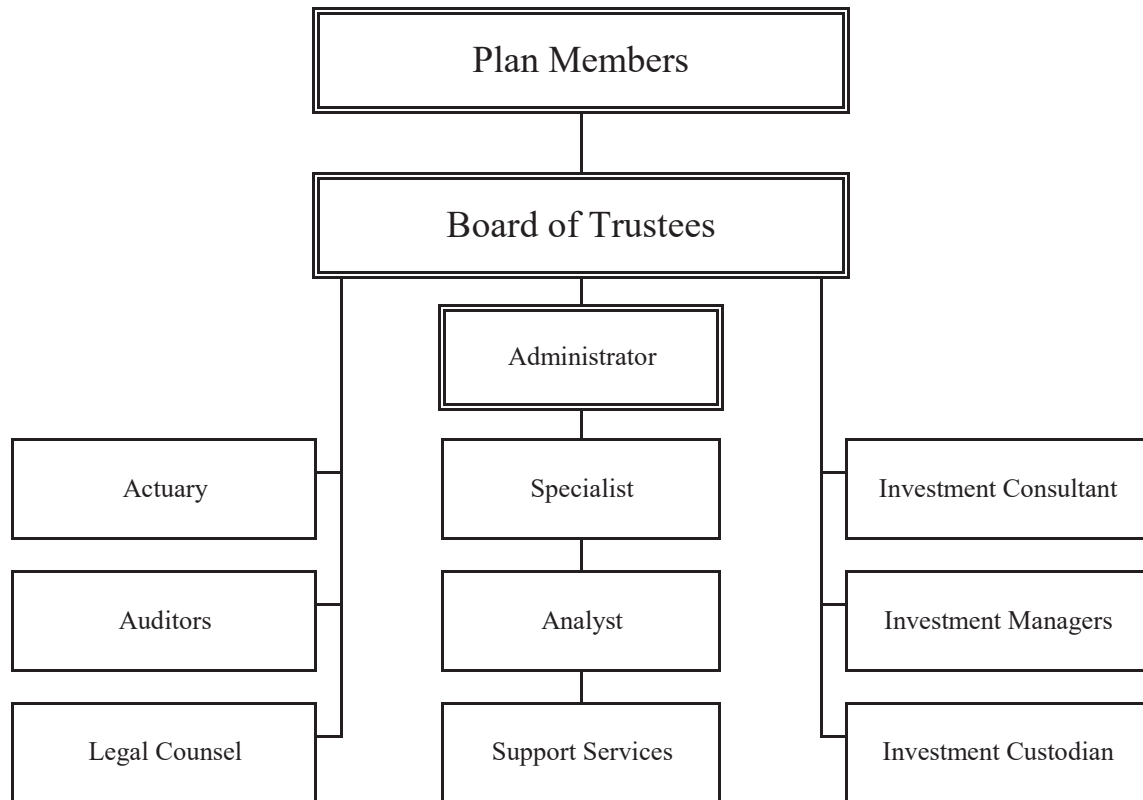
MEDICAL CONSULTANT

Independent Medical Examinations  
Dr. John Munneke, M.D.  
Medical Director  
Oklahoma City, Oklahoma

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Allen, Gibbs & Houlik, L.C.  
Wichita, Kansas

*See the Schedule of Fees and Commissions on pages 72 and 73 for a list of investment professionals.*





# *Oklahoma City Employee Retirement System*

**Paul E. Bronson**  
Chairman

**Regina Story**  
Administrator

**Address:**  
420 West Main  
Suite 343  
Oklahoma City, Oklahoma  
73102

**Phone:**  
(405) 297-2862

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(405) 297-2216

The Members of the Oklahoma City Employee Retirement System:

The Annual Comprehensive Financial Report provides a comprehensive overview of the Oklahoma City Employee Retirement System's ("the System") financial position, funding activity and benefit payments during the past fiscal year. This report sets forth pertinent financial, investment, actuarial, and statistical data, and is available to all plan participants and the general public.

The Board realizes that proper, prudent, and faithful stewardship is necessary for the accumulation and preservation of assets needed to pay promised retirement benefits. Over the years, the Board has taken steps resulting in a positive financial position and a high level of security for the System. The System is considered to be one of the best funded retirement systems in the State of Oklahoma. As of June 30, 2023, the ratio of fiduciary net position to total pension liability is 91.88%. While the System is "well-funded", our ongoing challenge and goal is to maintain a fully funded status. To assist the Board in accomplishing this goal the System invests in various asset classes to provide a balanced investment approach and reduce overall risk. The Board will continue to monitor the System's financial stability and the cost of benefits to ensure all benefits promised are paid to our members.

On behalf of the Board, and the System's staff I would like to take this opportunity to extend a special note of thanks to our membership for their support during the past year. Additionally, I would like to thank the many dedicated consultants who provide valuable information to the Board. And finally, I would like to recognize the support provided by the Mayor, City Council and City management in helping the System provide a financially secure retirement future for its members.

Sincerely,

A handwritten signature in cursive script that reads "Paul E. Bronson".

Paul E. Bronson, Chairman  
Oklahoma City Employee Retirement System



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**Financial**



## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
**Oklahoma City Employee Retirement System**  
Oklahoma City, Oklahoma

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the Oklahoma City Employee Retirement System (System), a fiduciary component unit of the City of Oklahoma City, Oklahoma (City) as of and for the years ended June 30, 2023 and 2022, and the related notes to financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the System as of June 30, 2023 and 2022, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The supporting schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic



financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supporting schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory, investment, actuarial and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2023 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

Wichita, KS  
December 5, 2023

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Oklahoma City Employee Retirement System (System) annual financial report, the System's management provides narrative discussion and analysis of the financial activities of the System for the fiscal years ended June 30, 2023 and 2022. The financial performance of the System is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. Introductory information is available in the transmittal letter which precedes this discussion and analysis. The System is a pension trust of the City of Oklahoma City (City).

Pension trust resources are not available to fund City programs but are held in trust to pay retirement benefits to members.

### *Financial Summary*

- System net position reported in the financial statements is \$842,188,849 for 2023. This compares to the previous year when net position reported was \$815,049,229. These assets are held in trust to pay pension benefits to retirees.
- The fair value of investments at June 30, 2023, is \$838,906,536 compared to \$816,395,777 at June 30, 2022.
- The ratio of the Plan fiduciary net pension position to the total pension liability is 91.88% and 94.00% at June 30, 2023 and 2022, respectively.

### *Overview of the Financial Statements*

This discussion and analysis introduces the basic financial statements. The basic financial statements include: (1) statements of fiduciary net position, (2) statements of changes in fiduciary net position, and (3) notes to the financial statements. Also included in this report is additional information to supplement the basic financial statements.

### **Financial Statements**

The System's annual report includes two basic financial statements. These statements provide both long-term and short-term information about the overall status of the System and are presented to demonstrate the extent to which the System has met its operating objectives efficiently and effectively using all the resources available and whether the System can continue to meet its objectives in the foreseeable future. Financial reporting for the System uses a perspective similar to that found in the private sector with its basis in full accrual accounting.

First are the statements of fiduciary net position. These statements present information that includes all of the assets and liabilities, with the difference reported as net position restricted for pension and other employee benefits. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the System as a whole is improving or deteriorating.

Second are the statements of changes in fiduciary net position which report how the net position changed during the fiscal year and can be used to assess the System's operating results and analyze how the System's programs are financed. All current year revenues and expenses are included regardless of when cash is received or paid.

### **Notes to the Financial Statements**

The accompanying notes to the financial statements provide information essential to a full understanding of the financial statements. The notes to the financial statements begin immediately following the basic financial statements.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

*Financial Analysis*

The System's net position at fiscal year-end is \$842,188,849. This is an increase of \$27,139,620 from last year's net position. Overall the System's financial position improved during fiscal year 2023.

**Summary of Plan Net Fiduciary Position**

|                          |                             |                             | 2023-2022<br>Amount of     | 2023-2022<br>% |                             | 2022-2021<br>Amount of        | 2022-2021<br>% |
|--------------------------|-----------------------------|-----------------------------|----------------------------|----------------|-----------------------------|-------------------------------|----------------|
|                          | <u>2023</u>                 | <u>2022</u>                 | <u>Change</u>              | <u>Change</u>  | <u>2021</u>                 | <u>Change</u>                 | <u>Change</u>  |
| <b>Assets</b>            |                             |                             |                            |                |                             |                               |                |
| Cash                     | \$4,817,358                 | \$219,223                   | \$4,598,135                | 2097.5%        | \$4,789,079                 | (\$4,569,856)                 | (95.4%)        |
| Receivables              | 2,156,971                   | 1,845,047                   | 311,924                    | 16.9           | 2,523,600                   | (678,553)                     | (26.9)         |
| Investments              | 838,906,536                 | 816,395,777                 | 22,510,759                 | 2.8            | 939,727,036                 | (123,331,259)                 | (13.1)         |
| Net pension asset        | -                           | 145,258                     | (145,258)                  | (100.0)        | -                           | 145,258                       | 100.0          |
| <b>Total assets</b>      | <b>845,880,865</b>          | <b>818,605,305</b>          | <b>27,275,560</b>          | <b>3.3</b>     | <b>947,039,715</b>          | <b>(128,434,410)</b>          | <b>(13.6)</b>  |
| <b>Deferred outflows</b> | <b>192,325</b>              | <b>128,243</b>              | <b>64,082</b>              | <b>50.0</b>    | <b>131,189</b>              | <b>(2,946)</b>                | <b>(2.2)</b>   |
| <b>Liabilities</b>       | <b>3,695,012</b>            | <b>3,403,817</b>            | <b>291,195</b>             | <b>8.6</b>     | <b>2,969,228</b>            | <b>434,589</b>                | <b>14.6</b>    |
| <b>Deferred inflows</b>  | <b>189,329</b>              | <b>280,502</b>              | <b>(91,173)</b>            | <b>(32.5)</b>  | <b>84,931</b>               | <b>195,571</b>                | <b>230.3</b>   |
| <b>Net position</b>      | <b><u>\$842,188,849</u></b> | <b><u>\$815,049,229</u></b> | <b><u>\$27,139,620</u></b> | <b>3.3</b>     | <b><u>\$944,116,745</u></b> | <b><u>(\$129,067,516)</u></b> | <b>(13.7)</b>  |

Cash and investments increased by \$27.11 million during 2023 primarily due to net investment income of \$56.46 million, offset by benefits and expenses in excess of contributions of \$29.38 million. Cash and investments decreased \$127.90 million during 2022 due to net investment loss of \$103.20 million, caused by market volatility, along with benefits and other expenses in excess of contributions of \$26.11 million.

In 2023 receivables increased \$312 thousand primarily due to the timing of interest receipts and contributions. Receivables decreased by \$679 thousand during 2022. This is primarily due to a decrease in dividends receivable of \$810 thousand due mostly to real estate, offset by an increase in contributions receivable of \$128 thousand.

The System changed from a net pension asset of \$145 thousand in 2022 to a net pension liability of \$78 thousand in 2023. Deferred outflows increased by \$64 thousand, and deferred inflows decreased by \$91 thousand in 2023 based on the current actuary reports. In 2022, the System reported a change from a net pension liability of \$66 thousand to a net pension asset of \$145 thousand. Deferred outflows decreased by \$3 thousand and the deferred inflows increased by \$196 thousand due to the actuarially determined differences between estimated and actual investment earnings, changes in assumptions, and experience costs in 2022.

The increase in liabilities of \$291 thousand during the year ended June 30, 2023, was primarily due to the increase of \$286 thousand in amounts due to the investment broker for pending trade purchases. The increase in liabilities of \$435 thousand during the year ended June 30, 2022, was primarily due to the increase of \$709 thousand due to the investment broker for pending trade purchases, offset by a decrease in vendor accounts payable of \$284 thousand.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2023 and 2022**

**OKLAHOMA CITY EMPLOYEE  
RETIREMENT SYSTEM**

**Summary of Changes in Fiduciary Net Position**

|  |                             |                             | 2023-2022                  | 2023-2022     |                             | 2022-2021                     | 2022-2021      |
|--|-----------------------------|-----------------------------|----------------------------|---------------|-----------------------------|-------------------------------|----------------|
|  |                             |                             | Amount of                  | %             |                             | Amount of                     | %              |
|  | <u>2023</u>                 | <u>2022</u>                 | <u>Change</u>              | <u>Change</u> | <u>2021</u>                 | <u>Change</u>                 | <u>Change</u>  |
| <b>Additions</b>                         |                             |                             |                            |               |                             |                               |                |
| Contributions                            | \$20,746,432                | \$19,686,926                | \$1,059,506                | 5.4%          | \$18,094,659                | \$1,592,267                   | 8.8%           |
| Investment income, net                   | 56,460,226                  | (103,202,642)               | 159,662,868                | 154.7         | 208,486,713                 | (311,689,355)                 | (149.5)        |
| Other                                    | <u>58,738</u>               | <u>247,776</u>              | <u>(189,038)</u>           | <u>(76.3)</u> | <u>50,567</u>               | <u>197,209</u>                | <u>390.0</u>   |
| <b>(deductions)</b>                      | <b><u>77,265,396</u></b>    | <b><u>(83,267,940)</u></b>  | <b><u>160,533,336</u></b>  | <b>192.8</b>  | <b><u>226,631,939</u></b>   | <b><u>(309,899,879)</u></b>   | <b>(136.7)</b> |
| <b>Deductions</b>                        |                             |                             |                            |               |                             |                               |                |
| Benefits paid                            | 47,784,256                  | 43,871,317                  | 3,912,939                  | 8.9           | 41,427,466                  | 2,443,851                     | 5.9            |
| Refunds of contributions                 | 1,613,901                   | 1,240,856                   | 373,045                    | 30.1          | 920,763                     | 320,093                       | 34.8           |
| Administrative expenses                  | <u>727,619</u>              | <u>687,403</u>              | <u>40,216</u>              | <u>5.9</u>    | <u>595,712</u>              | <u>91,691</u>                 | <u>15.4</u>    |
| <b>Total deductions</b>                  | <b><u>50,125,776</u></b>    | <b><u>45,799,576</u></b>    | <b><u>4,326,200</u></b>    | <b>9.4</b>    | <b><u>42,943,941</u></b>    | <b><u>2,855,635</u></b>       | <b>6.6</b>     |
| <b>Changes in net position (deficit)</b> | <b>27,139,620</b>           | <b>(129,067,516)</b>        | <b>156,207,136</b>         | <b>121.0</b>  | <b>183,687,998</b>          | <b>(312,755,514)</b>          | <b>(170.3)</b> |
| Beginning net position                   | <u>815,049,229</u>          | <u>944,116,745</u>          | <u>(129,067,516)</u>       | <u>(13.7)</u> | <u>760,428,747</u>          | <u>183,687,998</u>            | <u>24.2</u>    |
| <b>Ending net position</b>               | <b><u>\$842,188,849</u></b> | <b><u>\$815,049,229</u></b> | <b><u>\$27,139,620</u></b> | <b>3.3</b>    | <b><u>\$944,116,745</u></b> | <b><u>(\$129,067,516)</u></b> | <b>(13.7)</b>  |

At June 30, 2023, net investment income increased \$159.66 million primarily due to fair value appreciation of \$155.02 million and investment income of \$4.34 million. At June 30, 2022, net investment income decreased \$311.69 million, showing a loss of \$103.20 million primarily due to fair value depreciation of \$313.69 million, offset by an increase in investment income of \$2.01 million. Contributions increased \$1.06 million at June 30, 2023 and \$1.59 million at June 30, 2022 primarily due to increases in the number of enrollees and the average salary.

The increase in benefits paid of \$3.91 million at June 30, 2023 and \$2.44 million at June 30, 2022 was due to an increase in the number of retirees and the amount of benefits paid to those retirees. The increase in refunds of contributions of \$373 thousand and \$320 thousand at June 30, 2023 and 2022, respectively, were due to changes in attrition rates.



### *Economic Factors*

For the fiscal year ended June 30, 2023, System investments provided a 7.72% return with a net investment gain of \$56.46 million. The gain can be attributed to increased earnings in equities and fixed income investments. For the fiscal year ended June 30, 2022, System investments provided a negative 11.17% return with a net investment loss of \$103.20 million. This loss is due mostly to decreased earnings in domestic common stock.

### **Financial Market Indices**

|                              | 2023-2022   |             | 2022-2021     |               |             | 2022-2021     |               |
|------------------------------|-------------|-------------|---------------|---------------|-------------|---------------|---------------|
|                              | Amount of   |             | %             |               |             | Amount of     |               |
|                              | <u>2023</u> | <u>2022</u> | <u>Change</u> | <u>Change</u> | <u>2021</u> | <u>Change</u> | <u>Change</u> |
| S&P 500                      | 37.08       | 39.10       | (2.02)        | (5.2%)        | 40.09       | (0.99)        | (2.5%)        |
| S&P MidCap 400               | 2,622.34    | 2,268.92    | 353.42        | 15.6          | 2,696.12    | (427.20)      | (15.8)        |
| S&P SmallCap 600             | 85.46       | 80.08       | 5.38          | 6.7           | 97.74       | (17.66)       | (18.1)        |
| Dow Jones Industrial Average | 34,407.60   | 30,775.43   | 3,632.17      | 11.8          | 34,502.51   | (3,727.08)    | (10.8)        |
| NASDAQ                       | 13,787.92   | 11,028.74   | 2,759.18      | 25.0          | 14,503.95   | (3,475.21)    | (24.0)        |
| 10 Year Bond Yield (%)       | 3.82        | 2.97        | 0.85          | 28.6          | 1.44        | 1.53          | 106.3         |
| 60 Day U.S. Treasury (%)     | 5.43        | 1.72        | 3.71          | 215.7         | 0.05        | 1.67          | 3340.0        |

Diversification of investments is one of the primary means the System uses to moderate risk. The investment section of this report provides details on the types of investments, asset allocation, and investment approach that guide the System's investment decisions. The investment section also contains information on some of the specific investments held and annual return over the last one, three, and five years.

### *Contacting the System's Financial Management*

This financial report is designed to provide a general overview of the System finances, comply with finance-related laws and regulations, and demonstrate commitment to public accountability. The OCERS annual statement and the City ACFR may be obtained online at [okc.gov/departments/finance](http://okc.gov/departments/finance).

**STATEMENTS OF FIDUCIARY NET POSITION**  
**June 30,**

**OKLAHOMA CITY EMPLOYEE  
RETIREMENT SYSTEM**

|   | <b>2023</b>          | <b>2022</b>          |
|---|----------------------|----------------------|
| <b><u>ASSETS</u></b>                                    |                      |                      |
| <b><u>CASH</u></b>                                      |                      |                      |
| Non-pooled cash-----                                    | \$4,817,358          | \$219,223            |
| <b><u>RECEIVABLES</u></b>                               |                      |                      |
| Interest and dividends-----                             | 1,741,173            | 691,188              |
| Employer-----   | 179,152              | 608,245              |
| Plan members-----                                       | 236,634              | 510,754              |
| Other receivables-----                                  | 12                   | 34,860               |
|   | <b>2,156,971</b>     | <b>1,845,047</b>     |
| <b><u>INVESTMENTS, AT FAIR VALUE</u></b>                |                      |                      |
| Domestic common stock-----                              | 440,079,796          | 389,348,494          |
| Government securities/fixed income-----                 | 47,933,790           | 53,115,222           |
| Passive bond fund-----                                  | 69,427,067           | 76,957,710           |
| International stock-----                                | 125,857,642          | 117,569,619          |
| Passive international bond funds-----                   | 25,388,422           | 23,730,430           |
| Treasury money market fund-----                         | 13,790,652           | 17,252,238           |
| Real estate-----  | 113,549,015          | 130,042,761          |
| Oklahoma City judgments-----                            | 2,880,152            | 8,379,303            |
| Total investments-----                                  | <b>838,906,536</b>   | <b>816,395,777</b>   |
| <b><u>NET PENSION ASSET</u></b>                         | <b>-</b>             | <b>145,258</b>       |
| <b>Total assets-----</b>                                | <b>845,880,865</b>   | <b>818,605,305</b>   |
| <b><u>DEFERRED OUTFLOWS</u></b>                         | <b>192,325</b>       | <b>128,243</b>       |
| <b><u>LIABILITIES</u></b>                               |                      |                      |
| Accounts payable-----                                   | 605,401              | 634,735              |
| Due to broker-----                                      | 2,769,537            | 2,483,213            |
| Wages and benefits payable-----                         | 7,697                | 12,750               |
| Compensated absences, current-----                      | 17,334               | 15,370               |
| Compensated absences, non-current-----                  | 7,543                | 6,157                |
| Net pension liability-----                              | 78,092               | -                    |
| Net OPEB liability-----                                 | 209,408              | 251,592              |
| <b>Total liabilities-----</b>                           | <b>3,695,012</b>     | <b>3,403,817</b>     |
| <b><u>DEFERRED INFLOWS</u></b>                          | <b>189,329</b>       | <b>280,502</b>       |
| <b><u>NET POSITION</u></b>                              |                      |                      |
| Restricted for pension and other employee benefits----- | <b>\$842,188,849</b> | <b>\$815,049,229</b> |

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Fiscal Years Ended June 30,**

**OKLAHOMA CITY EMPLOYEE**  
**RETIREMENT SYSTEM**

|   | <b>2023</b>          | <b>2022</b>          |
|---|----------------------|----------------------|
| <b><u>ADDITIONS</u></b>   |                      |                      |
| <b><u>CONTRIBUTIONS</u></b>                                       |                      |                      |
| Employer-----   | \$10,716,787         | \$10,884,197         |
| Plan members-----   | 10,029,645           | 8,802,729            |
| Total contributions-----  | 20,746,432           | 19,686,926           |
| <b><u>INVESTMENT INCOME</u></b>                                   |                      |                      |
| Net appreciation (depreciation) in fair value of investments----- | 40,722,348           | (114,294,866)        |
| Interest-----   | 376,472              | 327,097              |
| Dividends-----  | 18,595,578           | 14,302,157           |
|   | 59,694,398           | (99,665,612)         |
| Less: investment expense-----                                     | (3,234,172)          | (3,537,030)          |
| Net investment income (loss)-----                                 | 56,460,226           | (103,202,642)        |
| Other-----  | 58,738               | 247,776              |
| Total additions-----  | 77,265,396           | (83,267,940)         |
| <b><u>DEDUCTIONS</u></b>  |                      |                      |
| Benefits paid-----  | 47,784,256           | 43,871,317           |
| Refunds of pension contributions-----                             | 1,613,901            | 1,240,856            |
| Administrative expenses-----                                      | 727,619              | 687,403              |
| Total deductions-----   | 50,125,776           | 45,799,576           |
| Change in net position-----                                       | 27,139,620           | (129,067,516)        |
| <b><u>NET POSITION RESTRICTED FOR PENSIONS</u></b>                |                      |                      |
| <b><u>AND OTHER EMPLOYEE BENEFITS</u></b>                         |                      |                      |
| Beginning of year-----  | 815,049,229          | 944,116,745          |
| End of year-----  | <b>\$842,188,849</b> | <b>\$815,049,229</b> |

## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **I. A. INTRODUCTION**

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this note. The remainder of the notes are organized to provide explanations, including required disclosures, of the Oklahoma City Employee Retirement System (System) financial activities for the fiscal years ended June 30, 2023 and 2022.

### **I. B. BASIS OF PRESENTATION**

#### **I. B. 1. REPORTING ENTITY AND RELATIONSHIP TO THE CITY OF OKLAHOMA CITY, OKLAHOMA**

The System was authorized and created by the City of Oklahoma City (City) ordinance on January 21, 1958, to hold funds in trust for its members. The purpose of the System is to provide retirement benefits and disability allowances for substantially all full-time, civilian employees of the City and public trusts included in the City's reporting entity. Assets are held separately from the City and may be used only for the payment of benefits to the members. The System administers a single-employer defined benefit pension plan (Plan) as determined for financial reporting purposes.

The System Board of Trustees (Board) is comprised of thirteen members. The City Council appoints two City employees or department heads from the various City departments. The City Council also appoints three members who have demonstrated professional experience relating to pension fund investment and management practices. The City Clerk serves as an ex-officio member (non-voting) and acts as the Clerk and Secretary of the Board. The City Auditor and Chief Financial Officer are members by position. Three members are elected by ballot of active City employees. One member is elected by ballot of retired City employees. The City Treasurer serves as an ex-officio member (non-voting) and acts as the Treasurer of the System.

#### ***Method of Reporting in the City's Annual Comprehensive Financial Report (ACFR)***

The System is reported as a fiduciary component unit in the City's Annual Comprehensive Financial Report as a pension trust fund included in the City's fiduciary financial statements. This report may be obtained online at [okc.gov/departments/finance](http://okc.gov/departments/finance).

### **I. B. 2. BASIC FINANCIAL STATEMENTS**

The basic financial statements include the statements of fiduciary net position and statements of changes in fiduciary net position. These statements report financial information for the System as a whole.

#### **I. B. 3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

Financial statements of the System are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Revenues are recognized when earned and expenses are recorded when incurred regardless of the timing of related cash flows. All assets and liabilities (both current and non-current) are included in the statement of net position. Plan member contributions to the System are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

**I. C. BUDGET LAW AND PRACTICE**

Oklahoma Statutes require the submission of financial information for public trusts. However, legal budgetary control levels are not specified. Accordingly, financial information for the System is submitted to its governing body. Appropriations are not recorded. Management's policy prohibits disbursements which exceed available cash.

**I. D. POLICIES RELATED TO ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES**

**I. D. 1. IMPLEMENTATION OF NEW ACCOUNTING STANDARDS**

In 2023, the System implemented the following accounting standards. The implementation of these standards did not have a material impact on the System's financial statements.

The System implemented GASB statement number 91, Conduit Debt Obligations. The objective of this Statement is to eliminate diversity in practice and provide a single method of reporting conduit debt obligations and improving related required note disclosures. This standard did not have a material impact on the System's financial statements.

The System implemented GASB statement number 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objectives of this statement are to better meet the information needs of financial statement users by improving the comparability of financial statements among governments by addressing issues related to public-private and public-public partnership arrangements and also provide guidance for accounting and financial reporting for availability payment arrangements. The implementation of this standard did not have a material impact on the System's financial statements.

The System implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. The Statement defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability, provides the capitalization criteria for outlays other than subscription payments and requires note disclosures regarding a SBITA. The implementation of this standard did not have a material impact on the System's financial statements.

The System implemented GASB statement number 99, Omnibus 2022. The objective of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. There was no effect of adopting GASB Statement No. 99 to the financial statements.

**I. D. 2. CASH AND INVESTMENTS**

Cash equivalents are reported with investments. Cash deposits are reported at carrying value which approximates fair value.

Investments are reported at fair value which is determined using selected bases. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Market quotations are as of fiscal year end. Managed funds not listed on an established market are reported at estimated fair value as determined by the investment manager based on quoted sales prices of the underlying securities.

Oklahoma City judgments are carried at cost which approximates fair value.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

Accounting guidance establishes a consistent framework for measuring fair value and establishes a fair value hierarchy based on the observability of inputs used to measure fair value. These different levels of valuation hierarchy are described as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Quoted prices for similar assets or liabilities in active markets or inputs other than quoted prices that are observable.

Level 3 - Significant unobservable prices or inputs.

An investment's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

**I. D. 3. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES**

In addition to assets and liabilities, the statements of fiduciary net assets may report separate sections of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period which will not be recognized as an outflow of resources until that time. Deferred inflows of resources represent an acquisition of net assets that applies to a future period which will not be recognized as an inflow of resources until that time.

**I. D. 4. COMPENSATED ABSENCES**

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Sick leave accrues to full-time, permanent employees to specified maximums. Generally, after one year of service, employees are entitled to a percentage of their sick leave balance and all accrued vacation leave upon termination. Selected management employees are entitled to all accrued sick and vacation leave balances at termination. The estimated liabilities include required salary-related payments. Compensated absences are reported as accrued current and non-current liabilities in the financial statements.



**I. D. 5. USE OF ESTIMATES**

The preparation of the System financial statements in conformity with U.S. GAAP requires the System to make significant estimates and assumptions that affect the reported amounts of net position held in trust for pension benefits at the date of the financial statements. The actuarial information included in the required supplementary information as of the benefit information date, the changes in the fiduciary net position during the reporting period, and applicable disclosures of contingent assets and liabilities at the date of the financial statements could also be affected. Actual results could differ from reported estimates.

Contributions to the System and the actuarial information included in the required supplementary information are determined from certain assumptions pertaining to interest rates, inflation rates, and employee 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 setting assumptions, that the effects of such changes could be material to the financial statements. In addition, due to the unpredictability of market performance, there are risks and uncertainties regarding future investment performance.

**I. D. 6. RISK MANAGEMENT**

The System's risk management activities are recorded in the City Risk Management Fund, the Oklahoma City Municipal Facilities Authority (OCMFA) Services Fund and the Oklahoma City Post-Employment Benefit Trust (OCPEBT). The purpose of these funds is to administer employee life, employee health, unemployment, and disability insurance programs of the City, in which the System participates. These funds account for the risk financing activities of the System and constitute a transfer of risk from the System. Retiree health insurance claims liabilities are reported in OCPEBT.

The System pays a premium for insurance coverage and has no further costs or liabilities. Costs and liabilities for commercial insurance, stop-loss insurance, and claims paid are recorded in the City Risk Management Fund, the OCMFA Services Fund, and OCPEBT.

The System participates in the State of Oklahoma workers' compensation insurance plan, CompSource Oklahoma.

**I. E. TAX STATUS**

The Internal Revenue Service has determined and informed the System by a letter dated November 12, 2014, that the System is designed in accordance with the applicable sections of 401(a) of the Internal Revenue Code (Code). The Board believes that the System is designed and is currently being operated in compliance with the applicable requirements of the Code.

NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

OKLAHOMA CITY EMPLOYEE  
RETIREMENT SYSTEM

II. ASSETS

II. A. DEPOSITS AND INVESTMENTS

*Deposits*

Custodial credit risk for deposits is the risk that in the event of a bank failure, System deposits may not be returned or the System will not be able to recover collateral securities in the possession of an outside party. The System policy does not formally address custodial credit risk for deposits. However, the investment policy restricts uninvested cash to minimal balances generally covered by Federal deposit insurance.

At June 30, 2023 and 2022, the System's cash is collateralized with securities held by the pledging financial institution in the name of the System or the City, less Federal depository insurance.

*Investments*

The System invests in various investment securities. Investment securities are exposed to various risks such as interest rate risk and credit risk. 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 System's financial position.

|                                |                      | 2023                                  |                      |                      |                   |                        |                           |
|--------------------------------|----------------------|---------------------------------------|----------------------|----------------------|-------------------|------------------------|---------------------------|
|                                | Cost                 | Fair Value/<br>Carrying<br>Amount (1) | Level 1<br>Inputs    | Level 2<br>Inputs    | Level 3<br>Inputs | Measured at<br>NAV (2) | Effective<br>Duration (3) |
| <u>COMMON STOCK</u>            |                      |                                       |                      |                      |                   |                        |                           |
| Domestic                       | \$166,595,808        | \$207,264,392                         | \$202,201,400        | \$5,062,992          | \$ -              | \$ -                   | N/A                       |
| International (4)              | 702,840              | 827,862                               | 827,862              | -                    | -                 | -                      | N/A                       |
| <u>GOVERNMENT SECURITIES</u>   |                      |                                       |                      |                      |                   |                        |                           |
| U.S. Treasury strips           | 208,583              | 140,585                               | -                    | 140,585              | -                 | -                      | 25.69                     |
| U.S. Treasury bonds            | 6,765,083            | 5,687,817                             | -                    | 5,687,817            | -                 | -                      | 15.19                     |
| U.S. Treasury TIPS             | 686,386              | 673,211                               | -                    | 673,211              | -                 | -                      | 5.84                      |
| Federal agency notes           | 13,997,198           | 13,005,369                            | -                    | 13,005,369           | -                 | -                      | 6.87                      |
| Ginnie Mae                     | 6,477,188            | 6,050,685                             | -                    | 6,050,685            | -                 | -                      | 8.01                      |
| Administration Loans           | 41,230               | 36,720                                | -                    | 36,720               | -                 | -                      | 7.98                      |
| <u>CORPORATE OBLIGATIONS</u>   |                      |                                       |                      |                      |                   |                        |                           |
| Domestic                       | 17,465,265           | 15,816,753                            | -                    | 15,816,500           | -                 | 253                    | 5.91                      |
| International (4)              | 4,090,750            | 3,835,745                             | -                    | 3,835,745            | -                 | -                      | 3.70                      |
| <u>MUTUAL FUNDS</u>            |                      |                                       |                      |                      |                   |                        |                           |
| Equity (4)                     | 208,963,665          | 343,954,201                           | 40,294,714           | 79,990,087           | -                 | 223,669,400            | N/A                       |
| Bond                           | 85,232,205           | 94,815,489                            | -                    | 25,388,422           | -                 | 69,427,067             | 5.19                      |
| Other                          | 5,309,067            | 9,146,256                             | -                    | 728,749              | -                 | 8,417,507              | N/A                       |
| Real estate investment trusts  | 99,392,074           | 113,549,015                           | -                    | 9,832,124            | -                 | 103,716,891            | N/A                       |
| <u>OTHER INVESTMENTS</u>       |                      |                                       |                      |                      |                   |                        |                           |
| Money market (5)(6)            | 13,790,652           | 13,790,652                            | -                    | 13,790,652           | -                 | -                      | 5.17                      |
| Foreign government obligations | 1,061,017            | 908,982                               | -                    | 908,982              | -                 | -                      | 11.56                     |
| Oklahoma City judgments (5)    | 2,880,152            | 2,880,152                             | -                    | -                    | -                 | -                      | 2.00                      |
| Asset backed obligations       | 7,321,910            | 6,522,650                             | -                    | 6,522,650            | -                 | -                      | 2.38                      |
|                                | <u>\$640,981,073</u> | <u>\$838,906,536</u>                  | <u>\$243,323,976</u> | <u>\$187,471,290</u> | <u>\$ -</u>       | <u>\$405,231,118</u>   |                           |

(continued)

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

**OKLAHOMA CITY EMPLOYEE  
RETIREMENT SYSTEM**

***Investments (continued)***

|  |                             | <b>2022</b>                                    |                             |                             |                           |                                |                                   |
|--|-----------------------------|--|-----------------------------|-----------------------------|---------------------------|--------------------------------|-----------------------------------|
|  | <u>Cost</u>                 | <u>Fair Value/<br/>Carrying<br/>Amount (1)</u> | <u>Level 1<br/>Inputs</u>   | <u>Level 2<br/>Inputs</u>   | <u>Level 3<br/>Inputs</u> | <u>Measured at<br/>NAV (2)</u> | <u>Effective<br/>Duration (3)</u> |
| <b><u>COMMON STOCK</u></b>             |                             |  |                             |                             |                           |                                |                                   |
| Domestic                               | \$168,427,363               | \$171,970,715                                  | \$166,019,627               | \$5,951,088                 | \$ -                      | \$ -                           | N/A                               |
| International (4)                      | 4,576,365                   | 3,919,110                                      | 3,919,110                   | -                           | -                         | -                              | N/A                               |
| <b><u>GOVERNMENT SECURITIES</u></b>    |                             |  |                             |                             |                           |                                |                                   |
| U.S. Treasury strips                   | 203,803                     | 161,649  | -                           | 161,649                     | -                         | -                              | 27.00                             |
| U.S. Treasury bonds                    | 15,168,851                  | 12,104,505                                     | -                           | 12,104,505                  | -                         | -                              | 18.00                             |
| Federal agency notes                   | 14,406,973                  | 13,527,130                                     | -                           | 13,527,130                  | -                         | -                              | 7.00                              |
| Ginnie Mae                             | 3,433,505                   | 3,237,932                                      | -                           | 3,237,932                   | -                         | -                              | 11.00                             |
| Small Business<br>Administration Loans | 174,183                     | 168,511  | -                           | 168,511                     | -                         | -                              | 2.00                              |
| <b><u>CORPORATE OBLIGATIONS</u></b>    |                             |  |                             |                             |                           |                                |                                   |
| Domestic                               | 20,055,360                  | 18,529,544                                     | -                           | 18,529,292                  | -                         | 252                            | 7.00                              |
| International (4)                      | 4,591,859                   | 4,305,716                                      | -                           | 4,305,716                   | -                         | -                              | 5.00                              |
| <b><u>MUTUAL FUNDS</u></b>             |                             |  |                             |                             |                           |                                |                                   |
| Equity (4)                             | 205,358,861                 | 309,468,299                                    | 35,006,859                  | 71,589,894                  | -                         | 202,871,546                    | N/A                               |
| Bond                                   | 91,892,319                  | 100,688,140                                    | -                           | 23,730,430                  | -                         | 76,957,710                     | 5.00                              |
| Other                                  | 7,068,829                   | 14,506,233                                     | -                           | 6,415,475                   | -                         | 8,090,758                      | N/A                               |
| Real estate investment trusts          | 96,797,991                  | 130,042,761                                    | -                           | 9,826,162                   | -                         | 120,216,599                    | N/A                               |
| <b><u>OTHER INVESTMENTS</u></b>        |                             |  |                             |                             |                           |                                |                                   |
| Money market (5)(6)                    | 17,252,238                  | 17,252,238                                     | -                           | 17,252,238                  | -                         | -                              | 1.00                              |
| Foreign government obligations         | 1,271,844                   | 1,080,235                                      | -                           | 1,080,235                   | -                         | -                              | 10.00                             |
| Oklahoma City judgments (5)            | 8,379,303                   | 8,379,303                                      | -                           | -                           | -                         | -                              | 2.00                              |
| Asset backed obligations               | <u>7,695,808</u>            | <u>7,053,756</u>                               | <u>-</u>                    | <u>7,053,756</u>            | <u>-</u>                  | <u>-</u>                       | 3.00                              |
|  | <b><u>\$666,755,455</u></b> | <b><u>\$816,395,777</u></b>                    | <b><u>\$204,945,596</u></b> | <b><u>\$194,934,013</u></b> | <b><u>\$-</u></b>         | <b><u>\$408,136,865</u></b>    |                                   |

- (1) Financial statement presentation is based on investment policy definitions, therefore individual line items will not agree to the statement of fiduciary net position.
- (2) The net asset value (NAV) is used as a practical expedient to estimate fair value. NAV is explained further in the paragraphs below.
- (3) Interest rate risk is estimated using effective duration in months for investment types listed except for the money market fund and judgments which uses weighted average months to maturity.
- (4) These line items include foreign investments.
- (5) Cost approximates fair value.
- (6) Consists solely of U.S. Treasury securities.

**Fair Value Measurement**

The following is a description of the valuation methodologies used for assets measured at fair value in the tables above. There have been no changes in the methodologies used at June 30, 2023 and 2022.

An investment's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

International stocks are traded on active markets at quoted prices, and are valued at level 1.

Money market funds are reported at cost which approximates fair value, are traded on active markets at quoted prices, and are valued at level 2. Judgments and certificates of deposit fair values approximate cost and therefore do not report a fair value measurement.

Government securities include U.S. Treasury obligations consisting of U.S. Treasury strips, U.S. Treasury bonds, U.S. treasury TIPS, and federal agency notes, Government National Mortgage Associations notes, and Small Business Administration loans. These securities are valued at level 2 using pricing models that maximize the use of observable inputs for similar securities, if applicable.

Corporate obligations consist of domestic and international corporate bonds and are valued using pricing models maximizing the use of observable inputs for similar securities which includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. Corporate bonds are valued at level 2.

Foreign government obligations, asset backed obligations and real estate are valued by the use of inputs of quoted prices of similar securities and are valued at level 2.

The System invests in various mutual funds including equity funds and bond funds. Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the System include open-end mutual funds which are valued at net asset value (NAV) using the current value of all investments, less operating expenses, divided by the number of shares held. Other mutual funds are valued at the required published daily value and transaction price and reported accordingly, at level 2 or NAV. The mutual funds held by the System are deemed to be actively traded.

The System invests in commingled funds and limited partnerships which are valued at NAV. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund and various other methods. The investment objectives are described in greater detail in the tables and paragraphs below.

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

**OKLAHOMA CITY EMPLOYEE  
RETIREMENT SYSTEM**

**Investments measured at the NAV**

The following tables summarize investments measured at fair value based on net asset value (NAV) per share as of June 30, 2023 and 2022, respectively.

| <b>2023</b>                       |                             |                            |   |                          |
|-----------------------------------|-----------------------------|----------------------------|---|--------------------------|
|                                   | Fair Value                  | Unfunded Commitments       | Redemption Frequency<br>(if currently eligible) | Redemption Notice Period |
| <u>COMMINGLED FUNDS</u>           |                             |                            |   |                          |
| US Large Cap Core                 | \$88,543,791                | \$ -                       | Daily   | T/D-2                    |
| Long/Short Equity                 | 68,162,445                  | -                          | Quarterly                                       | 30-60 Days               |
| Core Fixed Income                 | 21,950,504                  | -                          | Daily   | T/D-2                    |
| Core Plus Fixed Income            | 6,393,188                   | -                          | Daily   | T/D-2                    |
| Absolute Return                   | 757,880                     | -                          | Quarterly                                       | 90 Days                  |
| Global Opportunistic Fixed Income | 41,083,375                  | -                          | Daily   | 10 Days                  |
| Core Real Estate                  | 102,715,512                 | -                          | Quarterly                                       | 90 Days                  |
| <u>LIMITED PARTNERSHIPS</u>       |                             |                            |   |                          |
| <u>-PRIVATE EQUITY</u>            |                             |                            |   |                          |
| Warburg Pincus                    | 34,074,459                  | 13,567,500                 | Not Eligible                                    | Not Eligible             |
| Siguler Guff                      | 176,952                     | 1,725,000                  | Not Eligible                                    | Not Eligible             |
| Apollo                            | 6,045,697                   | 2,071,000                  | Not Eligible                                    | Not Eligible             |
| FirstMark                         | 6,670,808                   | 10,425,000                 | Not Eligible                                    | Not Eligible             |
| Mesirow                           | 10,046,641                  | 1,200,000                  | Not Eligible                                    | Not Eligible             |
| CVI Credit Value Fund             | 6,916,756                   | 3,500,000                  | Not Eligible                                    | Not Eligible             |
| Francisco Partners                | 7,416,650                   | 1,659,488                  | Not Eligible                                    | Not Eligible             |
| Starwood                          | 3,275,081                   | 12,000,000                 | Not Eligible                                    | Not Eligible             |
| <u>LIMITED PARTNERSHIPS</u>       |                             |                            |   |                          |
| <u>REAL ESTATE</u>                |                             |                            |   |                          |
| Opportunistic Real Estate         | 1,001,379                   | 9,000,000                  | Not Eligible                                    | Not Eligible             |
| Total Investments                 | <b><u>\$405,231,118</u></b> | <b><u>\$55,147,988</u></b> |   |                          |

| <b>2022</b>                       |                             |                            |   |                          |
|-----------------------------------|-----------------------------|----------------------------|---|--------------------------|
|                                   | Fair Value                  | Unfunded Commitments       | Redemption Frequency<br>(if currently eligible) | Redemption Notice Period |
| <u>COMMINGLED FUNDS</u>           |                             |                            |   |                          |
| US Large Cap Core                 | \$74,060,669                | \$ -                       | Daily   | T/D-2                    |
| Long/Short Equity                 | 68,763,576                  | -                          | Quarterly                                       | 30-60 Days               |
| Core Fixed Income                 | 22,157,575                  | -                          | Daily   | T/D-2                    |
| Core Plus Fixed Income            | 8,742,636                   | -                          | Daily   | T/D-2                    |
| Absolute Return                   | 1,098,070                   | -                          | Quarterly                                       | 90 Days                  |
| Global Opportunistic Fixed Income | 46,057,751                  | -                          | Daily   | 10 Days                  |
| Core Real Estate                  | 120,211,820                 | -                          | Quarterly                                       | 90 Days                  |
| <u>LIMITED PARTNERSHIPS</u>       |                             |                            |   |                          |
| <u>-PRIVATE EQUITY</u>            |                             |                            |   |                          |
| Warburg Pincus                    | 29,521,033                  | 15,442,500                 | Not Eligible                                    | Not Eligible             |
| Siguler Guff                      | 176,952                     | -                          | Not Eligible                                    | Not Eligible             |
| Apollo                            | 5,072,446                   | 2,727,179                  | Not Eligible                                    | Not Eligible             |
| FirstMark                         | 7,761,794                   | 1,837,500                  | Not Eligible                                    | Not Eligible             |
| Mesirow                           | 12,625,802                  | 1,300,000                  | Not Eligible                                    | Not Eligible             |
| CVI Credit Value Fund             | 4,649,137                   | -                          | Not Eligible                                    | Not Eligible             |
| Francisco Partners                | 4,034,933                   | 3,394,487                  | Not Eligible                                    | Not Eligible             |
| Starwood                          | 3,197,892                   | 36,000,000                 | Not Eligible                                    | Not Eligible             |
| <u>REAL ESTATE</u>                |                             |                            |   |                          |
| Opportunistic Real Estate         | 4,779                       | -                          | Not Eligible                                    | Not Eligible             |
| Total Investments                 | <b><u>\$408,136,865</u></b> | <b><u>\$60,701,666</u></b> |   |                          |

Commingled Funds

**SSGA S&P Flagship Fund Non-Lending (U.S. Large Cap Core):**

The investment objective of the fund is to approximate as closely as practicable, before expenses, the performance of the S&P 500 Index over the long term. The fund invests primarily in long term common stocks. Other investments include government issues, derivatives, and futures contracts.

**K2 Mauna Kea Long/Short Equity (Non-Dollar Hedged):**

The investment objective of the fund is to achieve superior investment returns with less volatility than the Standard & Poor's 500 Composite Stock Index over a full market cycle by investing in a broadly diversified portfolio of hedge funds, other investment entities, and/or separate accounts, which engage in a variety of investment strategies that include long/short equity, equity market neutral, catalyst driven equity, or other similar hedge fund strategies. If redemption requests are received as of any redemption date for more than 20% of the net asset value of the fund as of such redemption date, the directors may, at their sole discretion; (i) satisfy all of such redemptions, or (ii) reduce all redemption requests pro-rata so that no more than 20% of the net asset value of the fund is redeemed as of such redemption date. The fund was formed on November 6, 2017, and commenced operations on May 1, 2018.

**SSGA Bond Market Non-Lending Fund (Core Fixed Income):**

The investment objective of the fund is to approximate as closely as practicable, before expenses, the performance of the Barclays U.S. Aggregate Bond Index over the long term. The fund attempts to achieve its investment objective by investing in other collective investment funds, each an underlying fund, managed by the trustee, which have characteristics consistent with the fund's overall investment objective.

**Western Asset Management Core Plus Fixed Income (Emerging Markets Local Debt):**

The investment strategy of the fund, under normal market conditions, is to invest all or substantially all of its assets in lower-rated debt and other fixed income securities of non-U.S. issuers. Although the fund may invest in any country, it generally expects to invest a significant portion of its assets in the non-U.S. dollar denominated sovereign debt issued by emerging market countries and in fixed income securities of other issuers (including corporate issuers) located in such countries and supranational issuers that issue fixed income securities in the currency of such countries. The objective of the fund is to maximize total return, consistent with prudent investment management. The fund reserves the right to implement a redemption notice period. A notice period is currently not in place. The fund was inceptioned on May 30, 2006, and a termination date has not been determined.

**Western Asset Management Core Plus Fixed Income (Floating Rate High Income):**

The investment strategy of the fund, under normal market conditions, is to maximize total return by investing at least 80% of its total assets in U.S. dollar denominated loans, loan participations and fixed income securities that are rated below investment grade at the time of purchase by one or more nationally recognized statistical organizations or are of a comparable quality as determined by the investment manager. The fund reserves the right to implement a redemption notice period. A notice period is currently not in place. The fund was inceptioned on August 12, 2003, and a termination date has not been determined.

**Western Asset Management Core Plus Fixed Income (Opportunistic US\$ High Yield Securities):**

The investment strategy of the fund, under normal market conditions, is to maximize total returns by investing at least 90% of its total assets in U.S. dollar denominated debt or fixed income securities that are rated below investment grade at the time of purchase by one or more nationally recognized statistical organizations or are of comparable quality as determined by the investment manager. The fund reserves the right to implement a 15 day redemption notice period. A notice period is currently not in place. The fund was inceptioned on September 15, 1999, and a termination date has not been determined.

**PAAMCO (Absolute Return):**

PAAMCO consists of Pacific Hedged Strategies, LLC, which on June 1, 2004, transferred substantially all of its investment holdings to the Pacific Atlantic Master Fund, L.P. (Master Fund) in exchange for an ownership percentage in that fund. A related party, Pacific Alternative Asset Management Company, LLC serves as the investment manager of the company and the Master Fund. The objective is to seek capital appreciation with a risk-adjusted rate of return over a complete market cycle. The Master Fund may allocate substantially all of its assets across a variety of private investment vehicles (hedge funds), generally with fixed income and equity orientations, covering many different investment styles. Pacific Hedged Strategies, LLC was inception April 25, 2000, and commenced operations on November 1, 2011. A termination date of the fund has not been established.

**Brandywine (Global Opportunistic Fixed Income):**

The investment objective of the fund is to achieve interest income and long-term capital appreciation by investing in U.S. fixed income instruments, and non-U.S. developed and emerging markets sovereign debt securities. The fund concentrates its investments in bonds of countries having the best value in the form of high real interest rates. The Brandywine Global Investment Management Trust was organized on May 1, 2006, with an agreement permitting the investment advisor to create multiple funds. The fund is currently one of eight active funds in the investment trust. The trust will continue until May 1, 2056, unless sooner terminated upon the occurrence of either: (1) resignation or removal of the trustee when no successor trustee is appointed, or (2) termination of all the funds of the trust.

**Prime Property Fund (Core Real Estate):**

The fund is a core commingled real estate investment fund. The fund invests in high quality, well leased and strategically located U.S. properties. The fund seeks to achieve an aggregate long term annual return on investment equity of 8-10%, with the majority of the return being realized from income, modest appreciation, and using leverage when appropriate. Morgan Stanley Real Estate Advisor, Inc. serves as the sponsor and advisor of the fund. Redemptions are subject to available cash.

**Limited Partnerships - Private Equity**

**Warburg Pincus:**

Investments consist of Warburg Pincus Private Equity XI, operations effective May 9, 2012, and Warburg Pincus Private Equity XII, operations effective December 1, 2015, both with the purpose to make private equity investments and help build durable companies with sustainable value. Each fund provides for a 12 year partnership life. With approval of the advisory committee, each fund may extend the partnership term up to two additional years. Each fund may be dissolved earlier upon specific events, as provided for in the respective partnership agreement.

**Siguler Guff:**

The purpose of the Siguler Guff Distressed Opportunities Fund III is to invest in pooled investment vehicles and direct investments consisting of direct or indirect securities of companies undergoing financial distress, operating difficulties and significant restructuring. The partnership's portfolio investments are generally illiquid. The partnership was formed on October 18, 2007.

**Mesirow:**

The purpose of the Mesirow Financial Private Equity Partnership Fund V is to invest in private equity limited partnerships. The fund was formed on November 5, 2008, and the term per the LPA ended November 5, 2020. However, the General Partner will continue the partnership in accordance with the LPA until the orderly liquidation of remaining assets is complete.



**Apollo:**

The objective of the Apollo Investment Fund IX, LP is to achieve long-term capital appreciation through equity and equity-equivalent investments. The fund was formed on December 14, 2016 and commenced operations on April 1, 2018. The termination date is April 1, 2028. The term may be extended for up to two additional years.

**FirstMark Capital:**

The FirstMark COF III is an early stage fund that invests deeply in technology and infrastructure. The fund was formed on November 15, 2019.

**CVI Credit Value Fund:**

The objective of the CVI Credit Value Fund is focused on identifying distressed and credit-intensive assets within its core strategies of loan portfolios, corporate securities, structured credit and hard assets.

**Francisco Partners:**

The objective of Francisco Partners is to identify and invest in specific sub-segments of the technology industry, maturing or mature companies, to maximize value, primarily. This includes areas of software services, security systems, healthcare IT, financial technology and communications. Francisco Partners was founded in August 1999.

**Starwood:**

The fund's primary investments are focused on distressed debt, inflation hedge, corporate transactions and land development opportunities. Starwood Capital Group was founded in 1991.

**Limited Partnerships - Real Estate**

**TA Associates Realty:**

The fund is organized for the purpose of investing in a diversified portfolio of income-producing real estate investment properties. The fund extends seven years from October 7, 2014, the date the capital commitments were substantially invested, unless extended longer or terminated earlier, as provided in the amended and restated partnership agreement dated January 10, 2013. On August 5, 2021 the fund exercised a one-year extension extending the maturity date to October 7, 2022. The fund is invested in a geographically diversified portfolio of real estate investments, principally office, industrial, multifamily and retail properties. There are no further capital commitments to the fund.

**Angelo Gordon Realty:**

The fund is organized for the purpose of investing in equity and preferred equity investments in limited liability companies and limited partnerships which invest in real estate. The fund extends eight years from the Final Admission Date, subject to two extensions of one year each. The fund is invested in a geographically diversified portfolio of real estate investments, primarily in value-added real estate assets and performing and non-performing mortgages.

**Blackstone Real Estate:**

The fund is organized for the purpose of investing in a diversified portfolio of income-producing real estate investment properties. The fund shall continue until May 4, 2032, and may be extended for up to two additional one-year periods, unless dissolved or terminated earlier, as provided in the amended and restated partnership agreement dated May 4, 2022. The fund is invested in a geographically diversified portfolio of commercial real estate investments, including logistics, residential, office, hospitality and retail. There are no further capital commitments to the fund.

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

**OKLAHOMA CITY EMPLOYEE  
RETIREMENT SYSTEM**

**Credit Risk**

Ratings represent the System exposure to credit risk including obligations of the U.S. government and those explicitly guaranteed by the U.S. government. Money market funds are rated AAA/Aaa in 2023 and 2022.

|                                | 2023 |      |     |     |    |    |     |    |    |              |     |
|--------------------------------|------|------|-----|-----|----|----|-----|----|----|--------------|-----|
|                                | AAA  | AA   | A   | BBB | BB | B  | CCC | CC | D  | Not<br>Rated | N/A |
| <u>GOVERNMENT SECURITIES</u>   |      |      |     |     |    |    |     |    |    |              |     |
| U.S. Treasury strips           | 0%   | 100% | 0%  | 0%  | 0% | 0% | 0%  | 0% | 0% | 0%           | 0%  |
| U.S. Treasury bonds            | 0    | 100  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 0            | 0   |
| U.S. Treasury TIPS             | 0    | 100  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 0            | 0   |
| Federal agency notes (1)       | 1    | 0    | 97  | 2   | 0  | 0  | 0   | 0  | 0  | 0            | 0   |
| Ginnie Mae (1)                 | 0    | 0    | 100 | 0   | 0  | 0  | 0   | 0  | 0  | 0            | 0   |
| Small Business                 |      |      |     |     |    |    |     |    |    |              |     |
| Administration Loans (1)       | 0    | 0    | 100 | 0   | 0  | 0  | 0   | 0  | 0  | 0            | 0   |
| <u>CORPORATE OBLIGATIONS</u>   |      |      |     |     |    |    |     |    |    |              |     |
| Domestic                       | 2    | 8    | 34  | 51  | 5  | 0  | 0   | 0  | 0  | 0            | 0   |
| International                  | 0    | 0    | 47  | 39  | 14 | 0  | 0   | 0  | 0  | 0            | 0   |
| <u>MUTUAL FUNDS</u>            |      |      |     |     |    |    |     |    |    |              |     |
| Bond                           | 0    | 23   | 71  | 1   | 3  | 2  | 0   | 0  | 0  | 0            | 0   |
| <u>OTHER INVESTMENTS</u>       |      |      |     |     |    |    |     |    |    |              |     |
| Asset backed obligations       | 52   | 16   | 11  | 11  | 4  | 1  | 0   | 2  | 0  | 0            | 3   |
| Money market fund              | 100  | 0    | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 0            | 0   |
| Foreign government obligations | 0    | 0    | 0   | 61  | 39 | 0  | 0   | 0  | 0  | 0            | 0   |

|                                | 2022 |      |     |     |    |    |     |    |    |              |     |
|--------------------------------|------|------|-----|-----|----|----|-----|----|----|--------------|-----|
|                                | AAA  | AA   | A   | BBB | BB | B  | CCC | CC | D  | Not<br>Rated | N/A |
| <u>GOVERNMENT SECURITIES</u>   |      |      |     |     |    |    |     |    |    |              |     |
| U.S. Treasury strips           | 0%   | 100% | 0%  | 0%  | 0% | 0% | 0%  | 0% | 0% | 0%           | 0%  |
| U.S. Treasury bonds            | 0    | 100  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 0            | 0   |
| Federal agency notes (1)       | 1    | 0    | 97  | 2   | 0  | 0  | 0   | 0  | 0  | 0            | 0   |
| Ginnie Mae (1)                 | 0    | 0    | 100 | 0   | 0  | 0  | 0   | 0  | 0  | 0            | 0   |
| Small Business                 |      |      |     |     |    |    |     |    |    |              |     |
| Administration Loans (1)       | 0    | 75   | 25  | 0   | 0  | 0  | 0   | 0  | 0  | 0            | 0   |
| <u>CORPORATE OBLIGATIONS</u>   |      |      |     |     |    |    |     |    |    |              |     |
| Domestic                       | 2    | 8    | 31  | 55  | 4  | 0  | 0   | 0  | 0  | 0            | 0   |
| International                  | 0    | 0    | 23  | 65  | 12 | 0  | 0   | 0  | 0  | 0            | 0   |
| <u>MUTUAL FUNDS</u>            |      |      |     |     |    |    |     |    |    |              |     |
| Bond                           | 0    | 0    | 46  | 0   | 0  | 0  | 0   | 0  | 0  | 54           | 0   |
| <u>OTHER INVESTMENTS</u>       |      |      |     |     |    |    |     |    |    |              |     |
| Asset backed obligations       | 39   | 18   | 14  | 11  | 5  | 0  | 0   | 2  | 0  | 11           | 0   |
| Money market fund              | 100  | 0    | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 0            | 0   |
| Foreign government obligations | 0    | 0    | 18  | 51  | 31 | 0  | 0   | 0  | 0  | 0            | 0   |

(1) Below is the list of agencies in which the government is currently invested.

|  | 2023                | 2022                |
|--|---------------------|---------------------|
| Federal Home Loan Mortgage Corporation               | \$5,592,116         | \$3,832,327         |
| Fannie Mae   | 7,413,253           | 9,694,803           |
| Ginnie Mae   | 6,050,685           | 3,237,932           |
| Small Business Administration Guaranteed Development | 36,720              | 168,511             |
| U. S. Treasury                                       | 6,501,613           | 12,266,154          |
|  | <u>\$25,594,387</u> | <u>\$29,199,727</u> |

### Foreign Investments

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. In 2023 and 2022, the System does not have any individual investments held in a foreign currency.

### Realized Gains/losses

For the year ended June 30, 2023, net realized gains/losses were \$7,561,502 compared to realized gains of \$30,482,602 in 2022. Net realized gains and losses are calculated independently of the calculation of net appreciation (depreciation) and include investments sold in the referenced year that had been held for more than one year for which unrealized gains and losses were reported in net appreciation (depreciation) in prior years.

### Investment Policy

The System investment policy provides for investment managers who have full discretion of assets allocated to them subject to the overall investment guidelines set out in the policy. Manager performance is reviewed by a consultant who provides reports to the Board. Any changes in the investment management firm must be reported as they occur. Overall investment guidelines provide for diversification and allow investment in domestic and international common stocks, fixed income securities, cash equivalents, index funds, collective trust funds, mutual funds, and City judgments.

Custodial credit risk policy provides for the engagement of a custodian who accepts possession of securities for safekeeping; collects and disburses income; collects principal of sold, matured, or called items; and provides periodic accounting to the Board. The System holds \$565,937,438 in equity funds at June 30, 2023, compared to \$506,918,113 at June 30, 2022. Of these amounts \$197,925,463 in 2023 and \$169,621,247 in 2022 are held by the investment counterparty, not in the name of the System or the City.

### Asset Allocation Guidelines

|                  | <u>Minimum</u> | <u>Target</u> | <u>Maximum</u> | <u>Actual (1) (2)</u> |             |
|------------------|----------------|---------------|----------------|-----------------------|-------------|
|                  |                |               |                | <u>2023</u>           | <u>2022</u> |
| Equities (3)     | 55.0%          | 65.0%         | 75.0%          | 67.1%                 | 63.6%       |
| Fixed income (4) | 15.0           | 20.0          | 25.0           | 18.9                  | 21.5        |
| Real assets      | 10.0           | 15.0          | 20.0           | 14.0                  | 14.9        |

(1) Percentages are based on investment policy definitions.

(2) Percentage allocations are intended to serve as guidelines; the System Board is not required to strictly maintain the designated allocation. Market conditions or an investment transition may require an interim investment strategy and a temporary imbalance in asset mix.

(3) Equities includes private equities.

(4) Fixed income includes cash.

The System policy provides risk parameters for various portfolio compositions. These address credit risk, concentration of credit risk, interest rate risk, and foreign currency risk applicable to the portfolio. The System contractually delegates portfolio management to investment managers based on these prescribed portfolio structures. Domestic equity securities (common stock or equivalent) must be traded on a major U.S. exchange and may include issues convertible to common stock. International equity securities are non-U.S. issuances whose principal markets are outside the U.S. In general, cash may not exceed more than 10% of any equity manager's portfolio.

**Portfolio Parameters**

Large Cap Domestic Portfolio

Investment in equity securities may not exceed 10% of an individual equity, 10% of the fair value of the individual portfolio, or 10% of any one company's outstanding equity.

Small/Mid Cap Portfolio

Investment in equity securities may not exceed 5% of an individual equity, 10% of the fair value of the individual portfolio, or 5% of any one company's outstanding equity.

Global Bonds

Investment in global bonds will be implemented through a commingled fund. Assets should be managed in a style/strategy consistent with the fund objective and constraints. The commingled account gives flexibility to invest in a broad range of fixed income securities including domestic, international, emerging market debt and governmental securities. The manager's performance will be evaluated on absolute return, relative return, volatility profile, and consistency with stated cycle. The global bond portfolio should outperform the Citigroup World Government Bond Index over a market cycle.

International Portfolio

Investment policy designates that no single stock may exceed 5% of the fair value of the individual portfolio or 5% of any one company's outstanding equity. Cash assets may be invested in short-term fixed income investments denominated in U.S. dollars or other foreign currencies. Fixed income should not exceed 10% of the individual portfolio.

Emerging Markets Portfolio

Investment policy designates that no single stock may exceed 5% of the fair value of the individual portfolio or 5% of any company's outstanding equity. Cash should not exceed 10% of the individual portfolio.

Long Short Equity Portfolio

This portfolio will be implemented through a fund of funds approach. Equity oriented strategies shall be prudently diversified across market capitalization, geography, industry/economic sectors, number of underlying managers and size of positions.

Private Equity and Venture Capital Portfolio

Within the Private Equity/Venture Capital investment portfolio, the following securities and/or strategies may be included: Seed, Early, and Late Stage Venture Capital; Small, Mid and Large Market Buyout; Mezzanine Debt; and Distressed Debt. Both domestic and international investments are eligible. Other strategies that improve the potential risk/reward profile may be included.

Core Fixed Income Portfolio

Investments may include any amount of U.S. government or U.S. government agency obligations. Corporate bonds are diversified by issuer type and industry and limited to no more than 5% of any issuer. Mortgages and mortgage-backed securities are permitted. Bonds must have a minimum quality rating of BBB at the time of purchase with overall portfolio average credit quality of AA or higher. International bonds may not exceed 20% of an individual portfolio and limited to no more than 5% may be invested in one country. Convertible securities or preferred stock may not exceed 5% of the portfolio. Average option adjusted duration of the portfolio shall approximate the option adjusted duration of the relevant benchmark.

Core Plus Fixed Income Portfolio

Income investment is structured to include 75-100% domestic securities and 0-25% high yield, emerging market, non-dollar securities which may include below investment grade corporate bonds. Other provisions are similar to the core fixed income portfolio, with exceptions, for bonds limited to 2% and neither cash or structured notes, as individual investment types, may exceed 5% of the total portfolio. Derivatives may be used on a limited basis to eliminate undesirable risks. No more than 5% of the portfolio will be invested in original futures margin and option premiums. Swap contracts may be executed with counterparties whose credit rating is A2/A or better. Average option adjusted duration of the portfolio shall approximate the option adjusted duration of the relevant benchmark, designated as the Barclays Capital Aggregate Bond Index, within a band of plus or minus 20%. On an ongoing basis, cash should not exceed 5% of the portfolio.

Low Volatility Hedge Fund of Funds:

This portfolio will be implemented through a fund of funds approach. The portfolio is intended to serve as a surrogate to traditional fixed income and maintain a volatility profile similar to the Barclays Capital Aggregate Bond Index. The portfolio may include various relative value, event driven and market neutral oriented hedge fund strategies, all at the manager's discretion.

Liquid Absolute Return

Investments will be implemented through a commingled fund. The liquid absolute return fixed income portfolio has the flexibility to invest in a broad range of fixed income securities, including but not limited to high yield securities, international securities, emerging markets debt and mortgages.

Real Estate Manager

The manager may invest in real estate and related securities permitted under Oklahoma Law including improved or unimproved retail property, mortgages, and collective investment funds including Real Estate Investment Trusts or Real Estate Funds, notes secured by real property, mortgage-backed bonds and pass through securities backed by mortgages. Investments in real estate properties will be broadly diversified by geography, property type and the number of properties.

**Compliance with State Requirements**

The System investment policy is more restrictive than the requirements of Oklahoma law found in Title 60 of the Oklahoma Statutes and the standards of the Oklahoma Uniform Prudent Investor Act. The Prudent Investor Rule defined by Title 60 of Oklahoma Statutes requires public trust investing to consider the purposes, terms, distributions requirements, and other circumstances of the trust, and exercise reasonable care, skill, and caution. Investment decisions must be evaluated not in isolation, but in the context of the trust portfolio as a whole and as a part of the overall investment strategy having risk and return objectives reasonably suited to the trust.

**Securities Lending Transactions**

City ordinance and the Board of Trustees permit the System to lend securities with a simultaneous agreement to return collateral for the same securities in the future with agent indemnification in the event of borrower default. Securities lent may consist of both equity and fixed income securities. Collateral may consist of cash or securities issued or guaranteed by the U.S. government or its agencies. The System may use or invest cash collateral at its own risk. However, collateral other than cash may not be pledged, sold, or otherwise transferred without borrower default.

During fiscal years 2023 and 2022, the System had no securities lending amounts invested.

**Derivatives**

The System's derivative position currently includes interest rate swaps, foreign currency forwards, index swaps, treasury bond futures and swap options. The System is exposed to credit risk on hedging derivative instruments that are in asset positions. In the System's investment policy, derivatives may be used to reduce or eliminate undesirable portfolio risks caused by currency exposure, duration and yield curve position. Derivatives may not be used to create exposure to an asset class that is not permitted by portfolio guidelines. At June 30, 2023 and 2022, derivative investments comprise less than .5% of the System's portfolio.

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**OKLAHOMA CITY EMPLOYEE  
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**Judgments**

Judgments may be purchased by the City Treasurer for the benefit of the OCERS. The interest rate shall be in conformance with state law, 12 Oklahoma Statute 727.1(I), which currently provides that interest shall be the prime rate, as listed in the first edition of the Wall Street Journal published for each calendar year and as certified to the Administrative Director of the Courts by the Oklahoma State Treasurer on the first regular day following publication in January of each year, plus two percent (2%).

**II. B. CONTRIBUTIONS RECEIVABLE**

|   | <b>2023</b>             |                         |                         | <b>2022</b>               |
|---|-------------------------|-------------------------|-------------------------|---------------------------|
|   | <u>Employee</u>         | <u>Employer</u>         | <u>Total</u>            | <u>Total</u>              |
| City General Fund   | \$91,098                | \$66,218                | \$157,316               | \$472,892                 |
| City Parking Fund   | 532                     | 388                     | 920                     | 2,414                     |
| City Police Fund  | 3,803                   | 2,776                   | 6,579                   | 15,739                    |
| City Asset Forfeiture                                     | 81                      | 59                      | 140                     | 435                       |
| City Fire Fund  | 1,274                   | 930                     | 2,204                   | 4,864                     |
| City Employee Retirement System                           | 328                     | 239                     | 567                     | 1,682                     |
| City Emergency Management Fund                            | 5,822                   | 4,577                   | 10,399                  | 31,078                    |
| City Airports Fund  | 11,467                  | 8,371                   | 19,838                  | 58,274                    |
| City Fleet Services Fund                                  | 2,352                   | 1,730                   | 4,082                   | 13,388                    |
| City Risk Management Fund                                 | 823                     | 601                     | 1,424                   | 4,371                     |
| City Information Technology Fund                          | 12,159                  | 8,876                   | 21,035                  | 63,891                    |
| City Print Shop Fund                                      | 203                     | 148                     | 351                     | 1,037                     |
| City Solid Waste Management Fund                          | 8,350                   | 6,095                   | 14,445                  | 44,023                    |
| City Water Utilities Fund                                 | 49,664                  | 36,277                  | 85,941                  | 243,690                   |
| City Stormwater Drainage Fund                             | 9,825                   | 7,172                   | 16,997                  | 55,149                    |
| City Grants Management Fund                               | 2,100                   | 1,533                   | 3,633                   | 10,084                    |
| Oklahoma City Public Property<br>Authority - Golf Courses | 3,447                   | 2,516                   | 5,963                   | 16,767                    |
| City Transportation Fund                                  | 3,217                   | 2,348                   | 5,565                   | 16,305                    |
| City and Schools Sales Tax Fund                           | 2,369                   | 1,729                   | 4,098                   | 8,955                     |
| Oklahoma City Zoo Trust                                   | <u>27,720</u>           | <u>26,569</u>           | <u>54,289</u>           | <u>53,961</u>             |
|   | <b><u>\$236,634</u></b> | <b><u>\$179,152</u></b> | <b><u>\$415,786</u></b> | <b><u>\$1,118,999</u></b> |

There are no receivables older than thirty days.

***Other Accounts Receivable***

There is \$12 in other accounts receivable at June 30, 2023. At June 30, 2022 there was \$34,860 in other accounts receivable due to receivables in the investment pool reallocation.

## II. C. NET PENSION ASSETS (1)

The System share of the net pension asset is allocated using the System's share of employer contributions for the last payroll in the fiscal year. The System share for 2022 was .15%. A net pension liability was reported for 2023. See Note III.B.

|                          | <u>2022</u>  |
|--------------------------|--------------|
| Actuarial valuation date | 12/31/20     |
| Rolled forward to date   | 6/30/21      |
| Total                    | \$96,838,779 |
| System share             | \$145,258    |

(1) The allocation percentage has been rounded so actual amounts may vary from calculations.

## II. D. PENSION DEFERRED OUTFLOWS

Differences are deferred when the pension system's actuarial estimate of the plan's experience costs for a given period differ from the actual experience costs. Deferred outflows that result from plan experience differences are divided by the beginning expected remaining service life of its members and amortized over that period, with the current year amount included in the determination of pension expense. Current year employee contributions are deferred and included in the following year net pension liability (asset) calculation.

|  | <u>2023</u>                |                         | <u>2022</u>                |                        |
|--|----------------------------|-------------------------|----------------------------|------------------------|
|  | Total                      | System                  | Total                      | System                 |
|  | <u>Plan</u>                | <u>Share</u>            | <u>Plan</u>                | <u>Share</u>           |
| Current year contributions - Employer  | \$10,716,787               | \$16,075                | \$10,884,197               | \$16,326               |
| Differences between projected and actual investment earnings on Plan investments | 52,796,710                 | 79,195                  | -                          | -                      |
| Differences between expected and actual pension plan experience                  | 7,726,244                  | 11,589                  | 9,940,160                  | 14,910                 |
| Change in assumptions  | <u>21,469,652</u>          | <u>32,204</u>           | <u>30,251,709</u>          | <u>45,378</u>          |
|  | <b><u>\$92,709,393</u></b> | <b><u>\$139,063</u></b> | <b><u>\$51,076,066</u></b> | <b><u>\$76,614</u></b> |

## II. E. OPEB DEFERRED OUTFLOWS

Differences are deferred when the OPEB system's actuarial estimate of the plan's experience costs for a given period differ from the actual experience costs. Differences are also calculated and recorded as deferred outflows when actual investment earnings exceed estimated investment earnings. This amount is amortized over a fixed 5 year period for each unique fiscal year. Current year employee contributions are deferred and included in the following year net OPEB liability calculation.

|  | <u>2023</u>                |                        | <u>2022</u>                |                        |
|--|----------------------------|------------------------|----------------------------|------------------------|
|  | Total                      | System                 | Total                      | System                 |
|  | <u>Plan</u>                | <u>Share</u>           | <u>Plan</u>                | <u>Share</u>           |
| Current year contributions - Employer                                  | \$13,314,341               | \$9,320                | \$13,314,341               | \$7,989                |
| Investment projected vs actual investment earnings on Plan investments | 7,809,988                  | 5,467                  | -                          | -                      |
| Differences between expected and actual pension plan experience        | 2,150,825                  | 1,506                  | 2,509,296                  | 1,506                  |
| Changes in assumptions   | <u>52,812,695</u>          | <u>36,969</u>          | <u>70,224,003</u>          | <u>42,134</u>          |
|  | <b><u>\$76,087,849</u></b> | <b><u>\$53,262</u></b> | <b><u>\$86,047,640</u></b> | <b><u>\$51,629</u></b> |



### III. LIABILITIES AND DEFERRED INFLOWS

#### III. A. COMPENSATED ABSENCES

Compensated absences balances changed from 2022 to 2023 by accruals of \$23,307 and usages of \$19,957 compared to changes in accruals of \$21,410 and usages of \$15,971 from 2021 to 2022.

#### III. B. NET PENSION LIABILITIES

The System share of the net pension liability is allocated using the System's share of employer contributions for the last payroll in the fiscal year. The System share for 2023 was .15%. A net pension asset was reported for 2022. See Note II C.

|                          | <u>2023</u>  |
|--------------------------|--------------|
| Actuarial valuation date | 12/31/21     |
| Rolled forward to date   | 6/30/22      |
| Total                    | \$52,061,411 |
| System share             | \$78,092     |

#### III. C. NET OPEB LIABILITIES

The System share of the net OPEB liability is allocated using the System's share of full-time employees for the last payroll in the fiscal year. The System share is .07% for 2023 and was .06% for 2022.

|                          | <u>2023</u>   | <u>2022</u>   |
|--------------------------|---------------|---------------|
| Actuarial valuation date | 6/30/22       | 6/30/21       |
| Total                    | \$299,154,111 | \$419,320,250 |
| System share             | \$209,408     | \$251,592     |

#### III. D. PENSION DEFERRED INFLOWS

Differences are deferred when the pension system's actuarial estimate of the plan's experience costs for a given period differ from the actual experience costs. Deferred inflows that result from plan experience differences are divided by the beginning expected remaining service life of its members and amortized over that period, with the current year amount included in the determination of pension expense.

|  | <u>2023</u>         |                 | <u>2022</u>          |                  |
|--|---------------------|-----------------|----------------------|------------------|
|  | <u>Total</u>        | <u>System</u>   | <u>Total</u>         | <u>System</u>    |
|  | <u>Plan</u>         | <u>Share</u>    | <u>Plan</u>          | <u>Share</u>     |
| Differences between expected and actual pension plan experience                  | \$13,152,189        | \$19,728        | \$7,796,075          | \$11,694         |
| Differences between projected and actual investment earnings on Plan investments | -                   | -               | <u>107,418,673</u>   | <u>161,128</u>   |
|  | <u>\$13,152,189</u> | <u>\$19,728</u> | <u>\$115,214,748</u> | <u>\$172,822</u> |

**NOTES TO FINANCIAL STATEMENTS**  
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**OKLAHOMA CITY EMPLOYEE  
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**III. E. OPEB DEFERRED INFLOWS**

Differences are deferred when the OPEB system's actuarial estimate of the plan's experience costs for a given period differ from the actual experience costs. Deferred inflows that result from plan experience differences and changes in assumptions are divided by the beginning expected remaining service life of its members and amortized over that period, with the current year amount included in the determination of the OPEB expenses.

|  | <b>2023</b>                 |                         | <b>2022</b>                 |                         |
|--|-----------------------------|-------------------------|-----------------------------|-------------------------|
|  | Total                       | System                  | Total                       | System                  |
|  | <u>Plan</u>                 | <u>Share</u>            | <u>Plan</u>                 | <u>Share</u>            |
| Differences between expected and actual OPEB plan experience                     | \$130,668,253               | \$91,468                | \$129,984,807               | \$77,991                |
| Differences between projected and actual investment earnings on Plan investments | -                           | -                       | 11,360,400                  | 6,816                   |
| Change in assumptions  | <u>111,618,942</u>          | <u>78,133</u>           | <u>38,121,044</u>           | <u>22,873</u>           |
|  | <b><u>\$242,287,195</u></b> | <b><u>\$169,601</u></b> | <b><u>\$179,466,251</u></b> | <b><u>\$107,680</u></b> |

**IV. ADDITIONS AND DEDUCTIONS**

**IV. A. BENEFITS PAID**

*Benefits Paid*

|         | <b>2023</b>                | <b>2022</b>                |
|---------|----------------------------|----------------------------|
| Pension | \$47,585,089               | \$43,512,929               |
| Death   | <u>199,167</u>             | <u>358,388</u>             |
|         | <b><u>\$47,784,256</u></b> | <b><u>\$43,871,317</u></b> |

**IV. B. PENSION EXPENSE**

| <b>2023</b>                |                        | <b>2022</b>                  |                          |
|----------------------------|------------------------|------------------------------|--------------------------|
| Total                      | System                 | Total                        | System                   |
| <u>Plan</u>                | <u>Share</u>           | <u>Plan</u>                  | <u>Share</u>             |
| <b><u>\$15,921,091</u></b> | <b><u>\$23,882</u></b> | <b><u>(\$11,525,761)</u></b> | <b><u>(\$17,289)</u></b> |

*Deferred Inflows of Resources and Deferred Outflows of Resources to be Recognized in Future Pension Expense*

|            | <b>2023</b>                  |                           |            | <b>2022</b>                  |                           |
|------------|------------------------------|---------------------------|------------|------------------------------|---------------------------|
|            | Total                        | System                    |            | Total                        | System                    |
|            | <u>Plan (1)</u>              | <u>Share (2)</u>          |            | <u>Plan (1)</u>              | <u>Share (2)</u>          |
| 2024       | (\$15,469,576)               | (\$23,204)                | 2023       | (\$18,507,693)               | (\$27,762)                |
| 2025       | (12,945,147)                 | (19,418)                  | 2024       | (16,292,382)                 | (24,439)                  |
| 2026       | (7,532,566)                  | (11,299)                  | 2025       | (18,816,811)                 | (28,225)                  |
| 2027       | (34,481,430)                 | (51,722)                  | 2026       | (24,229,392)                 | (36,344)                  |
| 2028       | 1,588,302                    | 2,383                     | 2027       | 2,719,472                    | 4,079                     |
| Thereafter | -                            | -                         | Thereafter | <u>103,927</u>               | <u>157</u>                |
|            | <b><u>(\$68,840,417)</u></b> | <b><u>(\$103,260)</u></b> |            | <b><u>(\$75,022,879)</u></b> | <b><u>(\$112,534)</u></b> |

- (1) Total Plan includes deferred outflows of resources less deferred inflows of resources less deferred outflows of resources for employer contributions, which are excluded from actuarial calculations.
- (2) System share is calculated from the indicated year proportionate amount.

NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

OKLAHOMA CITY EMPLOYEE  
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IV. C. OPEB EXPENSE

| 2023                  |                   | 2022                 |                  |
|-----------------------|-------------------|----------------------|------------------|
| Total                 | System            | Total                | System           |
| <u>Plan</u>           | <u>Share</u>      | <u>Plan</u>          | <u>Share</u>     |
| <u>(\$34,071,063)</u> | <u>(\$23,850)</u> | <u>(\$3,763,341)</u> | <u>(\$2,258)</u> |

*Deferred Inflows of Resources and Deferred Outflows of Resources to be Recognized in Future OPEB Expense*

|            | 2023                   |                    |            | 2022                   |                   |
|------------|------------------------|--------------------|------------|------------------------|-------------------|
|            | Total                  | System             |            | Total                  | System            |
|            | <u>Plan (1)</u>        | <u>Share (2)</u>   |            | <u>Plan (1)</u>        | <u>Share (2)</u>  |
| 2024       | (\$60,146,636)         | (\$42,103)         | 2023       | (\$33,802,579)         | (\$20,282)        |
| 2025       | (39,706,087)           | (27,794)           | 2024       | (33,500,808)           | (20,100)          |
| 2026       | (38,002,030)           | (26,601)           | 2025       | (13,060,259)           | (7,836)           |
| 2027       | (34,423,573)           | (24,097)           | 2026       | (11,356,202)           | (6,814)           |
| 2028       | (3,617,683)            | (2,532)            | 2027       | (7,777,743)            | (4,667)           |
| Thereafter | <u>(3,617,678)</u>     | <u>(2,532)</u>     | Thereafter | <u>(7,235,361)</u>     | <u>(4,341)</u>    |
|            | <u>(\$179,513,687)</u> | <u>(\$125,659)</u> |            | <u>(\$106,732,952)</u> | <u>(\$64,040)</u> |

(1) Total Plan includes deferred outflows of resources less deferred inflows of resources less deferred outflows of resources for employer contributions, which are excluded from actuarial calculations.

(2) System share is calculated from the indicated year proportionate amount.

V. PENSION PLAN

V. A. PLAN DESCRIPTION

*Plan Administration (Plan)*

OCERS provides retirement benefits for substantially all full-time, non-uniformed employees of the System, the City, the Oklahoma City Public Property Authority, and the Oklahoma City Zoological Trust. Unless otherwise indicated, OCERS information is provided as of the latest actuarial valuation, December 31, 2022 and December 31, 2021, rolled forward to June 30, 2023 and 2022, respectively. The information presented in this note is reported in the financial statements of the System as of June 30, 2023 and 2022, respectively. Actuarial valuations are performed annually.

The required supplementary information immediately following the notes to the financial statements presents certain ten-year trend information for as many years as the information measured in conformity with GASB 68 is available.

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

**OKLAHOMA CITY EMPLOYEE  
RETIREMENT SYSTEM**

***Funding Policies, Contribution Methods and Benefit Provisions***

|  |   |   |
|--|---|---|
| Year established and governing authority   | 1958; City Council Ordinance  |   |
| Determination of contribution requirements | Actuarially   |   |
|  | <b>2023</b>   | <b>2022</b>   |
| Employer                                   | 6.46% of covered payroll  | 7.46% of covered payroll  |
| Plan members                               | 6.00% of covered payroll  | 6.00% of covered payroll  |
| Funding of administrative costs            | Investment Earnings   | Investment Earnings   |
| Period required to vest                    | 5 years   | 5 years   |
| Post-retirement benefit increases          | Cost of living adjustments are compounded annually; increases must be approved by the System Board  | Cost of living adjustments are compounded annually; increases must be approved by the System Board  |
| Eligibility for distribution               | 30 years credited service regardless of age, or age 60 with 20 years (Pre 3/67 hires), or 25 years of credited service regardless of age, or age 65 with 5 years (Post 3/67 hires), or age 55 with 5 years on a reduced basis, or 5 years service, with benefits. | 30 years credited service regardless of age, or age 60 with 20 years (Pre 3/67 hires), or 25 years of credited service regardless of age, or age 65 with 5 years (Post 3/67 hires), or age 55 with 5 years on a reduced basis, or 5 years service, with benefits. |

**Contributions**

Contribution requirements are actuarially determined and established by City Council ordinance. Beginning July 1, 2022, the employer contribution rate changed from 7.46% to 6.46% of covered payroll. Beginning July 1, 2021, the employer contribution rate changed from 6.89% to 7.46% of covered payroll. The employee contributes 6.00% of covered payroll. Administrative costs are funded with investment earnings.

***Benefit Provisions***

The System was established by City Council Ordinance in 1958 to hold funds in trust to provide pension, disability, and survivor benefits to its members.

Benefit provisions include both duty and non-duty disability retirement and death benefits. Average Final Compensation (AFC) determines the retirement benefit and is calculated as the highest 36 months of earned employee compensation (excluding compensation for unused vacation and sick leave and amounts elected to be deferred under Section 125 of the Internal Revenue Code) during the last 60 months of service. Generally, the normal retirement benefit is 2% of AFC for each full year of service, plus 1/12 of 2% for each whole month of a partial year of service to a maximum of 100% of AFC. There are modifications to the normal retirement benefit for early and deferred retirement, duty and non-duty disability, and death benefits.

**Post-Retirement Benefit Adjustments**

Retirement pension may be adjusted annually for changes in the Consumer Price Index. The maximum adjustment is 2% compounded annually. The Board can authorize a stipend be paid to all pension benefit recipients currently receiving a cost-of-living adjustment. A stipend can be granted once per calendar year.

***Membership***

|  | <b>2023</b>  | <b>2022</b>  |
|--|--------------|--------------|
| Active employees   | 2,482        | 2,450        |
| Inactive plan members currently receiving benefits               | 1,756        | 1,719        |
| Inactive plan members entitled to but not yet receiving benefits | 170          | 156          |
|  | <b>4,408</b> | <b>4,325</b> |

*Actuarial Assumptions*

|  | 2023   | 2022   |
|--|--|--|
| Valuation date                             | 12/31/2022   | 12/31/2021   |
| Actuarial cost method                      | Individual Entry Age Normal  | Individual Entry Age Normal  |
| Amortization method                        | Level % of payroll   | Level % of payroll   |
| Amortization period (1)                    | 19 years, closed   | 20 years, closed   |
| Actuarial asset valuation method           | 4-year smoothed market value   | 4-year smoothed market value   |
| Actuarial Assumptions                      |  |  |
| Investment rate of return                  | 7.00%  | 7.00%  |
| Cost of living benefit increases (maximum) | 2.00%  | 2.00%  |
| Price inflation                            | 2.25%  | 2.25%  |
| Wage inflation                             | 3.00%  | 3.00%  |
| Experience study                           | Actuarial assumptions were based upon results of an experience study covering the period January 1, 2014, through December 31, 2018, and an assumption study dated January 20, 2020. | Actuarial assumptions were based upon results of an experience study covering the period January 1, 2014, through December 31, 2018, and an assumption study dated January 20, 2020. |

(1) The amortization period changed from 20 years closed in 2022 to 19 years closed in 2023.

The RP-2014 Mortality Table projected to 2025 using Scale MP-2016 was used for the December 31, 2022 valuation, which was unchanged from the prior year.

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the System and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the System and Plan members to that point. Actuarial calculations reflect a long-term perspective. The actuarial methods and assumptions used techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of calculations.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

*Concentrations*

The Trust held no individual investments (other than U.S. government and U.S government guaranteed obligations) whose fair value exceeds 5% or more of net assets available for benefits. There are no long-term contracts for contributions.

NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 and 2022

OKLAHOMA CITY EMPLOYEE  
RETIREMENT SYSTEM

V. B. NET PENSION ASSET (LIABILITY)

*Net Pension Asset (Liability)*

|                               | 2023                         | 2022                         |
|-------------------------------|------------------------------|------------------------------|
| Total pension liability       | \$916,636,896                | \$867,110,640                |
| Fiduciary net position        | 842,188,849                  | 815,049,229                  |
| Net pension asset (liability) | <u><b>(\$74,448,047)</b></u> | <u><b>(\$52,061,411)</b></u> |

|  |               |               |
|--|---------------|---------------|
| Plan fiduciary net position as a percentage of the total pension liability | <u>91.88%</u> | <u>94.00%</u> |
|--|---------------|---------------|

|  | 2023                        |                             |                               |
|--|-----------------------------|-----------------------------|-------------------------------|
|  | Total Pension Liability     | Plan Fiduciary Net Position | Net Pension Asset (Liability) |
| Beginning balance                                  | \$867,110,640               | \$815,049,229               | (\$52,061,411)                |
| Service cost                                       | 19,667,677                  | -                           | (19,667,677)                  |
| Interest   | 59,657,178                  | -                           | (59,657,178)                  |
| Changes of benefits terms                          | 1,821,233                   | -                           | (1,821,233)                   |
| Differences between expected and actual experience | 17,778,325                  | -                           | (17,778,325)                  |
| Contributions - employer                           | -                           | 10,716,787                  | 10,716,787                    |
| Contributions - employee                           | -                           | 10,029,645                  | 10,029,645                    |
| Net investment income                              | -                           | 56,460,226                  | 56,460,226                    |
| Benefit payments and refunds                       | (49,398,157)                | (49,398,157)                | -                             |
| Administrative expense                             | -                           | (727,619)                   | (727,619)                     |
| Other changes                                      | -                           | 58,738                      | 58,738                        |
|  | <u><b>\$916,636,896</b></u> | <u><b>\$842,188,849</b></u> | <u><b>(\$74,448,047)</b></u>  |

|  | 2022                        |                             |                               |
|--|-----------------------------|-----------------------------|-------------------------------|
|  | Total Pension Liability     | Plan Fiduciary Net Position | Net Pension Asset (Liability) |
| Beginning balance                                  | \$847,277,966               | \$944,116,745               | \$96,838,779                  |
| Service cost                                       | 17,857,293                  | -                           | (17,857,293)                  |
| Interest   | 58,355,537                  | -                           | (58,355,537)                  |
| Differences between expected and actual experience | (11,267,983)                | -                           | 11,267,983                    |
| Contributions - employer                           | -                           | 10,884,197                  | 10,884,197                    |
| Contributions - employee                           | -                           | 8,802,729                   | 8,802,729                     |
| Net investment income                              | -                           | (103,202,642)               | (103,202,642)                 |
| Benefit payments and refunds                       | (45,112,173)                | (45,112,173)                | -                             |
| Administrative expense                             | -                           | (687,403)                   | (687,403)                     |
| Other changes                                      | -                           | 247,776                     | 247,776                       |
|  | <u><b>\$867,110,640</b></u> | <u><b>\$815,049,229</b></u> | <u><b>(\$52,061,411)</b></u>  |

## V. D. RATE OF RETURN AND DISCOUNT RATE

### *Rate of Return*

For the years ended June 30, 2023 and 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 7.72% and negative 11.17%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### *Long-term Expected Rate of Return*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class are included in the pension plan's target asset allocation. See Note II. A. 1. DEPOSITS AND INVESTMENTS, Investments, and Asset Allocation Guidelines for target allocation of investments.

|                                | Long-term Expected<br>Rate of Return |       |
|--------------------------------|--------------------------------------|-------|
|                                | 2023                                 | 2022  |
| Core Bonds                     | 2.58%                                | 2.58% |
| Core Plus Bonds                | 2.89                                 | 2.88  |
| Global Bonds                   | 2.11                                 | 2.28  |
| Absolute Return                | 3.25                                 | 3.25  |
| U.S. Large Cap Equity          | 7.17                                 | 7.13  |
| U.S. Small Cap Equity          | 8.61                                 | 8.53  |
| International Developed Equity | 8.06                                 | 7.99  |
| Emerging Market Equity         | 9.33                                 | 9.23  |
| Long/Short Equity              | 5.77                                 | 5.68  |
| Private Equity                 | 10.55                                | 10.47 |
| Core Real Estate               | 6.54                                 | 6.60  |
| Opportunistic Real Estate      | 9.54                                 | 9.60  |

### *Discount Rate*

A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension 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. The discount rate of 7.00% was used in 2023 and in 2022.



*Sensitivity of Net Pension Liability to Changes in the Discount Rate*

The following table presents the total pension liability of the System, calculated using the discount rate of 7.00%, as well as what the System total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

|                              | Total Pension Liability |                         |                                   |       |                         |                                   |
|------------------------------|-------------------------|-------------------------|-----------------------------------|-------|-------------------------|-----------------------------------|
|                              | 2023                    |                         |                                   | 2022  |                         |                                   |
|                              | Rate                    | Total Pension Liability | Net Pension Liability (Asset) (1) | Rate  | Total Pension Liability | Net Pension Liability (Asset) (1) |
| 1% decrease                  | 6.00%                   | \$1,032,218,083         | \$190,029,234                     | 6.00% | \$976,839,258           | \$161,790,029                     |
| Current single discount rate | 7.00                    | 916,636,896             | 74,448,047                        | 7.00  | 867,110,640             | 52,061,411                        |
| 1% increase                  | 8.00                    | 820,215,768             | (21,973,081)                      | 8.00  | 775,579,344             | (39,469,885)                      |

(1) Net pension liability (asset) is reported in the financial statements in the year subsequent to Plan reporting.

**VI. DEFINED CONTRIBUTION PLANS**

The System participates in two defined contribution plans administered by the International City Manager's Association Retirement Corporation (ICMA Retirement). Plan provisions and contribution requirements are established or amended by City Council resolution. The plans are money purchase plans qualified under section 401 of the Internal Revenue Code.

Participants of the first plan are comprised of eligible employees hired before September 1, 2001. The City and participants are required to contribute 8.35% and 6.0% of annual covered payroll, respectively. Participants of the first plan vest at service inception and are entitled to 100% of vested contributions.

Participants of the second plan are comprised of eligible employees hired after September 1, 2001. The City and participants are required to contribute 7.0% and 6.0% of annual covered payroll, respectively. Participants of the second plan vest after 5 years of service.

The two plans include 73 participants comprised of City Council appointees and management personnel. The System has no participants.

## VII. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

### VII. A. PLAN DESCRIPTION

The System provides post-employment healthcare benefits for retired employees and their dependents through the City of Oklahoma City Post-retirement Medical Plan (the Plan), a single-employer defined benefit healthcare plan administered by the Oklahoma City Post-Employment Benefits Trust (OCPEBT). The benefits, coverage levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The Plan issues a separate report that can be obtained from Human Resources at 420 W. Main, Suite 110, Oklahoma City, OK 73102.

The OCPEBT also administers the medical plan for retirees of the Central Oklahoma Transportation and Parking Authority (COTPA). The COTPA OPEB plan information is not included in total Plan amounts reported in this note. This information is reported separately in the OCPEBT Trust financial statements and can be obtained online at [okc.gov/departments/finance](http://okc.gov/departments/finance).

|  | 2023   | 2022   |
|--|--|--|
| Year established and governing authority   | 2008; City Council Ordinance   | 2008; City Council Ordinance   |
| Determination of contribution requirements | City Policy  | City Policy  |
| Employer                                   | 50% of premium   | 50% of premium   |
| Plan members                               | 50% of premium   | 50% of premium   |
| Funding of administrative costs            | Investment earnings  | Investment earnings  |
| Period required to vest                    | 5 years  | 5 years  |
| Eligibility for distribution               | General employees are eligible for membership in the Plan if they retire from the City on or after age 60 with 15 years of service or at any age with 25 years of service. Employees are grandfathered in if hired before January 1, 2017 and attaining the age of 55 with a minimum of five (5) years of service on or before December 31, 2016. General employees hired after January 1, 2017 are not eligible for cost sharing. Police officers are eligible for benefits under the Plan if they retire from the City on or after age 55 with 5 years of service or at any age with 20 years of service. Firefighters with 20 years of service retiring before January 1, 2003, are eligible for membership. Participation may only be elected at the time of retirement. | General employees are eligible for membership in the Plan if they retire from the City on or after age 60 with 15 years of service or at any age with 25 years of service. Employees are grandfathered in if hired before January 1, 2017 and attaining the age of 55 with a minimum of five (5) years of service on or before December 31, 2016. General employees hired after January 1, 2017 are not eligible for cost sharing. Police officers are eligible for benefits under the Plan if they retire from the City on or after age 55 with 5 years of service or at any age with 20 years of service. Firefighters with 20 years of service retiring before January 1, 2003, are eligible for membership. Participation may only be elected at the time of retirement. |

### Contributions

City Council establishes contribution rates for the retirees as a percentage of total premium cost. The employee contribution rate is 50% of premium. The City portion is budgeted annually. Administrative costs are funded with investment earnings.

### Benefit Provisions

The City offers post-retirement healthcare benefits to eligible retirees of the City or approved public trust and their eligible survivors and dependents either through a fully insured health plan or through the City's Self-Funded Group Plan. Post-retirement healthcare benefits include general inpatient and outpatient medical services and prescription drug coverage (collectively "Plan Benefits"). Additional benefits for dental, life, and vision are available to eligible retirees with no premium sharing contributed by the City. The City is not legally obligated to subsidize Plan Benefits for any retiree. However, subject to meeting one of the criteria by the resolution Plan Benefits are only available to certain public trust and City general or special pay-plan retirees and retired police officers provided the retiree was hired before January 1, 2017, and those retired firefighters who retired on or before December 31, 2002, provided the retiree continuously maintains or has maintained coverage from the time of retirement. Employees hired on or after January 1, 2017 are not eligible for subsidized retiree Plan Benefits. To be eligible for subsidized Plan Benefits, if the City Council in its sole discretion determines to subsidize premium costs of the Plan Benefits, the retiree must meet the qualifications of the resolution that was approved on November 8, 2016.

### Membership

|   | 2023         | 2022         |
|---|--------------|--------------|
| Active members  | 3,374        | 3,410        |
| Retirees and beneficiaries currently receiving benefits | 2,143        | 2,146        |
|   | <u>5,517</u> | <u>5,556</u> |

### Annual Required Contributions - Actuarial Assumptions

|                                  | 2023   | 2022   |
|----------------------------------|--|--|
| Provisions for:                  | City OPEB  | City OPEB  |
| Disability benefits              | Yes  | Yes  |
| Death benefits                   | Yes  | Yes  |
| Valuation date                   | 6/30/22  | 6/30/21  |
| Actuarial cost method            | Entry Age Normal   | Entry Age Normal   |
| Amortization method              | Level Percent of Payroll   | Level Percent of Payroll   |
| Amortization period              | 30 years, closed   | 30 years, closed   |
| Actuarial asset valuation method | 4-year smoothed market value   | 4-year smoothed market value   |
| Investment rate of return        | 7.50%  | 7.50%  |
| Discount rate (1)                | 5.04%  | 3.35%  |
| Price inflation                  | 3.00%  | 3.00%  |
| Wage inflation                   | 3.00%  | 3.00%  |
| Health care trend rate (2)       | 7.50% (6.50% for Medicare age)   | 8.00% (6.00% for Medicare age)   |
| Ultimate rate                    | 4.50%  | 4.50%  |
| Mortality table                  | RPH 2014 blue collar weighted mortality table fully generational using scale MP-2016 | RPH 2014 blue collar weighted mortality table fully generational using scale MP-2016 |

(1) The discount rate changed from 3.35% in 2022 to 5.04% in 2023.

(2) The health care trend rate changed from 8.00% (6.00% for Medicare age) in 2022 to 7.50% (6.50% for Medicare age) in 2023.

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023 and 2022**

**OKLAHOMA CITY EMPLOYEE  
RETIREMENT SYSTEM**

***Concentrations***

The Trust held no individual investments (other than U.S. government and U.S. government guaranteed obligations) whose fair value exceeds 5% or more of net assets available for benefits. There are no long-term contracts for contributions.

**VII. B. NET OPEB LIABILITY**

***System Share***

The System's share of net OPEB liability is allocated using the System's share of employees for the payroll ending June 30, 2023. The system share is .07% for 2023 and was .06% for 2022.

|  | <b>2023</b>                 |                         |                                    |                        |                             |                         |
|--|-----------------------------|-------------------------|------------------------------------|------------------------|-----------------------------|-------------------------|
|  | <b>Total OPEB Liability</b> |                         | <b>Plan Fiduciary Net Position</b> |                        | <b>Net OPEB Liability</b>   |                         |
|  | <b>OPEBT</b>                | <b>System Share</b>     | <b>OPEBT</b>                       | <b>System Share</b>    | <b>OPEBT</b>                | <b>System Share</b>     |
| Beginning balance                                  | \$515,680,046               | \$309,408               | \$96,359,796                       | \$57,816               | \$419,320,250               | \$251,592               |
| Service cost                                       | 15,669,032                  | 10,968                  | -                                  | -                      | 15,669,032                  | 10,968                  |
| Interest   | 17,611,584                  | 12,328                  | -                                  | -                      | 17,611,584                  | 12,328                  |
| Differences between expected and actual experience | (50,388,946)                | (35,272)                | -                                  | -                      | (50,388,946)                | (35,272)                |
| Changes of assumptions                             | (103,272,546)               | (72,291)                | -                                  | -                      | (103,272,546)               | (72,291)                |
| Contributions - employer                           | -                           | -                       | 13,314,341                         | 9,320                  | (13,314,341)                | (9,320)                 |
| Net investment income                              | -                           | -                       | (13,147,235)                       | (9,203)                | 13,147,235                  | 9,203                   |
| Benefit payments and refund                        | (11,353,820)                | (7,948)                 | (11,353,820)                       | (7,948)                | -                           | -                       |
| Administrative expense                             | -                           | -                       | (381,843)                          | (268)                  | 381,843                     | 268                     |
| Other changes                                      | -                           | 51,569                  | -                                  | 9,637                  | -                           | 41,932                  |
|  | <b><u>\$383,945,350</u></b> | <b><u>\$268,762</u></b> | <b><u>\$84,791,239</u></b>         | <b><u>\$59,354</u></b> | <b><u>\$299,154,111</u></b> | <b><u>\$209,408</u></b> |

|  | <b>2022</b>                 |                         |                                    |                        |                             |                         |
|--|-----------------------------|-------------------------|------------------------------------|------------------------|-----------------------------|-------------------------|
|  | <b>Total OPEB Liability</b> |                         | <b>Plan Fiduciary Net Position</b> |                        | <b>Net OPEB Liability</b>   |                         |
|  | <b>OPEBT</b>                | <b>System Share</b>     | <b>OPEBT</b>                       | <b>System Share</b>    | <b>OPEBT</b>                | <b>System Share</b>     |
| Beginning balance                                  | \$515,129,852               | \$206,053               | \$71,270,372                       | \$28,509               | \$443,859,480               | \$177,544               |
| Service cost                                       | 17,801,244                  | 10,681                  | -                                  | -                      | 17,801,244                  | 10,681                  |
| Interest   | 17,687,435                  | 10,612                  | -                                  | -                      | 17,687,435                  | 10,612                  |
| Differences between expected and actual experience | (48,980,243)                | (29,388)                | -                                  | -                      | (48,980,243)                | (29,388)                |
| Changes of assumptions                             | 24,019,878                  | 14,412                  | -                                  | -                      | 24,019,878                  | 14,412                  |
| Contributions - employer                           | -                           | -                       | 13,314,341                         | 7,989                  | (13,314,341)                | (7,989)                 |
| Net investment income                              | -                           | -                       | 22,137,258                         | 13,282                 | (22,137,258)                | (13,282)                |
| Benefit payments and refund                        | (9,978,120)                 | (5,987)                 | (9,978,120)                        | (5,987)                | -                           | -                       |
| Administrative expense                             | -                           | -                       | (384,055)                          | (230)                  | 384,055                     | 230                     |
| Other changes                                      | -                           | 103,025                 | -                                  | 14,253                 | -                           | 88,772                  |
|  | <b><u>\$515,680,046</u></b> | <b><u>\$309,408</u></b> | <b><u>\$96,359,796</u></b>         | <b><u>\$57,816</u></b> | <b><u>\$419,320,250</u></b> | <b><u>\$251,592</u></b> |

## VII. C. RATE OF RETURN AND DISCOUNT RATE

### *Rate of Return*

For the years ended June 30, 2023, and 2022, the annual money-weighted rate of return on OPEB plan investments, net of plan investment expense was 9.63% and 9.12%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### *Long-term Expected Rate of Return*

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class are included in the OPEB plan's target asset allocation.

|                      | Long-term Expected<br>Rate of Return |       |
|----------------------|--------------------------------------|-------|
|                      | 2023                                 | 2022  |
| Domestic Equity      | 7.50%                                | 7.50% |
| Domestic Bonds       | 2.50                                 | 2.50  |
| International Equity | 8.50                                 | 8.50  |
| International Bonds  | 3.50                                 | 3.50  |
| Real Estate          | 4.50                                 | 4.50  |

### *Discount Rate*

The discount rate used to measure the total OPEB liability was 5.04% on June 30, 2023 and 3.35% on June 30, 2022. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the net position is exhausted are discounted at the 20-year municipal bond rate. Therefore, the long-term expected rate of return on OPEB investments (7.50%) was applied to years 2022 through 2030 of projected benefit payments and the 20-year municipal bond rate based on a range of indices from 3.54%-4.09% was applied to projected benefit payments after 2030 to determine the total OPEB liability.

*Sensitivity of Net OPEB Liability to Changes in the Discount Rate*

The following table presents the total OPEB liability of the System, calculated using the discount rate of 5.04%, as well as what the System total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.04%) or 1-percentage-point higher (6.04%) than the current rate and the resulting net OPEB asset(liability):

| 2023                         |       |                             |                 |                           |                 |
|------------------------------|-------|-----------------------------|-----------------|---------------------------|-----------------|
|                              | Rate  | <u>Total OPEB Liability</u> |                 | <u>Net OPEB Liability</u> |                 |
|                              |       | Total<br>Plan               | System<br>Share | OPEB                      | System<br>Share |
| 1% decrease                  | 4.04% | \$448,999,301               | \$314,300       | \$364,208,062             | \$254,946       |
| Current single discount rate | 5.04  | 383,945,350                 | 268,762         | 299,154,111               | 209,408         |
| 1% increase                  | 6.04  | 332,346,473                 | 232,643         | 247,555,234               | 173,289         |

| 2022                         |       |                             |                 |                           |                 |
|------------------------------|-------|-----------------------------|-----------------|---------------------------|-----------------|
|                              | Rate  | <u>Total OPEB Liability</u> |                 | <u>Net OPEB Liability</u> |                 |
|                              |       | Total<br>Plan               | System<br>Share | OPEB                      | System<br>Share |
| 1% decrease                  | 2.35% | \$616,618,999               | \$370,001       | \$520,309,203             | \$312,185       |
| Current single discount rate | 3.35  | 515,680,046                 | 309,408         | 419,320,250               | 251,592         |
| 1% increase                  | 4.35  | 437,379,377                 | 262,428         | 341,019,581               | 204,612         |

*Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trends*

The following table presents the total OPEB liability of the System, calculated using the discount rate of 7.5%, as well as what the System total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate and the resulting net OPEB asset(liability):

| 2023                         |       |                             |                 |                           |                 |
|------------------------------|-------|-----------------------------|-----------------|---------------------------|-----------------|
|                              | Rate  | <u>Total OPEB Liability</u> |                 | <u>Net OPEB Liability</u> |                 |
|                              |       | Total<br>Plan               | System<br>Share | Total<br>Rate             | System<br>Share |
| 1% decrease                  | 6.50% | \$327,879,087               | \$229,516       | \$243,087,848             | \$170,161       |
| Current single discount rate | 7.50  | 383,945,350                 | 268,762         | 299,154,111               | 209,408         |
| 1% increase                  | 8.50  | 455,785,719                 | 319,050         | 370,994,480               | 259,696         |

| 2022                         |       |                             |                 |                           |                 |
|------------------------------|-------|-----------------------------|-----------------|---------------------------|-----------------|
|                              | Rate  | <u>Total OPEB Liability</u> |                 | <u>Net OPEB Liability</u> |                 |
|                              |       | Total<br>Plan               | System<br>Share | Total<br>Rate             | System<br>Share |
| 1% decrease                  | 7.00% | \$429,860,468               | \$257,915       | \$333,500,672             | \$200,100       |
| Current single discount rate | 8.00  | 515,680,046                 | 309,408         | 419,320,250               | 251,592         |
| 1% increase                  | 9.00  | 628,712,463                 | 377,227         | 532,352,667               | 319,411         |

OCPEBT financial statements including the actuarial report referred to in this note may be obtained online at [okc.gov/departments/finance](http://okc.gov/departments/finance).

**VII. D. TERMINATION BENEFITS**

At June 30, 2023, the System had 3 terminated employees and at June 30, 2022, the System had no terminated employees participating in COBRA health and/or dental care in various options available from the City. COBRA participants pay 102% of employee premium cost for continuing coverage. COBRA continuation coverage benefits are available for eligible employees for up to 18 months. Employees on military leave are eligible up to 24 months. Dependents of employees who lose coverage due to a qualifying event are eligible for up to 36 months. Benefits provided are not material to the financial statements.

**VIII. RELATED PARTY TRANSACTIONS**

As of June 30, 2023 and 2022, the System held judgments in the amounts of \$2,880,152 and \$8,379,303, respectively. The judgments earned 9.50 and 5.25 percent interest, respectively. State Statutes permit the System to purchase judgments rendered against the City throughout the year. In November of each year, the City (through the property tax levy process) pays the System for the principal amount and earned interest for each purchased judgment.

The System reimburses the City for the cost of providing financial and other services. Amounts charged are expensed during the period incurred. For fiscal years ending June 30, 2023 and 2022, the System reported charges for City services of \$185,091 and \$104,581, respectively.

The City also reimburses the System for the cost of providing services. System staff provided administrative services for the City's deferred compensation and defined contribution plans. However, responsibilities are contractually limited and the System does not hold or administer these plan assets in a trustee capacity. Revenue for services is reported in the period earned. For both fiscal years ending June 30, 2023 and 2022, the System reported income for services of \$44,000.

## Required Supplementary Information





**REQUIRED SUPPLEMENTARY INFORMATION**  
**DEFINED BENEFIT PENSION PLAN**

**OKLAHOMA CITY EMPLOYEE**  
**RETIREMENT SYSTEM**

**I. SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS**

|   | <u><b>2023</b></u>   | <u><b>2022</b></u>   | <u><b>2021</b></u>   | <u><b>2020</b></u>   |
|---|--|--|--|--|
| <u>Total Pension Liability</u>  |  |  |  |  |
| Service cost  | \$19,667,677   | \$17,857,293   | \$17,250,971   | \$17,489,779   |
| Interest  | 59,657,178   | 58,355,537   | 55,663,267   | 52,132,363   |
| Changes of benefits terms   | 1,821,233  | -  | -  | -  |
| Differences between expected and actual experience of the total pension liability | 17,778,325   | (11,267,983)   | 8,973,685  | (1,540,628)  |
| Assumption changes  | -  | -  | -  | 34,457,895   |
| Benefits payments, including refunds  | (49,398,157)   | (45,112,173)   | (42,348,229)   | (40,629,766)   |
| <b>Net change in total pension liability</b>                                      | <b>49,526,256</b>  | <b>19,832,674</b>  | <b>39,539,694</b>  | <b>61,909,643</b>  |
| Pension liability, beginning  | <u>867,110,640</u>   | <u>847,277,966</u>   | <u>807,738,272</u>   | <u>745,828,629</u>   |
|   | <u><b>916,636,896</b></u>  | <u><b>867,110,640</b></u>  | <u><b>847,277,966</b></u>  | <u><b>807,738,272</b></u>  |
| <u>Plan Fiduciary Net Position</u>  |  |  |  |  |
| Contributions - employer  | 10,716,787   | 10,884,197   | 9,678,624  | 7,756,180  |
| Contributions - employee  | 10,029,645   | 8,802,729  | 8,416,035  | 8,345,116  |
| Net investment income   | 56,460,226   | (103,202,642)  | 208,486,713  | 29,885,099   |
| Benefits payments, including refunds  | (49,398,157)   | (45,112,173)   | (42,348,229)   | (40,629,766)   |
| Administrative expense  | (727,619)  | (687,403)  | (595,712)  | (468,557)  |
| Other   | 58,738   | 247,776  | 50,567   | 44,382   |
| <b>Net change in fiduciary net position</b>                                       | <b>27,139,620</b>  | <b>(129,067,516)</b>   | <b>183,687,998</b>   | <b>4,932,454</b>   |
| Plan fiduciary net position, beginning  | <u>815,049,229</u>   | <u>944,116,745</u>   | <u>760,428,747</u>   | <u>755,496,293</u>   |
| <b>Plan fiduciary net position, ending</b>  | <u><b>842,188,849</b></u>  | <u><b>815,049,229</b></u>  | <u><b>944,116,745</b></u>  | <u><b>760,428,747</b></u>  |
| <b>Net pension liability (asset), ending</b>                                      | <u><b>\$74,448,047</b></u>   | <u><b>\$52,061,411</b></u>   | <u><b>(\$96,838,779)</b></u>   | <u><b>\$47,309,525</b></u>   |
| Covered payroll   | \$156,798,574  | \$141,721,310  | \$140,723,871  | \$140,694,950  |
| Plan fiduciary net position as a percentage of total pension liability            | 91.88%   | 94.00%   | 111.43%  | 94.14%   |
| Net pension liability (asset) as a percentage of covered payroll                  | 47.48%   | 36.74%   | - 68.81%   | 33.63%   |
| <u>Actuarial assumptions</u>  |  |  |  |  |
| Valuation date  | 12/31/22   | 12/31/21   | 12/31/20   | 12/31/19   |
| Actuarial cost method   | Individual entry age normal  | Individual entry age normal  | Individual entry age normal  | Individual entry age normal  |
| Amortization method   | Level % of payroll   | Level % of payroll   | Level % of payroll   | Level % of payroll   |
| Amortization period   | 19 years, closed   | 20 years, closed   | 21 years, closed   | 22 years, closed   |
| Actuarial asset valuation method  | 4-year smoothed market value   | 4-year smoothed market value   | 4-year smoothed market value   | 4-year smoothed market value   |
| Investment rate of return   | 7.0%   | 7.0%   | 7.0%   | 7.0%   |
| Cost of living benefit increases (maximum)  | 2.0%   | 2.0%   | 2.0%   | 2.0%   |
| Inflation   | 3.0%   | 3.0%   | 2.3%   | 2.3%   |
| Projected salary increases  | 3.00% to 6.50%   | 3.00% to 6.50%   | 3.00% to 6.50%   | 3.00% to 6.50%   |
| Mortality table   | RP-2014 mortality table projected to 2025  | RP-2014 mortality table projected to 2025  | RP-2014 mortality table projected to 2025  | RP-2014 mortality table projected to 2025  |
| Experience study  | Actuarial assumptions were based upon results of an experience study covering the period January 1, 2014, through December 31, 2018, and an assumption study dated January 20, 2020. | Actuarial assumptions were based upon results of an experience study covering the period January 1, 2014, through December 31, 2018, and an assumption study dated January 20, 2020. | Actuarial assumptions were based upon results of an experience study covering the period January 1, 2014, through December 31, 2018, and an assumption study dated January 20, 2020. | Actuarial assumptions were based upon results of an experience study covering the period January 1, 2014, through December 31, 2018, and an assumption study dated January 20, 2020. |

**REQUIRED SUPPLEMENTARY INFORMATION**  
**DEFINED BENEFIT PENSION PLAN**

**OKLAHOMA CITY EMPLOYEE**  
**RETIREMENT SYSTEM**

**I. SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS**

|   | <u>2019</u>   | <u>2018</u>   | <u>2017</u>   |
|---|---|---|---|
| <u>Total Pension Liability</u>  |   |   |   |
| Service cost  | \$17,109,500  | \$16,298,968  | \$16,630,642  |
| Interest  | 49,808,281  | 49,396,977  | 47,499,801  |
| Changes of benefits terms   | -   | -   | -   |
| Differences between expected and actual experience of the total pension liability | 4,651,637   | (11,129,273)  | (3,867,184)   |
| Assumption changes  | -   | 15,474,961  | -   |
| Benefits payments, including refunds  | <u>(37,422,244)</u>   | <u>(35,474,812)</u>   | <u>(33,445,019)</u>   |
| <b>Net change in total pension liability</b>                                      | <b>34,147,174</b>   | <b>34,566,821</b>   | <b>26,818,240</b>   |
| Pension liability, beginning  | <u>711,681,455</u>  | <u>677,114,634</u>  | <u>650,296,394</u>  |
|   | <b><u>745,828,629</u></b>   | <b><u>711,681,455</u></b>   | <b><u>677,114,634</u></b>   |
| <u>Plan Fiduciary Net Position</u>  |   |   |   |
| Contributions - employer  | 7,028,090   | 7,056,707   | 6,871,464   |
| Contributions - employee  | 8,055,203   | 8,018,246   | 7,732,269   |
| Net investment income   | 38,627,553  | 58,534,107  | 72,212,736  |
| Benefits payments, including refunds  | <u>(37,422,244)</u>   | <u>(35,474,812)</u>   | <u>(33,445,019)</u>   |
| Administrative expense  | <u>(481,486)</u>  | <u>(504,102)</u>  | <u>(458,522)</u>  |
| Other   | <u>99,299</u>   | <u>(173,433)</u>  | <u>96,981</u>   |
| <b>Net change in fiduciary net position</b>                                       | <b>15,906,415</b>   | <b>37,456,713</b>   | <b>53,009,909</b>   |
| Plan fiduciary net position, beginning  | <u>739,589,878</u>  | <u>702,133,165</u>  | <u>649,123,256</u>  |
| <b>Plan fiduciary net position, ending</b>  | <b><u>755,496,293</u></b>   | <b><u>739,589,878</u></b>   | <b><u>702,133,165</u></b>   |
| <b>Net pension liability (asset), ending</b>                                      | <b><u>(\$9,667,664)</u></b>   | <b><u>(\$27,908,423)</u></b>  | <b><u>(\$25,018,531)</u></b>  |
| Covered payroll   | \$135,200,068   | \$130,273,619   | \$114,233,221   |
| Plan fiduciary net position as a percentage of total pension liability            | 101.30%   | 103.92%   | 103.69%   |
| Net pension liability (asset) as a percentage of covered payroll                  | - 7.15%   | - 21.42%  | - 21.90%  |
| <u>Actuarial assumptions</u>  |   |   |   |
| Valuation date  | 12/31/18  | 12/31/17  | 12/31/16  |
| Actuarial cost method   | Individual entry age normal   | Individual entry age normal   | Individual entry age normal   |
| Amortization method   | Level % of payroll  | Level % of payroll  | Level % of payroll  |
| Amortization period   | 25 years, closed  | 26 years, closed  | 27 years, closed  |
| Actuarial asset valuation method  | 4-year smoothed market value  | 4-year smoothed market value  | 4-year smoothed market value  |
| Investment rate of return   | 7.1%  | 7.1%  | 7.4%  |
| Cost of living benefit increases (maximum)  | 2.0%  | 2.0%  | 2.0%  |
| Inflation   | 2.3%  | 2.3%  | 2.5%  |
| Projected salary increases  | 3.25% to 6.75%  | 3.75% to 7.25%  | 3.75% to 7.25%  |
| Mortality table   | RP-2000 mortality table projected to 2010   | RP 2000 mortality table projected to 2010   | RP 2000 mortality table projected to 2010   |
| Experience study  | Actuarial assumptions were based upon results of an experience study covering the period January 1, 2008 , through December 31, 2012, and an assumption study dated May 31, 2018. | Actuarial assumptions were based upon results of an experience study covering the period January 1, 2008 , through December 31, 2012, and an assumption study dated May 31, 2018. | Actuarial assumptions were based upon results of an experience study covering the period January 1, 2008 , through December 31, 2012. |

**REQUIRED SUPPLEMENTARY INFORMATION**  
**DEFINED BENEFIT PENSION PLAN**

**OKLAHOMA CITY EMPLOYEE**  
**RETIREMENT SYSTEM**

**I. SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS**

|   | <u>2016</u>   | <u>2015</u>   | <u>2014</u>   |
|---|---|---|---|
| <u>Total Pension Liability</u>  |   |   |   |
| Service cost  | \$16,478,008  | \$15,803,400  | \$14,859,971  |
| Interest  | 46,209,223  | 44,280,609  | 42,402,916  |
| Changes of benefits terms   | -   | -   | -   |
| Differences between expected and actual experience of the total pension liability | (12,124,853)  | (4,744,650)   | (4,484,757)   |
| Assumption changes  | 7,271,967   | -   | -   |
| Benefits payments, including refunds  | <u>(30,843,849)</u>   | <u>(29,079,762)</u>   | <u>(27,348,122)</u>   |
| <b>Net change in total pension liability</b>                                      | <b>26,990,496</b>   | <b>26,259,597</b>   | <b>25,430,008</b>   |
| Pension liability, beginning  | <u>623,305,898</u>  | <u>597,046,301</u>  | <u>571,616,293</u>  |
|   | <b><u>650,296,394</u></b>   | <b><u>623,305,898</u></b>   | <b><u>597,046,301</u></b>   |
| <u>Plan Fiduciary Net Position</u>  |   |   |   |
| Contributions - employer  | 7,411,117   | 8,207,083   | 8,871,692   |
| Contributions - employee  | 7,562,162   | 7,668,356   | 7,421,749   |
| Net investment income   | (4,840,456)   | 25,206,761  | 94,658,124  |
| Benefits payments, including refunds  | (30,843,849)  | (29,079,762)  | (27,348,122)  |
| Administrative expense  | (397,732)   | (445,438)   | (461,529)   |
| Other   | <u>68,029</u>   | <u>148,187</u>  | <u>95,319</u>   |
| <b>Net change in fiduciary net position</b>                                       | <b>(21,040,729)</b>   | <b>11,705,187</b>   | <b>83,237,233</b>   |
| Plan fiduciary net position, beginning  | <u>670,163,985</u>  | <u>658,458,798</u>  | <u>575,221,565</u>  |
| <b>Plan fiduciary net position, ending</b>  | <b><u>649,123,256</u></b>   | <b><u>670,163,985</u></b>   | <b><u>658,458,798</u></b>   |
| <b>Net pension liability (asset), ending</b>                                      | <b><u>\$1,173,138</u></b>   | <b><u>(\$46,858,087)</u></b>  | <b><u>(\$61,412,497)</u></b>  |
| Covered payroll   | \$126,036,039   | \$127,805,936   | \$124,957,446   |
| Plan fiduciary net position as a percentage of total pension liability            | 99.82%  | 107.52%   | 110.29%   |
| Net pension liability (asset) as a percentage of covered payroll                  | 0.93%   | - 36.66%  | - 49.15%  |
| <u>Actuarial assumptions</u>  |   |   |   |
| Valuation date  | 12/31/15  | 12/31/14  | 12/31/13  |
| Actuarial cost method   | Individual entry age normal   | Individual entry age normal   | Individual entry age normal   |
| Amortization method   | Level % of payroll  | Level % of payroll  | Level % of payroll  |
| Amortization period   | 28 years, closed  | 29 years, closed  | 30 years, closed  |
| Actuarial asset valuation method  | 4-year smoothed market value  | 4-year smoothed market value  | 4-year smoothed market value  |
| Investment rate of return   | 7.5%  | 7.5%  | 7.5%  |
| Cost of living benefit increases (maximum)  | 2.0%  | 2.0%  | 2.0%  |
| Inflation   | 2.8%  | 3.0%  | 3.0%  |
| Projected salary increases  | 3.75% to 7.25%  | 3.75% to 7.25%  | 3.75% to 7.25%  |
| Mortality table   | RP 2000 mortality table projected to 2010   | RP 2000 mortality table projected to 2010   | RP 2000 mortality table projected to 2010   |
| Experience study  | Actuarial assumptions were based upon results of an experience study covering the period January 1, 2008 , through December 31, 2012. | Actuarial assumptions were based upon results of an experience study covering the period January 1, 2008 , through December 31, 2012. | Actuarial assumptions were based upon results of an experience study covering the period January 1, 2008 , through December 31, 2012. |

**REQUIRED SUPPLEMENTARY INFORMATION  
DEFINED BENEFIT PENSION PLAN**

**OKLAHOMA CITY EMPLOYEE  
RETIREMENT SYSTEM**

**II. SCHEDULE OF SYSTEM SHARE OF NET PENSION LIABILITY (ASSET) (1) (2)**

|  | <u>2023</u>         | <u>2022</u>         | <u>2021</u>         | <u>2020</u>         |
|--|---------------------|---------------------|---------------------|---------------------|
| System share   | 0.15%               | 0.15%               | 0.14%               | 0.13%               |
| System share of the net pension liability (asset)                                    | \$78,092            | (\$145,258)         | (\$66,233)          | (\$12,568)          |
| Other funds of the City share of the net pension liability (asset)                   | 51,983,319          | (96,693,521)        | (47,243,289)        | (9,655,096)         |
| <b>Total net pension liability (asset)</b>   | <b>52,061,411</b>   | <b>(96,838,779)</b> | <b>(47,309,522)</b> | <b>(9,667,664)</b>  |
| <b>Covered payroll</b>   | <b>\$212,582</b>    | <b>\$211,088</b>    | <b>\$196,973</b>    | <b>\$175,760</b>    |
| System share of the net pension liability (asset) as a percentage of covered payroll | 36.74%              | -68.81%             | -33.63%             | -7.15%              |
| System share   | <u>2019</u>         | <u>2018</u>         | <u>2017</u>         | <u>2016</u>         |
| System share of the net pension liability (asset)                                    | 0.15%               | 0.14%               | 0.14%               | 0.13%               |
|  | (\$41,962)          | (\$35,026)          | \$1,642             | (\$60,916)          |
| Other funds of the City share of the net pension liability (asset)                   | (27,866,461)        | (24,983,505)        | 1,171,496           | (46,797,171)        |
| <b>Total net pension liability (asset)</b>   | <b>(27,908,423)</b> | <b>(25,018,531)</b> | <b>1,173,138</b>    | <b>(46,858,087)</b> |
| <b>Covered payroll</b>   | <b>195,410</b>      | <b>\$159,927</b>    | <b>\$176,450</b>    | <b>\$166,148</b>    |
| System share of the net pension liability (asset) as a percentage of covered payroll | -21.42%             | -21.90%             | 0.93%               | -36.66%             |
| System share   | <u>2015</u>         |                     |                     |                     |
| System share of the net pension liability (asset)                                    | 0.14%               |                     |                     |                     |
|  | (\$85,978)          |                     |                     |                     |
| Other funds of the City share of the net pension liability (asset)                   | (61,326,519)        |                     |                     |                     |
| <b>Total net pension liability (asset)</b>   | <b>(61,412,497)</b> |                     |                     |                     |
| <b>Covered payroll</b>   | <b>174,940</b>      |                     |                     |                     |
| System share of the net pension liability (asset) as a percentage of covered payroll | 49.15%              |                     |                     |                     |

(1) Amounts presented represent the System's share presented in Note II. C. NET PENSION ASSET and are reported for the fiscal year in which they are reported on the financial statements. The Plan's pension information is measured as of December 31 and rolled forward to June 30 of the year prior to inclusion in the financial statements. Therefore, this information will not tie to information presented in the schedule of changes in net pension liability (asset) and related ratios.

(2) This schedule is presented to show information for 10 years. However, results for reporting dates before 2015, are not available. This information will be developed prospectively beginning in 2014, until eventually 10 years of information is available.

**REQUIRED SUPPLEMENTARY INFORMATION  
DEFINED BENEFIT PENSION PLAN**

**OKLAHOMA CITY EMPLOYEE  
RETIREMENT SYSTEM**

**III. SCHEDULE OF EMPLOYER CONTRIBUTIONS**

| Fiscal Year<br>Ending<br><u>June 30,</u> | Actuarially<br>Determined<br>Contribution<br><u>(ADC) (a)</u> | Actual<br>Contribution <u>(b)</u> | Contributions<br>Deficiency<br><u>(Excess) (a-b)</u> | Covered<br>Payroll <u>(c)</u> | Actual Contribution<br>As a Percentage of<br>Covered Payroll <u>(b/c)</u> |
|--|---|-----------------------------------|--|-------------------------------|---|
| 2023                                     | \$10,129,188  | \$10,716,787                      | (\$587,599)  | \$156,798,574                 | 6.83%   |
| 2022                                     | 10,572,410  | 10,884,197                        | (311,878)  | 141,721,310                   | 7.68  |
| 2021                                     | 9,695,875   | 9,678,624                         | 17,251   | 140,723,871                   | 6.88  |
| 2020                                     | 7,822,639   | 7,756,180                         | 66,459   | 140,694,950                   | 5.51  |
| 2019                                     | 7,070,964   | 7,028,090                         | 42,874   | 135,200,068                   | 5.20  |
| 2018                                     | 6,878,447   | 7,056,707                         | (178,260)  | 130,273,619                   | 5.42  |
| 2017                                     | 6,088,631   | 6,871,464                         | (782,833)  | 114,233,221                   | 6.02  |
| 2016                                     | 7,410,919   | 7,411,117                         | (198)  | 126,036,039                   | 5.88  |
| 2015                                     | 8,230,702   | 8,207,083                         | 23,619   | 127,805,936                   | 6.42  |
| 2014                                     | 8,934,457   | 8,871,692                         | 62,765   | 124,957,446                   | 7.10  |

**IV. SCHEDULE OF INVESTMENT RETURNS**

|   |                    |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Annual money-weighted<br>rate of return,<br>net of investment expense | <u><b>2023</b></u> | <u><b>2022</b></u> | <u><b>2021</b></u> | <u><b>2020</b></u> | <u><b>2019</b></u> |
|   | 7.72%              | -11.17%            | 27.25%             | 4.08%              | 5.70%              |
| Annual money-weighted<br>rate of return,<br>net of investment expense | <u><b>2018</b></u> | <u><b>2017</b></u> | <u><b>2016</b></u> | <u><b>2015</b></u> | <u><b>2014</b></u> |
|   | 8.65%              | 11.48%             | -0.78%             | 4.10%              | 17.10%             |

**REQUIRED SUPPLEMENTARY INFORMATION**  
**OTHER POST-EMPLOYMENT BENEFIT PLAN (1)**

**I. SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (ASSET) AND RELATED RATIOS (1) (2)**

|  | <u>2023</u>          | <u>2022</u>          | <u>2021</u>          |
|--|----------------------|----------------------|----------------------|
| System Share   | 0.07%                | 0.06%                | 0.04%                |
| System share of the net OPEB liability (asset)                           | 209,408              | 251,592              | 177,544              |
| Other funds of the City share of the net OPEB liability (asset)          | 298,944,703          | 419,068,658          | 443,681,936          |
| <b>Total net OPEB liability (asset)</b>                                  | <b>\$299,154,111</b> | <b>\$419,320,250</b> | <b>\$443,859,480</b> |
| Covered - employee payroll   | \$239,039,174        | \$230,724,282        | \$234,099,322        |
| System share of covered employee payroll                                 | 167,327              | 138,435              | 93,640               |
| Net OPEB liability (asset) as a percentage of covered - employee payroll | 125.15%              | 181.74%              | 189.60%              |
| Plan fiduciary net position as a percentage of total OPEB liability      | 22.10%               | 18.68%               | 13.80%               |
|  | <u>2020</u>          | <u>2019</u>          | <u>2018</u>          |
| System Share   | 0.04%                | 0.05%                | 0.05%                |
| System share of the net OPEB liability (asset)                           | 170,104              | 210,420              | 260,964              |
| Other funds of the City share of the net OPEB liability (asset)          | 425,089,688          | 420,629,726          | 521,666,900          |
| <b>Total net OPEB liability (asset)</b>                                  | <b>\$425,259,792</b> | <b>\$420,840,146</b> | <b>\$521,927,864</b> |
| Covered - employee payroll   | \$231,394,742        | \$209,791,182        | \$224,808,000        |
| System share of covered employee payroll                                 | 92,558               | 104,896              | 112,404              |
| Net OPEB liability (asset) as a percentage of covered - employee payroll | 183.80%              | 200.60%              | 232.17%              |
| Plan fiduciary net position as a percentage of total OPEB liability      | 13.12%               | 12.05%               | 8.54%                |

- (1) Amounts presented represent the System's proportionate share presented in NOTE VII. OTHER POST-EMPLOYMENT BENEFITS (OPEB)
- (2) This schedule is presented to show information for 10 years. However, results for measurement years before June 30, 2018, are not available. This information will be developed prospectively beginning in 2018 until eventually 10 years of information is available.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**OTHER POST-EMPLOYMENT BENEFIT PLAN (1)**

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**II. SCHEDULE OF SYSTEM'S SHARE OF EMPLOYER CONTRIBUTIONS (1)(2)**

| <u>June 30,</u> | Actuarially<br>Determined<br>Contribution<br><u>(ADC) (3)</u> | Contributions<br>in relation to<br><u>ADC</u> | Contributions<br>Deficiency<br><u>(Excess)</u> | Covered<br>Employee<br>Payroll(4) | Actual Contribution<br>As a Percentage of<br><u>Covered Payroll</u> |
|-----------------|---|---|--|-----------------------------------|---|
| 2023 (5)        | \$11,574  | \$9,320                                       | \$2,254  | \$194,510                         | 4.79%   |
| 2022            | 9,567   | 7,989   | 1,578  | 143,424                           | 5.57  |
| 2021            | 7,371   | 5,326   | 2,045  | 138,435                           | 5.32  |
| 2020            | 8,003   | 5,825   | 2,178  | 93,640                            | 6.22  |
| 2019            | 8,672   | 5,825   | 2,847  | 92,558                            | 6.29  |
| 2018            | 12,582  | 7,281   | 5,301  | 104,896                           | 6.94  |

- (1) The amounts reported represent amounts paid and covered - employee payroll for the fiscal year indicated.  
(2) This schedule is presented to show information for 10 years. However, Authority share for fiscal years before June 30, 2018, is not available. This information will be developed prospectively until eventually 10 years of information is available. Total plan information is provided below.  
(3) Contributions are deferred in the fiscal year reported and recognized in the financial statements in the subsequent year.  
(4) Covered-employee payroll is used since contributions are not based on measure of pay.  
(5) The System Share is estimated for 2023 and may change upon percentage calculation.

| <u>June 30,</u> | Covered<br>Employee<br>Payroll | Employer<br>Contributions |
|-----------------|--------------------------------|---------------------------|
| 2017            | 224,808,000                    | 15,817,181                |
| 2016            | 219,484,135                    | 17,811,341                |
| 2015            | 213,091,393                    | 18,851,545                |
| 2014            | 203,859,835                    | 19,619,034                |

**III. NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

See Note VII. OTHER POST-EMPLOYMENT BENEFITS (OPEB) for actuarial assumptions and other information used to determine the annual required contributions.

**SUPPORTING SCHEDULES****For the Fiscal Years Ended June 30,****OKLAHOMA CITY EMPLOYEE****RETIREMENT SYSTEM****SCHEDULE OF ADMINISTRATIVE EXPENSES**

|                                      | <u>2023</u>             | <u>2022</u>             |
|--------------------------------------|-------------------------|-------------------------|
| <u>PERSONAL SERVICES</u>             |                         |                         |
| Staff salaries and benefits          | \$360,132               | \$283,434               |
| Compensated absences                 | 3,350                   | 5,439                   |
| Other post-employment benefits       | <u>18,104</u>           | <u>95,717</u>           |
| Total personal services              | <u>381,586</u>          | <u>384,590</u>          |
| <u>PROFESSIONAL SERVICES</u>         |                         |                         |
| Actuarial                            | 38,300                  | 36,025                  |
| Accounting                           | 91,987                  | 34,415                  |
| Information technology services      | 46,343                  | 34,232                  |
| Audit                                | 24,994                  | 24,033                  |
| Building rent and related costs      | 28,091                  | 28,275                  |
| Medical exams                        | 700                     | -                       |
| Bank fees                            | 631                     | 418                     |
| Legal fees                           | -                       | 46,279                  |
| Postage and printing                 | 29,347                  | 4,313                   |
| Other administrative services        | <u>73,490</u>           | <u>78,228</u>           |
| Total professional services          | <u>333,883</u>          | <u>286,218</u>          |
| <u>TRAINING AND EDUCATION</u>        | <u>10,546</u>           | <u>15,088</u>           |
| <u>MISCELLANEOUS</u>                 |                         |                         |
| Supplies                             | 881                     | 888                     |
| Other                                | <u>723</u>              | <u>619</u>              |
| Total miscellaneous                  | <u>1,604</u>            | <u>1,507</u>            |
| <b>Total administrative expenses</b> | <b><u>\$727,619</u></b> | <b><u>\$687,403</u></b> |

**SCHEDULE OF INVESTMENT EXPENSES AND SECURITIES LENDING MANAGEMENT FEES (1)**

|                                  | <u>2023</u>               | <u>2022</u>               |
|----------------------------------|---------------------------|---------------------------|
| Management fees                  | \$1,614,169               | \$2,124,895               |
| Custodial fees                   | 225,698                   | 299,973                   |
| Investment performance analysis  | 190,000                   | 180,000                   |
| Other                            | <u>1,204,305</u>          | <u>932,162</u>            |
| <b>Total investment expenses</b> | <b><u>\$3,234,172</u></b> | <b><u>\$3,537,030</u></b> |

(1) For fees and commissions paid to investment professionals, see the Schedule of Fees and Commissions in the Investment Section of this report.

**SCHEDULE OF CONSULTING EXPENSES**

|                              |            | <u>2023</u>             | <u>2022</u>             |
|------------------------------|------------|-------------------------|-------------------------|
| Gabriel, Roeder, Smith & Co. | Actuarial  | \$38,300                | 36,025                  |
| Asset Consulting Group, Inc. | Consulting | 190,000                 | 180,000                 |
| Allen, Gibbs & Houlik, LC    | Auditing   | 24,994                  | 24,033                  |
| Davis Graham & Stubbs, LLP   | Legal      | 21,665                  | 46,279                  |
| BT&Co., P.A.                 | Accounting | <u>8,257</u>            | <u>15,463</u>           |
|                              |            | <b><u>\$283,216</u></b> | <b><u>\$301,800</u></b> |



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**Investment**



October 10, 2023

Oklahoma City Employees Retirement System Oklahoma  
City, Oklahoma

The investment performance returns as shown in the five-year investment performance review are all calculated using information derived from monthly statements provided by the Fund's custodial institution. Monthly returns are calculated using a time-weighted rate of return methodology based upon beginning and end of month fair value and cash flows. Monthly returns are linked to provide compounded, annual, and annualized rates of return for periods of one, three, five years and beyond when available. The returns as shown in this report are gross of investment manager fees.

The investment performance of the Total Fund and its segments is compared to relevant benchmark returns and presented to the Board of Trustees on a monthly basis. For the Total Fund, the benchmark is an index which reflects the asset mix policy established by the Board of Trustees and is referred to as the Policy Portfolio. Comparisons to the Policy Portfolio, the median total fund universe, and the median return of a universe of total funds with similar asset allocation are presented to the Board of Trustees on a quarterly basis.

All of the above comparisons are included in the Statement of Investment Policy, Objectives, and Guidelines, and are also reported to the Board of Trustees on a quarterly basis. Investment objectives are spelled out for the Total Fund and each of the segments for one year time periods and longer (3-5 years), and include protecting the fund corpus, both nominally and in terms of inflation, achieving a return in excess of the risk free rate of return (90 day U.S. T-bills), achieving a return in excess the actuarial required return, and a return in excess of the median return of a universe of funds with similar asset mix, and achieving a return in excess of that of an unmanaged index return (constructed to reflect the asset mix of the Fund's assets). In addition, investment managers are monitored for adherence to style, both on a returns-based regression analysis as well as a holdings-based characteristic analysis versus the appropriate benchmarks specified in the Statement of Investment Policy, Objectives, and Guidelines. Current asset allocation ranges, and targets within those ranges, are measured against target ranges established in the Statement of Investment Policy, Objectives, and Guidelines on a monthly basis. The status of each is also presented in a monthly investment performance review submitted to the Board of Trustees.

The risk profile of the Total Fund and its segments is also measured quarterly for one, three, five years and beyond when available, and includes the usual MPT statistics: alpha, beta,  $R^2$  and standard deviation. To further reduce risk, Fund assets are diversified by asset class, by security, by investment manager, and by investment manager style. The fund has a long-term strategic target allocation of 65% to equity, 20% to fixed income, and 15% to real assets.

Respectfully submitted,



Jason C. Pulos, CFA  
Managing Director

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## INVESTMENT POLICY SUMMARY (STATEMENT)

### I. POLICY PURPOSE AND OBJECTIVES

The primary objective of the Oklahoma City Employee Retirement System (System) is to provide eligible employees with retirement benefits. Assets will be invested in a diversified portfolio to achieve attractive real rates of return. Following prudent standards for preservation of capital, the goal is to achieve the highest possible rate of return consistent with the Plan's tolerance for risk as determined by the Board of Trustees in its role as fiduciary.

### II. PARTIES ASSOCIATED WITH THE SYSTEM

#### *Board of Trustees (Board)*

The Board is responsible for the appropriateness and execution of the investment policy. The Board accomplishes this by retaining and meeting regularly with: an investment consultant, investment managers, and a custodian; who then aid in defining and reviewing the adequacy of the investment policy, as well as the objectives and guidelines for the System.

#### *Investment Consultant*

The investment consultant aids in developing a management team of investment managers, monitors their performance, and then provides the Board with a quarterly report. Their position also evaluates and makes recommendations on portfolio management and other areas of investments.

#### *Investment Managers*

Investment managers are hired in a fiduciary capacity, and as such, are responsible for specific securities decisions and have full discretion in the management of assets, subject to the overall investment policy.

#### *Custodian*

The custodian's fiduciary position accepts possession of securities for safekeeping and oversees the collection and disbursement of income and provides accounting statements and status reports to the Board. The Custodian interacts with the investment managers in relation to the securities held in account and meets with the Board as required.

#### *Investment Committee*

The System's investment committee meets to discuss investment issues with the consultant and investment managers, makes recommendations to the Board for consideration, and is the source for policy clarification.

### III. INVESTMENT OBJECTIVES AND GUIDELINES

#### III. A. OBJECTIVES

The Board structures the System's portfolio for maximum investment style diversification and expected total return investment results. As applicable to the equities portfolio, the total return concept means dividend income plus realized and unrealized capital appreciation. The Board achieves this by retaining multiple equity and fixed income portfolio investment managers and brokers from external professional organizations, purchasing judgments of the City of Oklahoma City (City), and implementing various programs.

Fixed income investments constitute a portion of the System's assets to primarily reduce the volatility of the total portfolio, in addition to providing current income.

## INVESTMENT POLICY

June 30, 2023

## OKLAHOMA CITY EMPLOYEE RETIREMENT SYSTEM

The investment managers operate within a set of guidelines, objectives, and constraints. The Board follows the policy that, except for established guidelines and unusual circumstances, no restrictions will be placed on the selection of individual investments by the investment managers.

The investment managers vote proxies in the manner which they feel will most benefit the System, however, the Board reserves the right to instruct the investment managers on how to vote individual proxies. The investment managers retain records of proxy voting and, upon request, makes these records available to the Board.

The Board has authorized a commission recapture program whereby certain brokers rebate 50% or more of their commissions back to the System. The recapture brokers provide monthly transaction reports to the Board or its representative for review.

The Board instituted a securities lending program to generate additional income above and beyond that produced through dividend, interest and capital appreciation. The Board receives collateral, consistent with industry standards, of at least 102% of fair value, initially, on equity securities and 100% on fixed income securities. Securities are priced daily and collateral adjustments (marked to market) made as required.

Trustees, officers, employees, investment managers, and investment consultants involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees, investment officials, and investment consultants shall disclose to the Chairperson of the Board any direct financial interests in financial institutions that conduct business with the System, and they shall further disclose any personal financial investment positions that could be related to the performance of the System. Such disclosure shall be made to the Board within 90 days of any such position being taken. Employees, officers, Trustees, and investment consultants shall subordinate their personal investment transactions to those of the System, particularly with regard to the timing of purchases and sales.

The System is subject to an annual audit of its financial position. The Board or Chairperson may establish internal control procedures, as deemed necessary for services performed by the City and/or its employees on behalf of the System.

### III. B. PORTFOLIO ASSET ALLOCATION GUIDELINES

Target percentages have been determined for each asset class. Percentage allocations are intended to serve as guidelines; the Board will not be required to remain strictly at the designated allocation. Market conditions or an investment transition (asset class or investment manager) may require an interim investment strategy and, therefore, a temporary imbalance in asset mix.

|                          | Minimum | Target | Maximum |                           | Minimum | Target | Maximum |
|--------------------------|---------|--------|---------|---------------------------|---------|--------|---------|
| Equities                 |         |        |         | Fixed Income              |         |        |         |
| Large Cap Domestic       | 12.5%   | 18.0%  | 25.0%   | Core Bonds                | 0.0%    | 3.0%   | 10.0%   |
| Small/Mid Cap Domestic   | 5.0     | 10.0   | 15.0    | Core Plus Bonds           | 2.5     | 8.0    | 12.5    |
| International            | 5.0     | 11.0   | 17.5    | Global Bonds              | 0.0     | 5.0    | 10.0    |
| Emerging Market Equities | 1.0     | 6.0    | 10.0    | Liquid Absolute Return    | 0.0     | 4.0    | 10.0    |
| Long/Short Equity        | 0.0     | 5.0    | 10.0    | Real Assets               |         |        |         |
| Private Equity           | 5.0     | 15.0   | 20.0    | Core Real Estate          | 2.5     | 10.0   | 15.0    |
|                          |         |        |         | Opportunistic Real Estate | 0.0     | 5.0    | 10.0    |

For purposes of this policy statement, fixed income may include certain hedge fund strategies that exhibit similar volatility to fixed income with low correlation to long only equity and fixed income markets. The above target allocations will be achieved over an appropriate time period, based on market conditions, investment manager availability and portfolio needs and constraints.

### **III. C. PERFORMANCE OBJECTIVES**

The System's investment total return is expected to provide equal or superior results, using a three-year moving average, relative to the following benchmarks:

- An absolute return objective of 7.0% (or current actuarial rate).
- A relative return objective of 33% S&P 500 Index, 10% Russell 2500 index, 11% MSCI-EAFE, 6% MSCI Emerging Markets Index, 5% MSCI ACWI, 20% Barclays Aggregate Capital Bond Index, 15% NFI-ODCE Property Index.
- A relative return objective of above median in consultant's total fund peer group universe.

### **III. D. ANNUAL REVIEW OF GUIDELINES**

In view of the rapid changes within the capital markets and investment management techniques, the Board and its investment managers should review these guidelines annually. Any recommended changes to the investment policy should be communicated in writing to the Board for review. Exceptions to these guidelines may be made anytime with the written approval of the Board.

## **IV. INVESTMENT MANAGER OBJECTIVES AND PERFORMANCE**

### **IV. A. INVESTMENT OBJECTIVE OF INVESTMENT MANAGERS**

The investment management style and process of each investment manager is important because of the manner in which each style blends with the structure of the portfolio; therefore, adherence to this discipline is a critical issue. The portfolio should be managed in a style consistent with the investment manager's other portfolios within the same investment mandate or product. Any significant deviation from the investment manager's stated style will require written approval from the Board.

### **IV. B. PERFORMANCE CRITERIA FOR MONEY MANAGERS**

Investment manager performance is monitored over current and long term time periods. Performance will be reviewed over the following periods with an emphasis on 3 and 5 year periods:

- |                |               |
|----------------|---------------|
| • 3 months     | • Three Years |
| • Year to date | • Five Years  |
| • One Year     | • Ten Years   |

The investment manager's performance will be evaluated on absolute return, relative return, volatility profile, and consistency with stated style.

### **IV. C. INVESTMENT MANAGER PERFORMANCE EXPECTATIONS**

Investment manager portfolios should outperform the designated broad based or other relevant benchmark over a market cycle. Relative performance should be above median over a market cycle when compared to relevant peer groups.

# INVESTMENT SUMMARY

June 30, 2023

|                                    | Domestic                    | Government                          | Passive                    | Passive                            | International                  |
|------------------------------------|-----------------------------|-------------------------------------|----------------------------|------------------------------------|--------------------------------|
|                                    | <u>Common Stock</u>         | <u>Securities/<br/>Fixed Income</u> | <u>Bond Fund</u>           | <u>International<br/>Bond Fund</u> | <u>International<br/>Stock</u> |
| <b><u>EQUITY</u></b>               |                             |                                     |                            |                                    |                                |
| <b><u>DOMESTIC COMMON</u></b>      |                             |                                     |                            |                                    |                                |
| <b><u>STOCK</u></b>                |                             |                                     |                            |                                    |                                |
| Active, small cap growth           | \$44,995,499                | \$ -                                | \$ -                       | \$ -                               | \$711,158                      |
| Active, small cap value            | 58,006,603                  | -                                   | -                          | -                                  | -                              |
| Active, large cap core             | 104,262,181                 | -                                   | -                          | -                                  | 116,814                        |
| Passive, large cap S&P 500         | 88,543,538                  | 253                                 | -                          | -                                  | -                              |
| Hedged-long/short                  | 68,162,445                  | -                                   | -                          | -                                  | -                              |
| <b><u>INTERNATIONAL STOCKS</u></b> |                             |                                     |                            |                                    |                                |
| Active, large cap value            | -                           | -                                   | -                          | -                                  | 40,294,714                     |
| Active, large cap growth           | -                           | -                                   | -                          | -                                  | 38,765,405                     |
| Active, emerging markets           | -                           | -                                   | -                          | -                                  | 41,224,824                     |
| <b><u>FIXED INCOME</u></b>         |                             |                                     |                            |                                    |                                |
| Active                             | 728,605                     | 47,933,537                          | 47,476,563                 | 25,388,422                         | 4,744,727                      |
| Passive                            | -                           | -                                   | 21,950,504                 | -                                  | -                              |
| Hedge-low volatility               | 757,880                     | -                                   | -                          | -                                  | -                              |
| <b><u>REAL ASSETS</u></b>          |                             |                                     |                            |                                    |                                |
| Real Estate                        | -                           | -                                   | -                          | -                                  | -                              |
| <b><u>PRIVATE EQUITY</u></b>       |                             |                                     |                            |                                    |                                |
|                                    | 74,623,044                  | -                                   | -                          | -                                  | -                              |
| <b><u>OTHER</u></b>                |                             |                                     |                            |                                    |                                |
| Cash Equivalents                   | -                           | -                                   | -                          | -                                  | -                              |
| Oklahoma City judgments            | -                           | -                                   | -                          | -                                  | -                              |
|                                    | <b><u>\$440,079,796</u></b> | <b><u>\$47,933,790</u></b>          | <b><u>\$69,427,067</u></b> | <b><u>\$25,388,422</u></b>         | <b><u>\$125,857,642</u></b>    |



**OKLAHOMA CITY EMPLOYEE  
RETIREMENT SYSTEM**

| <b>Treasury<br/>Money Market<br/>Fund</b> | <b><u>Real Estate</u></b>   | <b>Oklahoma City<br/>Judgments</b> | <b>Accrued<br/>Income</b> | <b><u>Total</u></b>         |
|---|-----------------------------|------------------------------------|---------------------------|-----------------------------|
| \$861,490                                 | \$ -                        | \$ -                               | \$12,053                  | \$46,580,200                |
| 1,906,929                                 | -                           | -                                  | 77,813                    | 59,991,345                  |
| 619,576                                   | -                           | -                                  | 80,883                    | 105,079,454                 |
| -   | -                           | -                                  | -                         | 88,543,791                  |
| 696,755                                   | -                           | -                                  | 2,863                     | 68,862,063                  |
| -   | -                           | -                                  | -                         | 40,294,714                  |
| -   | -                           | -                                  | -                         | 38,765,405                  |
|   |                             |                                    |                           | 41,224,824                  |
| 459,901                                   | -                           | -                                  | 368,570                   | 127,100,326                 |
| -   | -                           | -                                  | -                         | 21,950,504                  |
| -   | -                           | -                                  | -                         | 757,880                     |
| 3,440,219                                 | 102,716,891                 | -                                  | 1,072,511                 | 107,229,621                 |
| -   | 10,832,124                  | -                                  | -                         | 85,455,168                  |
| 5,805,782                                 | -                           | -                                  | 30,202                    | 5,835,984                   |
| -   | -                           | <u>2,880,152</u>                   | <u>96,278</u>             | <u>2,976,430</u>            |
| <b><u>\$13,790,652</u></b>                | <b><u>\$113,549,015</u></b> | <b><u>\$2,880,152</u></b>          | <b><u>\$1,741,173</u></b> | <b><u>\$840,647,709</u></b> |

**INVESTMENT HOLDINGS COST TO MARKET**  
**June 30, 2023**

**OKLAHOMA CITY EMPLOYEE**  
**RETIREMENT SYSTEM**

|  | <u>Cost of<br/>Holdings</u> | <u>Cash<br/>Equivalents</u> | <u>Cost</u>                 | <u>Fair<br/>Value</u>       | <u>% of Total<br/>Fair Value</u> |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------------------|
| <b><u>EQUITY</u></b>                           |                             |                             |                             |                             |                                  |
| <b><u>DOMESTIC COMMON</u></b>                  |                             |                             |                             |                             |                                  |
| <b><u>STOCK</u></b>                            |                             |                             |                             |                             |                                  |
| Active, small cap growth                       | \$41,676,105                | \$861,490                   | \$42,537,595                | \$46,580,200                | 5.55%                            |
| Active, small cap value                        | 35,090,980                  | 1,906,929                   | 36,997,909                  | 59,991,345                  | 7.14                             |
| Active, large cap core                         | 90,531,564                  | 619,576                     | 91,151,140                  | 105,079,454                 | 12.50                            |
| Passive, large cap S&P 500                     | 16,030,529                  | -                           | 16,030,529                  | 88,543,791                  | 10.53                            |
| Hedge-long/short                               | 58,789,590                  | 696,755                     | 59,486,345                  | 68,862,063                  | 8.19                             |
| <b><u>INTERNATIONAL STOCKS</u></b>             |                             |                             |                             |                             |                                  |
| Active, large cap value                        | 36,224,640                  | -                           | 36,224,640                  | 40,294,714                  | 4.79                             |
| Active, large cap growth                       | 21,638,380                  | -                           | 21,638,380                  | 38,765,405                  | 4.61                             |
| Active, emerging markets                       | 27,966,176                  | -                           | 27,966,176                  | 41,224,824                  | 4.90                             |
| <b><u>FIXED INCOME</u></b>                     |                             |                             |                             |                             |                                  |
| Active   | 126,765,058                 | 459,901                     | 127,224,959                 | 127,100,326                 | 15.12                            |
| Passive  | 17,230,679                  | -                           | 17,230,679                  | 21,950,504                  | 2.61                             |
| Hedge-low volatility                           | 1                           | -                           | 1                           | 757,880                     | 0.09                             |
| <b><u>REAL ASSETS</u></b>                      |                             |                             |                             |                             |                                  |
| Real Estate                                    | 90,152,945                  | 3,440,219                   | 93,593,164                  | 107,229,621                 | 12.76                            |
| <b><u>PRIVATE EQUITY</u></b>                   |                             |                             |                             |                             |                                  |
|  | 62,213,622                  | -                           | 62,213,622                  | 85,455,168                  | 10.17                            |
| <b><u>OTHER</u></b>                            |                             |                             |                             |                             |                                  |
| Oklahoma City judgments                        | 2,880,152                   | -                           | 2,880,152                   | 2,976,430                   | 0.35                             |
| Treasury Money Market                          | -                           | 5,805,782                   | 5,805,782                   | 5,835,984                   | 0.69                             |
|  | <b><u>\$627,190,421</u></b> | <b><u>\$13,790,652</u></b>  | <b><u>\$640,981,073</u></b> | <b><u>\$840,647,709</u></b> | <b><u>100.00%</u></b>            |
| <b><u>INTEREST AND DIVIDEND INCOME (1)</u></b> |                             |                             |                             |                             |                                  |
| Equities                                       |                             |                             |                             | (173,612)                   |                                  |
| Fixed Income                                   |                             |                             |                             | (368,570)                   |                                  |
| Cash Equivalents                               |                             |                             |                             | (30,202)                    |                                  |
| Judgments                                      |                             |                             |                             | (96,278)                    |                                  |
| Real Estate                                    |                             |                             |                             | (1,072,511)                 |                                  |
|  |                             |                             |                             | <b><u>\$838,906,536</u></b> |                                  |

(1) For purposes of portfolio evaluation by the consultant and to follow the investment policy guidelines, the investment categorization on this schedule does not tie to the statements of fiduciary net position. Interest income, dividend income and money market positions are included as shown above. See the investment summary for a reconciliation of this presentation to the statement of fiduciary net position presentation.

**INVESTMENT RESULTS (1)**  
**As of June 30, 2023**

**OKLAHOMA CITY EMPLOYEE  
RETIREMENT SYSTEM**

|   | <u>1 Year</u> | <u>3 Years</u> | <u>5 Years</u> |
|---|---------------|----------------|----------------|
| <b><u>TOTAL PORTFOLIO</u></b>   |               |                |                |
| System Composite  | 7.3%          | 6.8%           | 6.1%           |
| Median Total Fund (between 55-70% Equity)                                   | 9.9           | 7.2            | 6.2            |
| Policy Index  | 9.0           | 7.7            | 6.6            |
| <b><u>EQUITIES</u></b>  |               |                |                |
| <b><u>LARGE CAP - PASSIVE</u></b>   |               |                |                |
| State Street Global Advisors S & P 500 Flagship Fund (inception March 2008) | 19.6          | 14.6           | 12.3           |
| Standard & Poor's 500   | 19.6          | 14.6           | 12.3           |
| <b><u>LARGE CAP - ACTIVE</u></b>  |               |                |                |
| Enhanced Investment Technologies, LLC (inception November 2006)             | 18.1          | 12.6           | 10.7           |
| Russell 1000  | 19.4          | 14.1           | 11.9           |
| <b><u>SMALL CAP VALUE</u></b>   |               |                |                |
| Earnest Partners (inception March 2020)                                     | 16.6          | 18.5           | 11.3           |
| Custom Index (net of fee return data)                                       | 10.4          | 16.1           | 5.3            |
| <b><u>SMALL CAP GROWTH</u></b>  |               |                |                |
| Silvercrest (inception November 2022)                                       | 0.0           | 0.0            | 0.0            |
| Russell 2000 Growth   | 18.5          | 6.1            | 4.2            |
| <b><u>HEDGE FUND - LONG/SHORT</u></b>                                       |               |                |                |
| K2 Mauna Kea (inception August 2018)  | 13.0          | 2.1            | Unavailable    |
| Morgan, Stanley, Capital International/All Country World Index              | 17.1          | 11.5           | 8.6            |
| <b><u>INTERNATIONAL</u></b>   |               |                |                |
| <b><u>LARGE CAP VALUE</u></b>   |               |                |                |
| Lazard International Strategic (inception September 2013)                   | 16.0          | 8.1            | 4.3            |
| Morgan, Stanley, Capital International/Europe, Australia, and Far East      | 19.4          | 9.5            | 4.9            |
| <b><u>LARGE CAP GROWTH</u></b>  |               |                |                |
| Harding Loevner (inception June 2012)                                       | 17.8          | 7.5            | 5.5            |
| Morgan, Stanley, Capital International/All Country World Index Ex-U.S.      | 13.3          | 7.8            | 4.0            |
| <b><u>EMERGING MARKETS</u></b>  |               |                |                |
| Allspring EM Fund (inception December 2016)                                 | 5.7           | (0.4)          | 1.5            |
| MSCI Emerging Markets   | 2.2           | 2.7            | 1.3            |
| Wasatch   | 12.0          | 7.3            | 8.0            |
| MSCI Emerging Markets SC  | 13.9          | 14.3           | 5.4            |
| <b><u>FIXED INCOME</u></b>  |               |                |                |
| <b><u>CORE BONDS - PASSIVE</u></b>  |               |                |                |
| State Street Global Advisors Passive Bond Market Non-Securities Lending     | (0.9)         | (3.9)          | 0.8            |
| BloomBar US Aggregate   | (0.9)         | (4.0)          | 0.8            |
| Brandywine Global Opportunistic Fixed Income                                | 1.5           | (1.7)          | 0.1            |
| FTSE World Govt Bond  | (2.5)         | (6.5)          | (2.0)          |
| <b><u>CORE BONDS - ACTIVE</u></b>   |               |                |                |
| Western Asset Management (inception January 2003)                           | (0.9)         | (4.0)          | 1.0            |
| BloomBar US Aggregate   | (0.9)         | (4.0)          | 0.8            |
| <b><u>HEDGE FUND - LOW VOLATILITY</u></b>                                   |               |                |                |
| PAAMCO (inception March 2006)   | (20.2)        | (8.7)          | (4.9)          |
| HFRI FOF: Conservative  | 3.5           | 6.0            | 3.9            |
| PGIM Absolute Return (inception September 2020)                             | 7.3           | Unavailable    | Unavailable    |
| BloomBar US Aggregate   | (0.9)         | (4.0)          | 0.8            |
| <b><u>REAL ESTATE</u></b>   |               |                |                |
| Prime Property Fund LLC (inception January 2008)                            | (6.1)         | 9.7            | 8.0            |
| NFI ODCE Net  | (10.7)        | 7.1            | 5.6            |
| <b><u>PRIVATE EQUITY</u></b>  |               |                |                |
| Siguler Guff, Mesriow, Warburg Pincus, TA Associates                        | (0.9)         | 6.3            | 7.4            |
| <b><u>INTERNAL</u></b>  |               |                |                |
| City of Oklahoma City Judgments   | 5.4           | 5.4            | 5.4            |
| ICE BofA ML 1-3 YR Treasury   | 0.1           | (1.1)          | 1.0            |

(1) Monthly returns are calculated using a time-weighted rate of return methodology based on beginning and ending fair values and cash flows and are linked to provide compounded, annual, and annualized rates of return for periods of one, three, and five years. The returns as shown in this report are net of transaction costs and investment manager fees.

**ASSET ALLOCATION (1)**  
**June 30, 2023**

**OKLAHOMA CITY EMPLOYEE  
RETIREMENT SYSTEM**

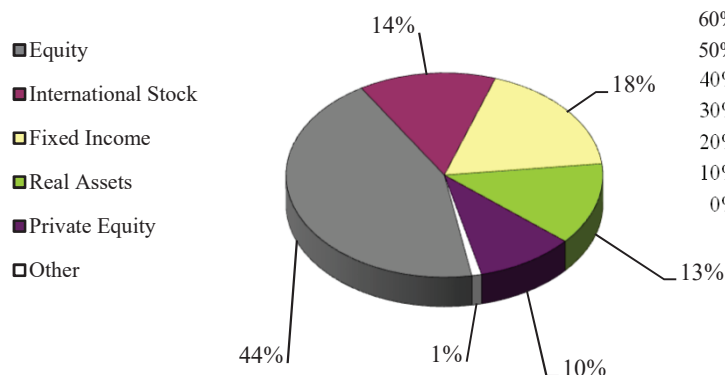
|   | <u>Fair Value<br/>of Holdings</u> | <u>Cash<br/>Equivalents</u> | <u>Accrued<br/>Income</u> | <u>Fair Value</u>           | <u>% of Total<br/>Fair Value</u> | <u>% of Model<br/>Portfolio</u> |
|---|-----------------------------------|-----------------------------|---------------------------|-----------------------------|----------------------------------|---------------------------------|
| <b><u>EQUITY</u></b>                    |                                   |                             |                           |                             |                                  |                                 |
| <b><u>DOMESTIC COMMON<br/>STOCK</u></b> |                                   |                             |                           |                             |                                  |                                 |
| Active, small cap                       | \$103,713,260                     | \$2,768,419                 | \$89,866                  | \$106,571,545               | 12.69%                           |                                 |
| Active, large cap                       | 104,378,995                       | 619,576                     | 80,883                    | 105,079,454                 | 12.50                            |                                 |
| Passive, large cap                      | 88,543,791                        | -                           | -                         | 88,543,791                  | 10.53                            |                                 |
| Hedge-long/short                        | 68,162,445                        | 696,755                     | 2,863                     | 68,862,063                  | <u>8.19</u><br><u>43.91</u>      | 49.11%                          |
| <b><u>INTERNATIONAL STOCK</u></b>       |                                   |                             |                           |                             |                                  |                                 |
| Active, large cap                       | 79,060,119                        | -                           | -                         | 79,060,119                  | 9.40                             |                                 |
| Active, emerging markets                | 41,224,824                        | -                           | -                         | 41,224,824                  | <u>4.90</u><br><u>14.30</u>      | 9.44                            |
| <b><u>FIXED INCOME</u></b>              |                                   |                             |                           |                             |                                  |                                 |
| Active                                  | 126,271,855                       | 459,901                     | 368,570                   | 127,100,326                 | 15.12                            |                                 |
| Passive                                 | 21,950,504                        | -                           | -                         | 21,950,504                  | 2.61                             |                                 |
| Hedge-low volatility                    | 757,880                           | -                           | -                         | 757,880                     | <u>0.09</u><br><u>17.82</u>      | 17.75                           |
| <b><u>REAL ASSETS</u></b>               |                                   |                             |                           |                             |                                  |                                 |
| Real Estate                             | 102,716,891                       | 3,440,219                   | 1,072,511                 | 107,229,621                 | 12.76                            | 13.95                           |
| <b><u>PRIVATE EQUITY</u></b>            |                                   |                             |                           |                             |                                  |                                 |
|   | 85,455,168                        | -                           | -                         | 85,455,168                  | 10.17                            | 8.59                            |
| <b><u>OTHER</u></b>                     |                                   |                             |                           |                             |                                  |                                 |
| Oklahoma City judgments                 | 2,880,152                         | -                           | 96,278                    | 2,976,430                   | 0.35                             | 0.37                            |
| Treasury Money Market                   | -                                 | <u>5,805,782</u>            | <u>30,202</u>             | <u>5,835,984</u>            | <u>0.69</u><br><u>100.00%</u>    | <u>0.79</u><br><u>100.00%</u>   |
|   | <b><u>\$825,115,884</u></b>       | <b><u>\$13,790,652</u></b>  | <b><u>\$1,741,173</u></b> | <b><u>\$840,647,709</u></b> |                                  |                                 |

**INTEREST AND DIVIDEND INCOME**

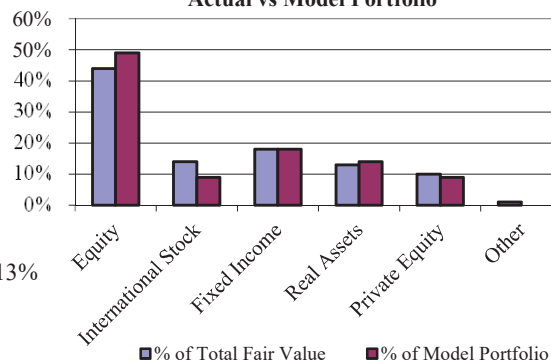
|                  |                             |
|------------------|-----------------------------|
| Equities         | (173,612)                   |
| Fixed Income     | (368,570)                   |
| Cash Equivalents | (30,202)                    |
| Judgments        | (96,278)                    |
| Real Estate      | <u>(1,072,511)</u>          |
|                  | <b><u>\$838,906,536</u></b> |

(1) For purposes of portfolio evaluation by consultant and to follow the investment policy guidelines, the investment categorization on this schedule does not tie to the statements of plan net position. Accrued income and cash equivalent positions are included. See the investment summary for a reconciliation of this presentation to the statement of net position presentation.

**Asset Allocation by Class**



**Actual vs Model Portfolio**



**LARGEST HOLDINGS (1)**  
**June 30, 2023**

**OKLAHOMA CITY EMPLOYEE  
RETIREMENT SYSTEM**

**10 Largest Stock Holdings (by fair value)**

| <u>Shares</u> | <u>Stock</u>               | <u>Fair Value</u> |
|---------------|----------------------------|-------------------|
| 34,498        | APPLE INC COM              | \$6,691,577       |
| 16,133        | MICROSOFT CORP COM         | 5,493,932         |
| 2,473         | BROADCOM INC COM           | 2,145,154         |
| 15,580        | AMAZON COM INC COM         | 2,031,009         |
| 12,894        | WALMART INC COM            | 2,026,679         |
| 72,924        | FLEX LTD COM USD0.01       | 2,015,619         |
| 15,053        | DIAMONDBACK ENERGY INC COM | 1,977,362         |
| 46,535        | MURPHY OIL CORP COM        | 1,782,291         |
| 3,647         | UNITEDHEALTH GROUP INC COM | 1,752,894         |
| 39,085        | COMCAST CORP NEW-CL A      | 1,623,982         |

**10 Largest Fixed Income Holdings (by fair value)**

| <u>Par</u>  | <u>Bonds</u>                | <u>Rate</u> | <u>Maturity</u> | <u>Fair Value</u> |
|-------------|-----------------------------|-------------|-----------------|-------------------|
| \$1,070,000 | United States Treasury Bond | 2.875%      | 8/15/2045       | \$882,959         |
| 810,000     | United States Treasury Bond | 3.750       | 5/15/2043       | 790,383           |
| 1,224,221   | Ginnie Mae                  | 2.000       | 9/16/2061       | 784,754           |
| 690,000     | United States Treasury Note | 1.125       | 1/15/2033       | 673,211           |
| 598,311     | Fannie Mae                  | 2.500       | 10/1/2051       | 509,027           |
| 610,000     | United States Treasury Bond | 2.000       | 11/15/2041      | 446,515           |
| 602,000     | United States Treasury Bond | 2.000       | 2/15/2052       | 435,039           |
| 515,000     | United States Treasury Bond | 1.875       | 11/15/2051      | 339,940           |
| 440,000     | United States Treasury Bond | 1.750       | 8/15/2041       | 309,117           |
| 353,518     | Federal Home Loan Bank      | 2.500       | 11/1/2051       | 303,088           |

(1) A complete list of portfolio holdings is available upon request.

**SCHEDULE OF FEES AND COMMISSIONS**
**June 30, 2023**
**OKLAHOMA CITY EMPLOYEE**
**RETIREMENT SYSTEM**
**INVESTMENT MANAGEMENT FEES**

|  | <b><u>Fair Value<br/>of Holdings (1)</u></b> | <b><u>Cash<br/>Equivalents</u></b> | <b><u>Accrued<br/>Income</u></b> | <b><u>Total<br/>Assets under<br/>Management</u></b> | <b><u>Fees</u></b>        |
|--|--|------------------------------------|----------------------------------|---|---------------------------|
| <b><u>EQUITY MANAGERS</u></b>                                    |  |                                    |                                  |   |                           |
| <b><u>ACTIVE</u></b>   |  |                                    |                                  |   |                           |
| Silvercrest; New York, NY  | \$45,706,657                                 | \$861,490                          | \$12,053                         | \$46,580,200  | \$134,872                 |
| Earnest Partners; Atlanta, GA                                    | 58,006,603                                   | 1,906,929                          | 77,813                           | 59,991,345  | 420,907                   |
| Enhanced Investment Technologies, LLC<br>Palm Beach Ga 2         | 104,378,995                                  | 619,576                            | 80,883                           | 105,079,454   | 332,742                   |
| <b><u>PASSIVE</u></b>  |  |                                    |                                  |   |                           |
| State Street Global Advisors; Boston, MA                         | 88,543,791                                   | -                                  | -                                | 88,543,791  | 7,967                     |
| <b><u>HEDGE</u></b>  |  |                                    |                                  |   |                           |
| K2 Advisors; Stanford, CT (2)                                    | 68,162,445                                   | 696,755                            | 2,863                            | 68,862,063  | -                         |
| <b><u>INTERNATIONAL INVESTMENT<br/>MANAGERS</u></b>              |  |                                    |                                  |   |                           |
| <b><u>ACTIVE</u></b>   |  |                                    |                                  |   |                           |
| Lazard International Strategic, New York, NY (2)                 | 40,294,714                                   | -                                  | -                                | 40,294,714  | -                         |
| Harding Loevner; Bridgewater, NJ (2)                             | 38,765,405                                   | -                                  | -                                | 38,765,405  | -                         |
| Wells Fargo Capital, Dallas, TX                                  | 28,001,160                                   | -                                  | -                                | 28,001,160  | 167,878                   |
| Wasatch Advisors; Salt Lake City, UT (2)                         | 13,223,664                                   | -                                  | -                                | 13,223,664  | -                         |
| <b><u>FIXED INCOME MANAGERS</u></b>                              |  |                                    |                                  |   |                           |
| <b><u>ACTIVE</u></b>   |  |                                    |                                  |   |                           |
| Western Asset Management; Pasadena, CA                           | 59,800,058                                   | 459,901                            | 368,570                          | 60,628,529  | 182,686                   |
| Brandywine Global Investment Management, LLC<br>Philadelphia, PA | 41,083,375                                   | -                                  | -                                | 41,083,375  | 184,690                   |
| PGIM Investments, Inc.<br>Newark, New Jersey                     | 25,388,422                                   | -                                  | -                                | 25,388,422  | 73,320                    |
| <b><u>PASSIVE</u></b>  |  |                                    |                                  |   |                           |
| State Street Global Advisors; Boston, MA                         | 21,950,504                                   | -                                  | -                                | 21,950,504  | 7,625                     |
| <b><u>HEDGE</u></b>  |  |                                    |                                  |   |                           |
| Pacific Hedged Strategies LLC; New York, NY (2)                  | 757,880                                      | -                                  | -                                | 757,880   | -                         |
| <b><u>REAL ESTATE</u></b>  |  |                                    |                                  |   |                           |
| Morgan Stanley Prime Property Fund<br>New York, NY 1             | 102,715,512                                  | 3,440,219                          | 1,072,511                        | 107,228,242   | -                         |
| TA Associates Realty; Boston, MA                                 | 1,379  | -                                  | -                                | 1,379   | -                         |
| <b><u>PRIVATE EQUITY</u></b>                                     |  |                                    |                                  |   |                           |
| Warburg Pincus, Siguler Guff, Mesirow<br>New York, NY (2)        | 85,455,168                                   | -                                  | -                                | 85,455,168  | -                         |
| <b><u>OTHER</u></b>  |  |                                    |                                  |   |                           |
| Oklahoma City Judgments  | 2,880,152                                    | -                                  | 96,278                           | 2,976,430   | -                         |
| Treasury Money Market  | -  | <u>5,805,782</u>                   | <u>30,202</u>                    | <u>5,835,984</u>                                    | -                         |
|  | <b><u>\$825,115,884</u></b>                  | <b><u>\$13,790,652</u></b>         | <b><u>\$1,741,173</u></b>        | <b><u>\$840,647,709</u></b>                         | <b><u>\$1,512,687</u></b> |
| <b><u>INTEREST AND DIVIDEND INCOME</u></b>                       |  |                                    |                                  |   |                           |
| Equities   |  |                                    |                                  | (173,612)   |                           |
| Fixed Income   |  |                                    |                                  | (368,570)   |                           |
| Real Estate  |  |                                    |                                  | (1,072,511)   |                           |
| Judgments  |  |                                    |                                  | (96,278)  |                           |
| Cash Equivalents   |  |                                    |                                  | <u>(30,202)</u>                                     |                           |
|  |  |                                    |                                  | <b><u>\$838,906,536</u></b>                         |                           |

(1) For purposes of portfolio evaluation by the consultant and to follow the investment policy guidelines, the investment categorization on this schedule does not tie to the statements of fiduciary net assets. Interest income, dividend income and money market positions are included as shown above. See the investment summary for a reconciliation of this presentation to the statement of fiduciary net assets presentation.

(2) Fees are netted with earnings for each respective fund.

**SCHEDULE OF FEES AND COMMISSIONS**  
**June 30, 2023**  
**OTHER INVESTMENT SERVICE FEES**

**OKLAHOMA CITY EMPLOYEE  
RETIREMENT SYSTEM**

Custodial Fees \$225,698

Investment Consultant Fees \$190,000

**BROKER COMMISSIONS (1)**

| <u>Broker</u>                                | <u>Shares</u>        | <u>Commission<br/>Expense</u> | <u>Average<br/>Cost/Share</u> |
|--|----------------------|-------------------------------|-------------------------------|
| NATIONAL FINANCIAL SERVICES LLC              | 18,686               | \$1,868,596                   | 100.000000000                 |
| COWEN AND COMPANY, LLC                       | 5,312                | 143,025                       | 26.926052898                  |
| PIPER JAFFRAY & CO                           | 4,305                | 110,283                       | 25.615517546                  |
| COWEN AND COMPANY LLC                        | 3,656                | 119,262                       | 32.621075608                  |
| RAYMOND JAMES & ASSOCIATES, INC.             | 3,587                | 89,834                        | 25.047678530                  |
| CAPITAL INSTITUTIONAL SERVICES INC-EQUITIE\$ | 3,276                | 93,607                        | 28.571036142                  |
| UBS AG STAMFORD BRANCH                       | 2,987                | 277,584                       | 92.921989234                  |
| ROBERT W. BAIRD & CO. INCORPORATED           | 2,415                | 61,339                        | 25.396122205                  |
| MORGAN STANLEY & CO. LLC                     | 2,350                | 258,161                       | 109.843591773                 |
| STIFEL, NICOLAUS & COMPANY, INCORPORATED     | 2,092                | 54,515                        | 26.060664006                  |
| JEFFERIES LLC                                | 2,067                | 53,946                        | 26.103492660                  |
| DERIVATIVES                                  | 2,004                | 1,169                         | 0.583374088                   |
| STEPHENS INC                                 | 1,899                | 66,988                        | 35.275779629                  |
| J.P. MORGAN SECURITIES LLC/JPMC              | 1,899                | 178,161                       | 93.840068262                  |
| BOFA SECURITIES, INC.                        | 1,793                | 262,299                       | 146.292206271                 |
| WELLS FARGO BANK MINNESOTA NA                | 1,653                | 41,599                        | 25.158301532                  |
| FIRSTBALLANTYNE FIXED INCOME SECURITIES      | 1,638                | 41,119                        | 25.099956660                  |
| RBC CAPITAL MARKETS, LLC                     | 1,484                | 40,231                        | 27.111299801                  |
| GOLDMAN, SACHS & CO.                         | 1,405                | 37,048                        | 26.361178312                  |
| INSTINET, LLC                                | 1,253                | 199,771                       | 159.434158021                 |
| KEYBANC CAPITAL MARKETS INC                  | 1,197                | 30,575                        | 25.543024227                  |
| WILLIAM BLAIR & COMPANY, L.L.C.              | 1,190                | 30,877                        | 25.952947307                  |
| NEEDHAM AND COMPANY LLC                      | 1,163                | 29,084                        | 25.000000000                  |
| OPPENHEIMER & CO. INC.                       | 943                  | 31,897                        | 33.840457473                  |
| CRAIG HALLUM                                 | <u>904</u>           | <u>29,414</u>                 | 32.541210311                  |
|  | <b><u>71,158</u></b> | <b><u>\$4,150,384</u></b>     |                               |

(1) The commissions are included in the net appreciation (depreciation) amounts reported in the financial statements.

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**Actuarial**





September 19, 2023

Board of Trustees  
Oklahoma City Employee Retirement System  
420 W. Main St., Suite 343  
Oklahoma City, Oklahoma 73102

Dear Board Members:

The basic financial objective of the Oklahoma City Employee Retirement System (OCERS) is to establish and receive contributions which, expressed as percentages of active member payroll, will remain approximately level from generation to generation of Oklahoma City citizens, and when combined with present assets and future investment return will be sufficient to meet the financial obligations of the System to present and future benefit recipients.

The purpose of the funding valuation was to determine contribution rates for the 2024-2025 fiscal year and to measure the System's funding progress. These valuations should not be relied upon for any other purpose. The valuation process develops contribution rates that are sufficient to fund the plan's normal cost (i.e., the costs assigned by the valuation method to the year of service about to be rendered), as well as to fund the unfunded actuarial accrued liabilities as a level percent of active member payroll over a finite period. The valuations were completed based upon population data, asset data, and plan provisions in effect on December 31, 2022.

In addition to the funding valuation reports, separate reports are issued to provide financial reporting information for OCERS in accordance with Governmental Accounting Standards Board (GASB) Statement Numbers 67 and 68. Reports containing the actuarial results of the financial reporting valuations are produced annually after the publication of this letter. Financial reporting information is based upon a measurement date of June 30, 2023 for GASB Statement Numbers 67 and 68.

The valuations were based upon information, furnished by the plan's administrative staff, concerning Retirement System benefits, financial transactions, and individual members, terminated members, retirees and beneficiaries. We checked the data for internal and year to year consistency, but did not audit the data. As a result, we do not assume responsibility for the accuracy or completeness of the data provided.

The actuary prepared the following supporting schedules for the Annual Comprehensive Financial Report:

#### Actuarial Section

- Solvency Test - Schedule of Funding Progress
- Summary of Benefit Provisions Evaluated or Considered
- Schedule of Retirants and Beneficiaries as of the Valuation Date
- Schedule of Active and Inactive Member Valuation Data

- Summary of Actuarial Assumptions and Methods
- Analysis of Financial Experience – Derivation of Experience Gain (Loss) for Valuation Years 2018-2022
- Schedule of Retirees and Beneficiaries Added to and Removed from Rolls
- Schedule of Funding Progress
- Brief Summary of Actuarial Assumptions and Methods

#### Financial Section and Required Supplementary Information

- Schedule of Changes in the Employer's Net Pension Liability and Related Ratios
- Schedule of Employer Contributions
- Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

The last three schedules noted above will be provided in a separate communication. Assets are valued on a market related basis that recognizes a portion of each year's investment gain or loss over a closed four-year period. Annual actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rate of investment return and payroll growth, eligibility for the various classes of benefits and longevity among retired lives. These assumptions are adopted by the Board after considering the advice of the actuary and other professionals. Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution rates as needed.

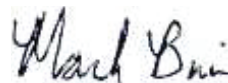
The December 31, 2022 valuation was based upon assumptions that were recommended in connection with a 2018 study of System experience. Future actuarial measurements may differ significantly from those presented in the annual valuations due to such factors as experience differing from that anticipated by actuarial assumptions, changes in plan provisions, actuarial assumptions/methods or applicable law. Due to the limited scope of the assignment, we did not perform an analysis of the potential range of future measurements.

Based upon the results of the December 31, 2022 valuation, we are pleased to report to the Board that the Retirement System is meeting its basic financial objective and continues to operate in accordance with actuarial principles of level percent of payroll financing. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice (ASOP) issued by the Actuarial Standards Board. The assumptions and methods used for funding purposes meet the parameters set by the ASOPs. The signing actuaries are independent of the plan sponsor. Louise Gates and Mark Buis are Members of the American Academy of Actuaries (MAAA), and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,  
Gabriel, Roeder, Smith & Company



Louise M. Gates, ASA, FCA, MAAA



Mark Buis, FSA, EA, FCA, MAAA

Enclosures



## Solvency Test – Schedule of Funding Progress

(dollar amounts in thousands)

| Accrued Liabilities (AL) |                            |  |   |            |                               |   |       |      |         |
|--------------------------|----------------------------|--|---|------------|-------------------------------|---|-------|------|---------|
| Valuation Date           | (1)<br>Member<br>Contribs. | (2)<br>Retirants<br>and<br>Beneficiaries | (3)<br>Active & Inactive<br>Members<br>(Employer Financed<br>Portion) | Total AL   | Funding<br>Value of<br>Assets | Portion of Liabilities<br>Covered by Assets |       |      |         |
|                          |                            |  |   |            |                               | (1)   | (2)   | (3)  | Overall |
| 12/31/03                 | \$46,654                   | \$ 136,873                               | \$ 207,496  | \$ 391,023 | \$ 374,192                    | 100 %                                       | 100 % | 92 % | 96 %    |
| 12/31/04                 | 48,487                     | 150,664                                  | 216,013   | 415,164    | 381,495                       | 100   | 100   | 84   | 92      |
| 12/31/05                 | 54,239                     | 169,752                                  | 212,913   | 436,904    | 424,182                       | 100   | 100   | 94   | 97      |
| 12/31/06                 | 55,557                     | 187,693                                  | 214,297   | 457,547    | 476,913                       | 100   | 100   | 109  | 104     |
| 12/31/07                 | 60,118                     | 204,470                                  | 224,239   | 488,827    | 529,876                       | 100   | 100   | 118  | 108     |
| 12/31/08                 | 62,128                     | 221,456                                  | 235,650   | 519,234    | 528,664                       | 100   | 100   | 104  | 102     |
| 12/31/09                 | 65,106                     | 237,302                                  | 254,019   | 556,427    | 529,137                       | 100   | 100   | 89   | 95      |
| 12/31/10                 | 64,922                     | 267,120                                  | 234,792   | 566,834    | 524,731                       | 100   | 100   | 82   | 93      |
| 12/31/11                 | 67,324                     | 252,166                                  | 214,229   | 533,719    | 514,499                       | 100   | 100   | 91   | 96      |
| 12/31/12                 | 69,987                     | 257,057                                  | 226,544   | 553,588    | 547,686                       | 100   | 100   | 97   | 99      |
| 12/31/13                 | 72,209                     | 281,206                                  | 228,451   | 581,866    | 589,527                       | 100   | 100   | 103  | 101     |
| 12/31/14                 | 74,142                     | 297,061                                  | 236,092   | 607,295    | 628,686                       | 100   | 100   | 109  | 104     |
| 12/31/15                 | 74,832                     | 320,443                                  | 238,710   | 633,985    | 665,077                       | 100   | 100   | 113  | 105     |
| 12/31/16                 | 76,435                     | 347,246                                  | 237,531   | 661,212    | 692,359                       | 100   | 100   | 113  | 105     |
| 12/31/17                 | 78,265                     | 378,063                                  | 240,341   | 696,669    | 721,090                       | 100   | 100   | 110  | 104     |
| 12/31/18                 | 78,888                     | 399,513                                  | 251,840   | 730,241    | 727,125                       | 100   | 100   | 99   | 100     |
| 12/31/19                 | 78,913                     | 465,314                                  | 248,230   | 792,457    | 761,919                       | 100   | 100   | 88   | 96      |
| 12/31/20                 | 79,623                     | 486,832                                  | 264,507   | 830,962    | 816,660                       | 100   | 100   | 95   | 98      |
| 12/31/21                 | 81,064                     | 512,030                                  | 258,091   | 851,185    | 878,909                       | 100   | 100   | 111  | 103     |
| 12/31/22                 | 84,712                     | 540,336                                  | 275,205   | 900,253    | 913,072                       | 100   | 100   | 105  | 101     |

# Summary of Benefit Provisions Evaluated or Considered (December 31, 2022)

## Regular Retirement (no reduction factor for age)

**Eligibility** - Pre 3-1-67 hires: Age 60 with 20 years of service; or, any age with 30 years of service.

Post 3-1-67 hires: Age 65 with 5 years of service; or, any age with 25 years of service.

**Annual Amount** - Normal retirement benefit: 2% of average final compensation for all years and complete months of service, to a maximum of 100% of AFC.

**Average Final Compensation (AFC)** - Average earned compensation (excluding compensation for unused vacation and sick leave) during highest 36 months of service out of the last 60 consecutive months of service.

## Early Retirement (reduction factor for age)

**Eligibility** - Age 55 with 5 years of service.

**Annual Amount** - Same as regular retirement amount but reduced 4% for each full year or portion of a year that payments commence prior to age 65 (age 60 if hired prior to 3-1-67).

## Deferred Retirement (vested benefit)

**Eligibility** - 5 years of service. Benefit begins at age 65 (age 60 if hired prior to 3-1-67) or at age 55 on a reduced basis.

**Annual Amount** - Same as regular retirement based on service and average final compensation at time of termination.

## Duty Disability Retirement

**Eligibility** - No age or service requirements.

**Annual Amount** - 40% of average final compensation, reduced if degree of disability is less than total disability.

## Non-Duty Disability Retirement

**Eligibility** - Any age with 15 years of service.

**Annual Amount** - 2% of average final compensation for each full year of service, plus 1/12 of 2% for each full month of service due to a partial year of service to a maximum of 40% of AFC. Amount is reduced if degree of disability is less than total disability.

# Summary of Benefit Provisions Evaluated or Considered (December 31, 2022)

## Duty Death Before Retirement

**Eligibility** - No age or service requirements.

**Annual Amount** - 20% of average final compensation to an eligible spouse. Payments cease upon death. If there is no eligible spouse, accumulated employee contributions are paid to designated beneficiary. For members eligible under age and service conditions, the benefit is the amount the spouse would have received as a joint annuitant under normal or early retirement conditions.

## Non-Duty Death Before Retirement

**Eligibility** - Any age with 15 years of service.

**Annual Amount** - Same as duty death.

## Post-Retirement Adjustments

Pensions may be adjusted annually (in January) for changes in the Consumer Price Index. The maximum adjustment is 2% per year compounded. The first adjustment is made one year following retirement for those age 65 (60 for pre 3-1-67 hires) or those awarded disability allowances. For all others, the first adjustment is made no earlier than 4 years following retirement.

## Post-Retirement Death Benefit

**Eligibility** – Retiree currently collecting pension benefits from the System.

**Amount** – A one-time payment of \$5,000 payable upon the death of the retiree. This benefit is payable only upon the death of the retiree, and is payable to the designated beneficiary.

## Member Contributions

6% of annual pay.

## Employer Contributions

7% of annual payroll effective March 2, 2001 – December 31, 2005.

The actuarially determined contribution rate (up to a maximum of 10% of pay) effective January 1, 2006.

## Partial Lump Sum Payment Option

Members who are eligible for Regular Retirement may elect this optional form of payment, which allows for cash at retirement of up to \$30,000. Any remaining monthly retirement benefit is reduced actuarially to reflect the payment of cash at retirement.

## Schedule of Retirants and Beneficiaries as of the Valuation Date

| Valuation<br>Date | No. of Pension Recipients |            |          |       | Total<br>Annual<br>Pensions <sup>(1)</sup> | % of<br>Payroll | Average<br>Annual<br>Pension | % Incr.<br>in Total<br>Pensions |
|-------------------|---------------------------|------------|----------|-------|--|-----------------|------------------------------|---------------------------------|
|                   | Service                   | Disability | Survivor | Total |  |                 |                              |                                 |
| Dec. 31           |                           |            |          |       |  |                 |                              |                                 |
| 2003              | 731                       | 68         | 207      | 1,006 | \$ 11,972,938                              | 14.0            | \$ 11,902                    | 6.3                             |
| 2004              | 773                       | 66         | 207      | 1,046 | 13,038,432                                 | 14.7            | 12,465                       | 8.9                             |
| 2005              | 796                       | 67         | 213      | 1,076 | 14,355,655                                 | 15.7            | 13,342                       | 10.1                            |
| 2006              | 823                       | 69         | 221      | 1,113 | 15,766,306                                 | 16.5            | 14,166                       | 9.8                             |
| 2007              | 854                       | 66         | 233      | 1,153 | 17,117,037                                 | 17.2            | 14,846                       | 8.6                             |
| 2008              | 894                       | 59         | 225      | 1,178 | 18,459,873                                 | 17.5            | 15,671                       | 7.8                             |
| 2009              | 936                       | 56         | 226      | 1,218 | 19,673,159                                 | 17.8            | 16,152                       | 6.6                             |
| 2010              | 995                       | 59         | 229      | 1,283 | 21,945,667                                 | 21.3            | 17,105                       | 11.6                            |
| 2011              | 1018                      | 56         | 225      | 1,299 | 22,946,844                                 | 21.0            | 17,665                       | 4.6                             |
| 2012              | 1030                      | 55         | 239      | 1,324 | 23,757,916                                 | 20.7            | 17,944                       | 3.5                             |
| 2013              | 1062                      | 54         | 229      | 1,345 | 25,047,506                                 | 21.0            | 18,623                       | 5.4                             |
| 2014              | 1101                      | 55         | 224      | 1,380 | 26,599,897                                 | 21.4            | 19,275                       | 6.2                             |
| 2015              | 1144                      | 55         | 223      | 1,422 | 28,481,665                                 | 22.2            | 20,029                       | 7.1                             |
| 2016              | 1211                      | 57         | 223      | 1,491 | 30,700,847                                 | 24.2            | 20,591                       | 7.8                             |
| 2017              | 1,264                     | 51         | 230      | 1,545 | 32,813,000                                 | 26.3            | 21,238                       | 6.9                             |
| 2018              | 1,310                     | 51         | 234      | 1,595 | 34,841,973                                 | 26.8            | 21,844                       | 6.2                             |
| 2019              | 1,358                     | 50         | 244      | 1,652 | 37,814,210                                 | 28.5            | 22,890                       | 8.5                             |
| 2020              | 1,388                     | 49         | 248      | 1,685 | 39,889,650                                 | 28.2            | 23,673                       | 5.5                             |
| 2021              | 1,422                     | 45         | 252      | 1,719 | 42,041,925                                 | 29.0            | 24,457                       | 5.4                             |
| 2022              | 1,460                     | 43         | 253      | 1,756 | 44,585,753                                 | 28.1            | 25,391                       | 6.1                             |

(1) Annual pension amounts shown above are reported to the actuary by the City and reflect annualized pension payments as of the indicated valuation date.

## Schedule of Active and Inactive Member Valuation Data

| Valuation<br>Date<br>Dec. 31 | Number of         |                     | Annual<br>Payroll <sup>(1)</sup> | Active Member Averages |           |          | Ratio of<br>Active to<br>Retired Members | % Increase/<br>(Decrease)<br>in Avg Pay |
|------------------------------|-------------------|---------------------|----------------------------------|------------------------|-----------|----------|--|---|
|                              | Active<br>Members | Inactive<br>Members |                                  | Age                    | Service   | Pay      |  |   |
| 2002                         | 2,374             | 55                  | \$86,428                         | 44.5 yrs.              | 11.7 yrs. | \$36,406 | 2.4                                      | 6.5 %                                   |
| 2003                         | 2,290             | 61                  | 85,666                           | 45.2                   | 12.3      | 37,409   | 2.3                                      | 2.8                                     |
| 2004                         | 2,302             | 54                  | 88,866                           | 45.2                   | 12.3      | 38,604   | 2.2                                      | 3.2                                     |
| 2005                         | 2,312             | 58                  | 91,641                           | 45.5                   | 12.3      | 39,637   | 2.1                                      | 2.7                                     |
| 2006                         | 2,353             | 62                  | 95,504                           | 45.5                   | 12.1      | 40,588   | 2.1                                      | 2.4                                     |
| 2007                         | 2,380             | 66                  | 99,574                           | 45.5                   | 12.0      | 41,838   | 2.1                                      | 3.1                                     |
| 2008                         | 2,422             | 71                  | 105,566                          | 45.8                   | 11.9      | 43,586   | 2.1                                      | 4.2                                     |
| 2009                         | 2,380             | 73                  | 110,408                          | 46.3                   | 12.3      | 46,390   | 2.0                                      | 6.4                                     |
| 2010                         | 2,304             | 81                  | 102,915                          | 46.4                   | 12.3      | 44,668   | 1.8                                      | -3.7                                    |
| 2011                         | 2,398             | 75                  | 109,293                          | 46.3                   | 12.1      | 45,577   | 1.8                                      | 2.0                                     |
| 2012                         | 2,459             | 83                  | 114,933                          | 46.4                   | 12.0      | 46,740   | 1.9                                      | 2.6                                     |
| 2013                         | 2,487             | 82                  | 119,457                          | 46.4                   | 11.9      | 48,032   | 1.8                                      | 2.8                                     |
| 2014                         | 2,500             | 82                  | 124,142                          | 46.5                   | 11.9      | 49,657   | 1.8                                      | 3.4                                     |
| 2015                         | 2,586             | 89                  | 128,499                          | 46.5                   | 11.3      | 49,690   | 1.8                                      | 0.1                                     |
| 2016                         | 2,506             | 108                 | 127,017                          | 46.6                   | 11.6      | 50,685   | 1.7                                      | 2.0                                     |
| 2017                         | 2,425             | 120                 | 124,681                          | 46.8                   | 11.8      | 51,415   | 1.6                                      | 1.4                                     |
| 2018                         | 2,457             | 140                 | 130,172                          | 46.7                   | 11.5      | 52,980   | 1.5                                      | 3.0                                     |
| 2019                         | 2,470             | 151                 | 132,753                          | 46.5                   | 11.2      | 53,746   | 1.5                                      | 1.4                                     |
| 2020                         | 2,420             | 152                 | 141,577                          | 46.6                   | 11.3      | 58,503   | 1.4                                      | 8.9                                     |
| 2021                         | 2,450             | 156                 | 144,960                          | 46.7                   | 11.0      | 59,167   | 1.4                                      | 1.1                                     |
| 2022                         | 2,482             | 170                 | 158,595                          | 46.6                   | 10.6      | 63,898   | 1.4                                      | 8.0                                     |

(1) In thousands of dollars.



# Summary of Actuarial Assumptions and Methods

## Actuarial Cost Method

The actuarial cost method is a procedure for allocating the actuarial present value of pension plan benefits and expenses to time periods. The method used for the valuation is known as the individual entry-age actuarial cost method and has the following characteristics:

- (i) The annual normal costs for each individual active member, payable from the date of employment to the date of retirement, are sufficient to accumulate the value of the member's pension at time of retirement; and
- (ii) Each annual normal cost is a constant percentage of the member's year by year projected compensation.

The entry-age actuarial cost method allocates the actuarial present value of each member's projected benefits on a level basis over the member's compensation between the entry age of the member and the assumed exit ages.

The portion of the actuarial present value allocated to the valuation year is called the normal cost. The portion of the actuarial present value not provided for by the actuarial present value of future normal costs is called the actuarial accrued liability. Deducting System assets from the actuarial accrued liability determines the unfunded actuarial accrued liability (UAAL).

## Experience Gains and Losses

Experience gains and losses are the difference between actual experience and the experience anticipated by the actuarial assumptions during the period between two actuarial valuation dates. The recognition of gains and losses is based on the provisions of the Retirement System ordinance.

## Asset Valuation Method

The funding value of assets recognizes assumed investment income fully each year. Differences between actual and assumed investment income are phased-in over a closed 4-year period. During periods when investment performance exceeds the assumed rate, funding value of assets will tend to be lower than fair value. During periods when investment performance is less than the assumed rate, funding value of assets will tend to be greater than fair value. The funding value of assets is unbiased with respect to fair value. At any time, it may be either greater or less than fair value. If assumed rates are exactly realized for 4 consecutive years, it will become equal to fair value. The funding value of assets is not permitted to deviate from the fair value of assets by more than 20%.

The actuarial assumptions were based upon the results of an experience study for the System covering the period January 1, 2014 through December 31, 2018. A report dated January 20, 2020 presented the results of the experience study. The actuarial assumptions represent estimates of future experience.

# Summary of Actuarial Assumptions and Methods

## Investment Return (net of expenses).

The rate of investment return assumed in the valuation was 7.00% per year, compounded annually net of investment and administrative expenses. The assumed real rate of return over wage inflation is 4.00% per year. This assumption was first used in the December 31, 2019 valuation.

## Wage Inflation

The wage inflation rate assumed in this valuation was 3.00% per year. The wage inflation rate is defined to be the portion of total pay increases for an individual that are due to macroeconomic forces including productivity, price inflation, and labor market conditions. The wage inflation rate does not include pay changes rated to individual merit and seniority effects. This assumption was first used in the December 31, 2019 valuation.

## Salary Increase Rates

These assumptions are used to project current pays to those which will determine average final compensation.

| Sample<br>Years of<br>Service | Annual Rate of<br>Merit and<br>Longevity |
|-------------------------------|--|
| 1                             | 3.50 %                                   |
| 2                             | 3.50                                     |
| 3                             | 3.50                                     |
| 4                             | 3.50                                     |
| 5                             | 3.50                                     |
| 6                             | 3.50                                     |
| 7                             | 3.50                                     |
| 8                             | 3.50                                     |
| 9                             | 3.50                                     |
| 10                            | 3.50                                     |
| 11                            | 3.50                                     |
| 12                            | 3.50                                     |
| 13                            | 3.50                                     |
| 14                            | 3.00                                     |
| 15+                           | 0.00                                     |

The active member population is assumed to remain constant. For purposes of financing the unfunded liabilities, total payroll is assumed to grow at a rate of 3.00% per year.

## Price Inflation

The assumed rate of price inflation used in this valuation was 2.25% per year.

## Summary of Actuarial Assumptions and Methods

**Mortality rates** are used to measure the probabilities of a member dying before retirement and the probability of each benefit payment being made. The mortality tables are described below along with sample statistics. These tables were first used in the December 31, 2019 valuation.

|                                  |  |
|----------------------------------|--|
| <b>Healthy Male Retirees:</b>    | RP-2014 Blue Collar Healthy Annuitant Male table scaled by 95%, with future mortality improvements projected to 2025 using scale MP-2016.                        |
| <b>Healthy Female Retirees:</b>  | RP-2014 Blue Collar Healthy Annuitant Female table scaled by 90%, with future mortality improvements projected to 2025 using scale MP-2016.                      |
| <b>Disabled Male Retirees:</b>   | RP-2014 Blue Collar Healthy Annuitant Male table scaled by 95%, with future mortality improvements projected to 2025 using scale MP-2016, set forward 5 years.   |
| <b>Disabled Female Retirees:</b> | RP-2014 Blue Collar Healthy Annuitant Female table scaled by 90%, with future mortality improvements projected to 2025 using scale MP-2016, set forward 5 years. |
| <b>Male Active Members:</b>      | RP-2014 Blue Collar Employee Male table, with future mortality improvements projected to 2025 using scale MP-2016.   |
| <b>Female Active Members:</b>    | RP-2014 Blue Collar Employee Female table, with future mortality improvements projected to 2025 using scale MP-2016.   |

| Sample<br>Ages | Healthy Pre-Retirement<br>Future Life Expectancy (Years) |       | Healthy Post-Retirement<br>Future Life Expectancy (Years) |       | Disabled Retirement<br>Future Life Expectancy (Years) |       |
|----------------|--|-------|---|-------|---|-------|
|                | Men  | Women | Men   | Women | Men   | Women |
| 50             | 33.77  | 39.04 | 32.87   | 36.37 | 28.49   | 31.84 |
| 55             | 29.14  | 34.29 | 28.48   | 31.83 | 24.24   | 27.40 |
| 60             | 24.68  | 29.61 | 24.25   | 27.40 | 20.19   | 23.12 |
| 65             | 20.49  | 25.03 | 20.23   | 23.13 | 16.41   | 19.07 |
| 70             | 16.62  | 20.57 | 16.46   | 19.06 | 12.97   | 15.29 |
| 75             | 13.05  | 16.28 | 12.99   | 15.24 | 9.90  | 11.84 |
| 80             | 9.78   | 12.20 | 9.87  | 11.77 | 7.26  | 8.81  |

## Summary of Actuarial Assumptions and Methods

**Rates of Retirement** are used to measure the probabilities of an eligible member retiring during the next year, and are summarized below. These rates were first used for the December 31, 2019 valuation.

| Age of Member | Percent of Eligible Members Retiring During Next Year | Years of Service | Percent Retiring |
|---------------|---|------------------|------------------|
| 55            | 4%  | 25               | 15%              |
| 56            | 4   | 26               | 9                |
| 57            | 4   | 27               | 9                |
| 58            | 4   | 28               | 9                |
| 59            | 5   | 29               | 9                |
| 60            | 5   | 30               | 9                |
| 61            | 6   | 31               | 9                |
| 62            | 6   | 32               | 9                |
| 63            | 6   | 33               | 9                |
| 64            | 6   | 34               | 9                |
| 65            | 40  | 35               | 9                |
| 66            | 25  | 36               | 9                |
| 67            | 25  | 37               | 9                |
| 68            | 25  | 38               | 9                |
| 69            | 25  | 39               | 9                |
| 70            | 25  | 40               | 9                |
| 71            | 25  | 41               | 9                |
| 72            | 25  | 42               | 9                |
| 73            | 25  | 43               | 9                |
| 74            | 25  | 44               | 9                |
| 75            | 100   | 45               | 100              |

The service-based retirement rates were applied to those members first eligible to retire under "25 and out." The age-based retirement rates were applied to members retiring under '65/5' or the Plan's early retirement condition.

A plan member hired on or after March 1, 1967 is eligible for regular retirement upon attaining age 65 and completing 5 or more years of service and is eligible for early retirement upon attainment of age 55 with completion of 5 or more years of service.

A plan member hired on or after March 1, 1967 is eligible for regular retirement after completing 25 or more years of service regardless of age.

# Summary of Actuarial Assumptions and Methods

## Rates of Separation from Active Membership

This assumption measures the probabilities of a member terminating employment. The rates do not apply to members who are eligible to retire. These rates were first used for the December 31, 2019 valuation.

| Sample<br>Ages | Years of<br>Service* | % of Active Members<br>Separating within Next Year |
|----------------|----------------------|--|
| ALL            | 0                    | 27.70%   |
|                | 1                    | 14.30  |
|                | 2                    | 6.70   |
|                | 3                    | 6.30   |
|                | 4                    | 4.60   |
| 25             | 5 & Over             | 13.30  |
| 30             |                      | 11.40  |
| 35             |                      | 9.03   |
| 40             |                      | 6.65   |
| 45             |                      | 4.56   |
| 50             |                      | 2.85   |
| 55             |                      | 1.90   |
| 60             |                      | 1.90   |

## Rates of Disability

This assumption measures the probabilities of a member becoming disabled.

| Age<br>of Member | % of Active Members<br>During Next Year |         |
|------------------|---|---------|
|                  | Males                                   | Females |
| 25               | 0.08%                                   | 0.06%   |
| 30               | 0.09                                    | 0.07    |
| 35               | 0.11                                    | 0.09    |
| 40               | 0.14                                    | 0.13    |
| 45               | 0.21                                    | 0.19    |
| 50               | 0.62                                    | 0.57    |
| 55               | 0.97                                    | 0.86    |
| 60               | 1.10                                    | 0.96    |

**Marriage Assumption.** 80% of the population is assumed to be married for purposes of death-in-service benefits.

**Forfeitures.** All vested terminated members who terminate close to retirement were assumed to elect a deferred retirement while those terminating with less service were assumed to elect a refund of their contributions in lieu of deferred retirement benefits.

## Analysis of Financial Experience

### Derivation of Experience Gain (Loss)

### for Valuation Years 2018-2022

Actual experience will never (except by coincidence) coincide exactly with assumed experience. It is hoped that gains and losses will cancel each other over a period of years, but sizable year to year fluctuations are common. Detail on the derivation of the experience gain (loss) is shown below, along with a year by year historic comparison.

| Amounts Shown are Expressed in Thousands of Dollars     |             |           |           |          |             |
|---|-------------|-----------|-----------|----------|-------------|
|   | 2022        | 2021      | 2020      | 2019     | 2018        |
| (1) UAAL* at start of year                              | \$ (27,724) | \$ 14,303 | \$ 30,538 | \$ 3,117 | \$ (24,421) |
| (2) Normal cost   | 18,968      | 17,149    | 16,720    | 16,899   | 16,558      |
| (3) Actual member and employer contributions            | 20,404      | 18,999    | 17,743    | 15,374   | 14,241      |
| (4) Interest accrual on (1), (2) and (3)                | (1,991)     | 936       | 2,102     | 275      | (1,652)     |
| (5) Expected UAAL before changes: (1) + (2) - (3) + (4) | (31,151)    | 13,389    | 31,617    | 4,917    | (23,756)    |
| (6) Increase due to benefit/assumption changes          | 1,760       | 0         | 0         | 34,315   | 0           |
| (7) Increase due to revised actuarial methods           | 0           | 0         | 0         | 0        | 0           |
| (8) Expected UAAL after changes: (5) + (6) + (7)        | (29,391)    | 13,389    | 31,617    | 39,232   | (23,756)    |
| (9) Actual UAAL at end of year                          | (12,819)    | (27,724)  | 14,303    | 30,538   | 3,117       |
| (10) Gain (loss): (8) - (9)                             | (16,572)    | 41,113    | 17,314    | 8,694    | (26,873)    |

\* *Unfunded Actuarial Accrued Liability (UAAL).*

## Schedule of Retirees and Beneficiaries Added to and Removed from Rolls Comparative Statement

| Year<br>Ended<br>Dec. 31 | Added to Rolls <sup>(2)</sup> |                                   | Removed<br>from Rolls |                    | Rolls End of Year |                    |                         | % Incr.<br>in Benefits |
|--------------------------|-------------------------------|-----------------------------------|-----------------------|--------------------|-------------------|--------------------|-------------------------|------------------------|
|                          | No.                           | Annual<br>Benefits <sup>(1)</sup> | No.                   | Annual<br>Benefits | No.               | Annual<br>Benefits | Avg. Annual<br>Benefits |                        |
| 2013                     | 86                            | \$2,215,300                       | 65                    | \$ 925,710         | 1,345             | \$ 25,047,506      | \$ 18,623               | 5.4 %                  |
| 2014                     | 95                            | 2,483,415                         | 60                    | 931,024            | 1,380             | 26,599,897         | 19,275                  | 6.2                    |
| 2015                     | 102                           | 2,868,873                         | 60                    | 987,105            | 1,422             | 28,481,665         | 20,029                  | 7.1                    |
| 2016                     | 108                           | 2,856,572                         | 39                    | 637,390            | 1,491             | 30,700,847         | 20,591                  | 7.8                    |
| 2017                     | 107                           | 2,944,277                         | 53                    | 832,124            | 1,545             | 32,813,000         | 21,238                  | 6.9                    |
| 2018                     | 99                            | 2,833,483                         | 49                    | 804,510            | 1,595             | 34,841,973         | 21,844                  | 6.2                    |
| 2019                     | 118                           | 4,150,809                         | 61                    | 1,178,572          | 1,652             | 37,814,210         | 22,890                  | 8.5                    |
| 2020                     | 115                           | 3,809,199                         | 82                    | 1,733,759          | 1,685             | 39,889,650         | 23,673                  | 5.5                    |
| 2021                     | 100                           | 3,210,370                         | 66                    | 1,058,095          | 1,719             | 42,041,925         | 24,457                  | 5.4                    |
| 2022                     | 108                           | 3,910,782                         | 71                    | 1,366,954          | 1,756             | 44,585,753         | 25,391                  | 6.1                    |

(1) Includes post retirement cost-of-living adjustments.

(2) Includes reported data corrections.

## Schedule of Funding Progress<sup>(1)</sup>

| Actuarial<br>Valuation<br>Date<br>December 31, | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b)-(a) | Funded<br>Ratio<br>(a)/(b) | Active<br>Member<br>Covered<br>Payroll<br>(c) | UAAL as<br>a Percentage of<br>Active Member<br>Covered Payroll<br>((b-a)/c) |
|--|--|---|--------------------------------------|----------------------------|---|---|
| 2012   | \$547,686                              | \$553,588   | \$ 5,902                             | 98.9 %                     | \$ 114,933                                    | 5.1 %   |
| 2013 #   | 589,527                                | 581,866   | (7,661)                              | 101.3                      | 119,457                                       | (6.4)   |
| 2014   | 628,686                                | 607,295   | (21,391)                             | 103.5                      | 124,142                                       | (17.2)  |
| 2015 #   | 665,077                                | 633,985   | (31,092)                             | 104.9                      | 128,499                                       | (24.2)  |
| 2016   | 692,359                                | 661,212   | (31,147)                             | 104.7                      | 127,017                                       | (24.5)  |
| 2017 #   | 721,090                                | 696,669   | (24,421)                             | 103.5                      | 124,681                                       | (19.6)  |
| 2018   | 727,125                                | 730,242   | 3,117                                | 99.6                       | 130,172                                       | 2.4   |
| 2019 #   | 761,919                                | 792,457   | 30,538                               | 96.1                       | 132,753                                       | 23.0  |
| 2020   | 816,660                                | 830,963   | 14,303                               | 98.3                       | 141,577                                       | 10.1  |
| 2021   | 878,909                                | 851,185   | (27,724)                             | 103.3                      | 144,960                                       | (19.1)  |
| 2022   | 913,072                                | 900,253   | (12,819)                             | 101.4                      | 158,595                                       | (8.1)   |

<sup>(1)</sup>Dollar amounts are in thousands.

#Changes in methods and assumptions.



## Summary of Actuarial Assumptions and Methods

|                             |                          |
|-----------------------------|--------------------------|
| Valuation Date              | December 31, 2022        |
| Actuarial Cost Method       | Individual Entry Age     |
| Amortization Method         | Level Percent of payroll |
| Amortization Period         | 19 years closed          |
| Asset Valuation Method      | 4-year smoothed market   |
| Actuarial Assumptions:      |                          |
| Investment Rate of Return   | 7.00%                    |
| Projected Salary Increases* | 3.00% - 6.50%            |
| *Includes Wage Inflation    | 3.00%                    |
| Cost-of-Living Adjustments  | Up to 2.0% per year      |

**Statistical**



This section of the Oklahoma City Employee Retirement System's (System) Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about overall financial health. This information has not been audited by the independent auditor.

***Financial Trends***

These schedules contain trend information to help the reader understand how the System's financial performance and well-being changed over time. The schedules include the schedule of changes in fiduciary net position for the last ten years.

***Benefit Information***

These schedules contain data to help the reader understand how the information in the System's financial report relates to the benefits provided to members. The schedules include the schedule of benefit and refund deductions from net position by type and the schedule of average benefit payments for the last ten years, as well as, the schedule of retired benefit type as of the actuarial date.

**SCHEDULE OF CHANGES  
IN FIDUCIARY NET POSITION  
Last Ten Fiscal Years**

**OKLAHOMA CITY EMPLOYEE  
RETIREMENT SYSTEM**

|  | Fiscal Year         |                        |                      |                    |                     |
|--|---------------------|------------------------|----------------------|--------------------|---------------------|
|  | 2023                | 2022                   | 2021                 | 2020               | 2019                |
| <b><u>ADDITIONS</u></b>                |                     |                        |                      |                    |                     |
| Member contributions                   | \$10,029,645        | \$8,802,729            | \$8,416,035          | \$8,345,116        | \$8,055,203         |
| Employer contributions                 | 10,716,787          | 10,884,197             | 9,678,624            | 7,756,180          | 7,028,090           |
| As a percentage of covered payroll     | 6.46%               | 7.46%                  | 6.89%                | 5.56%              | 5.23%               |
| Investment income, net of expenses (1) | 56,460,226          | (103,202,642)          | 208,486,713          | 29,885,099         | 38,627,553          |
| Other revenues and transfers           | 58,738              | 247,776                | 50,567               | 80,228             | 147,870             |
| Total additions                        | <u>77,265,396</u>   | <u>(83,267,940)</u>    | <u>226,631,939</u>   | <u>46,066,623</u>  | <u>53,858,716</u>   |
| <b><u>DEDUCTIONS</u></b>               |                     |                        |                      |                    |                     |
| Benefits                               | 47,784,256          | 43,871,317             | 41,427,466           | 39,485,376         | 36,468,579          |
| Refunds of contributions               | 1,613,901           | 1,240,856              | 920,763              | 1,180,236          | 1,002,236           |
| Administrative expenses                | 727,619             | 687,406                | 595,712              | 468,557            | 481,486             |
| Total deductions                       | <u>50,125,776</u>   | <u>45,799,579</u>      | <u>42,943,941</u>    | <u>41,134,169</u>  | <u>37,952,301</u>   |
| <b>Change in net position</b>          | <b>\$27,139,620</b> | <b>(\$129,067,519)</b> | <b>\$183,687,998</b> | <b>\$4,932,454</b> | <b>\$15,906,415</b> |

|                                    | Fiscal Year         |                     |                       |                     |                     |
|------------------------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|
|                                    | 2018                | 2017                | 2016                  | 2015                | 2014                |
| <b><u>ADDITIONS</u></b>            |                     |                     |                       |                     |                     |
| Member contributions               | \$8,018,245         | \$7,732,271         | \$7,562,163           | \$7,668,356         | \$7,421,749         |
| Employer contributions             | 7,056,707           | 6,871,465           | 7,411,117             | 8,207,083           | 8,871,692           |
| As a percentage of covered payroll | 5.28%               | 5.33%               | 5.88%                 | 6.44%               | 7.15%               |
| Investment income, net of expenses | 58,534,108          | 72,212,737          | (4,840,459)           | 25,206,761          | 94,658,124          |
| Other revenues and transfers       | 99,916              | 96,982              | 68,029                | 130,719             | 95,319              |
| Total additions                    | <u>73,708,976</u>   | <u>86,913,455</u>   | <u>10,200,850</u>     | <u>41,212,919</u>   | <u>111,046,884</u>  |
| <b><u>DEDUCTIONS</u></b>           |                     |                     |                       |                     |                     |
| Benefits                           | 34,063,359          | 32,208,452          | 29,712,236            | 27,913,256          | 26,311,079          |
| Refunds of contributions           | 1,474,949           | 1,236,567           | 1,131,613             | 1,166,506           | 1,037,043           |
| Administrative expenses            | 504,102             | 458,520             | 397,730               | 445,438             | 461,529             |
| Total deductions                   | <u>36,042,410</u>   | <u>33,903,539</u>   | <u>31,241,579</u>     | <u>29,525,200</u>   | <u>27,809,651</u>   |
| <b>Change in net position</b>      | <b>\$37,666,566</b> | <b>\$53,009,916</b> | <b>(\$21,040,729)</b> | <b>\$11,687,719</b> | <b>\$83,237,233</b> |

(1) Investment income increased in 2023 due to the market slowly recovering from the sharp decrease in 2022 from market volatility.

**SCHEDULE OF BENEFIT AND REFUND  
DEDUCTIONS FROM NET POSITION BY TYPE**

**OKLAHOMA CITY EMPLOYEE  
RETIREMENT SYSTEM**

**Last Ten Calendar Years**

| Year       | Age & Service Benefits |             | Disability Benefits |           | Death     | Total Benefits (2) | Separation Refunds |
|------------|------------------------|-------------|---------------------|-----------|-----------|--------------------|--------------------|
|            | Retirants              | Survivors   | Duty                | Non-Duty  |           |                    |                    |
| Ending (1) |                        |             |                     |           |           |                    |                    |
| 6/30/2023  | \$42,514,610           | \$4,396,966 | \$206,023           | \$467,490 | \$199,167 | \$47,784,256       | \$1,613,901        |
| 6/30/2022  | 38,926,854             | 3,961,897   | 155,306             | 468,872   | 358,388   | 43,871,317         | 1,240,856          |
| 6/30/2021  | 36,689,649             | 3,837,996   | 201,744             | 423,077   | 275,000   | 41,427,466         | 920,763            |
| 6/30/2020  | 34,971,572             | 3,623,367   | 224,558             | 398,379   | 267,500   | 39,485,376         | 1,180,236          |
| 6/30/2019  | 32,256,630             | 3,343,089   | 269,917             | 393,943   | 205,000   | 36,468,579         | 1,002,236          |
| 6/30/2018  | 30,092,314             | 3,145,045   | 266,733             | 366,767   | 192,500   | 34,063,359         | 1,474,949          |
| 6/30/2017  | 28,443,257             | 2,929,177   | 245,772             | 420,246   | 170,000   | 32,208,452         | 1,236,567          |
| 6/30/2016  | 26,131,784             | 2,781,979   | 246,305             | 402,168   | 150,000   | 29,712,236         | 1,131,613          |
| 12/31/2014 | 23,188,546             | 2,780,818   | 254,383             | 376,150   | -         | 26,599,897         | 1,219,379          |
| 12/31/2013 | 21,704,920             | 2,741,337   | 258,581             | 342,668   | -         | 25,047,506         | 1,070,270          |

(1) Beginning in 2016, information is presented on a fiscal year basis. In years prior to 2016, calendar year has been used to correspond with the actuarial analysis and will not tie to the financial statements.

(2) Total benefits does not include death benefits before 2016.

**SCHEDULE OF RETIRED  
MEMBERS BY BENEFIT TYPE  
As of June 30, 2023**

**OKLAHOMA CITY EMPLOYEE  
RETIREMENT SYSTEM**

| Amount of Monthly Benefit | Number of Retirants | Type of Retirements (1) |                   |                   |                  |                  |                  | Life              | Death Benefit    | Option Selected (2) |                   |                   |
|---------------------------|---------------------|-------------------------|-------------------|-------------------|------------------|------------------|------------------|-------------------|------------------|---------------------|-------------------|-------------------|
|                           |                     | 1                       | 2                 | 3                 | 4                | 5                | 6                |                   |                  | Opt. 1              | Opt. 2            | Opt. 3            |
| Deferred                  | 136                 | -                       | -                 | -                 | -                | -                | -                | -                 | -                | -                   | -                 | -                 |
| \$1-250                   | 9                   | -                       | -                 | 6                 | -                | 3                | -                | 2                 | -                | 1                   | -                 | 7                 |
| 251-500                   | 89                  | 21                      | 52                | 9                 | 4                | 2                | 1                | 47                | 2                | 27                  | 2                 | 11                |
| 501-750                   | 143                 | 33                      | 62                | 34                | 9                | 4                | 1                | 46                | 2                | 59                  | 8                 | 28                |
| 751-1,000                 | 132                 | 36                      | 49                | 24                | 17               | 5                | 1                | 52                | 13               | 33                  | 11                | 23                |
| 1,001-1,250               | 147                 | 41                      | 58                | 32                | 12               | 1                | 3                | 59                | 3                | 48                  | 10                | 27                |
| 1,251-1,500               | 138                 | 58                      | 44                | 23                | 1                | 1                | 11               | 68                | -                | 43                  | 10                | 17                |
| 1,501-1,750               | 155                 | 91                      | 30                | 29                | 1                | 2                | 2                | 59                | -                | 44                  | 22                | 30                |
| 1,751-2,000               | 130                 | 95                      | 21                | 11                | 1                | -                | 2                | 54                | -                | 43                  | 13                | 20                |
| Over 2,000                | <u>827</u>          | <u>750</u>              | <u>26</u>         | <u>39</u>         | <u>9</u>         | <u>-</u>         | <u>3</u>         | <u>389</u>        | <u>-</u>         | <u>221</u>          | <u>81</u>         | <u>136</u>        |
|                           | <b><u>1,906</u></b> | <b><u>1,125</u></b>     | <b><u>342</u></b> | <b><u>207</u></b> | <b><u>54</u></b> | <b><u>18</u></b> | <b><u>24</u></b> | <b><u>776</u></b> | <b><u>20</u></b> | <b><u>519</u></b>   | <b><u>157</u></b> | <b><u>299</u></b> |

(1) Type of Retirement

- 1 - Normal retirement for age and service
- 2 - Early retirement
- 3 - Survivor payments – death after retirement
- 4 - Survivor payments - death in service
- 5 - Duty disability retirement
- 6 - Non-duty disability retirement

(2) Option Selected

- Life - Single life
- Death Benefit - 20% of average final compensation
- Opt. 1 - 100% of retiree's benefit payable to survivor
- Opt. 2 - 75% of retiree's benefit payable to survivor
- Opt. 3 - 50% of retiree's benefit payable to survivor

**SCHEDULE OF AVERAGE  
BENEFIT PAYMENTS (1)  
Last Ten Calendar Years**

**OKLAHOMA CITY EMPLOYEE  
RETIREMENT SYSTEM**

|                                  | <b>Years of Credited Service (2)</b> |              |              |              |              |            |
|----------------------------------|--------------------------------------|--------------|--------------|--------------|--------------|------------|
|                                  | <b>5-9</b>                           | <b>10-14</b> | <b>15-19</b> | <b>20-24</b> | <b>25-29</b> | <b>30+</b> |
| <b>Period 1/1/22 to 12/31/22</b> |                                      |              |              |              |              |            |
| Average Monthly Benefit          | \$626                                | \$891        | \$1,540      | \$2,261      | \$2,605      | \$4,470    |
| Final Average Salary             | 4,896                                | 4,493        | 5,522        | 6,482        | 5,379        | 6,549      |
| Number of Active Retirants       | 11                                   | 10           | 13           | 8            | 20           | 29         |
| <b>Period 1/1/21 to 12/31/21</b> |                                      |              |              |              |              |            |
| Average Monthly Benefit          | \$623                                | \$1,066      | \$1,553      | \$2,821      | \$2,661      | \$3,783    |
| Final Average Salary             | 5,547                                | 5,275        | 5,039        | 7,061        | 5,320        | 5,840      |
| Number of Active Retirants       | 8                                    | 10           | 7            | 8            | 17           | 30         |
| <b>Period 1/1/20 to 12/31/20</b> |                                      |              |              |              |              |            |
| Average Monthly Benefit          | \$656                                | \$972        | \$1,211      | \$2,001      | \$2,653      | \$3,914    |
| Final Average Salary             | 5,331                                | 4,738        | 4,468        | 5,239        | 5,397        | 6,032      |
| Number of Active Retirants       | 9                                    | 15           | 14           | 12           | 22           | 28         |
| <b>Period 1/1/19 to 12/31/19</b> |                                      |              |              |              |              |            |
| Average Monthly Benefit          | \$414                                | \$1,414      | \$1,573      | \$1,816      | \$3,055      | \$3,965    |
| Final Average Salary             | 3,466                                | 6,218        | 5,123        | 5,552        | 6,184        | 4,255      |
| Number of Active Retirants       | 7                                    | 12           | 9            | 8            | 24           | 34         |
| <b>Period 1/1/18 to 12/31/18</b> |                                      |              |              |              |              |            |
| Average Monthly Benefit          | \$354                                | \$854        | \$1,516      | \$1,524      | \$2,589      | \$3,964    |
| Final Average Salary             | 3,549                                | 4,222        | 5,058        | 4,296        | 5,148        | 5,908      |
| Number of Active Retirants       | 6                                    | 9            | 12           | 7            | 29           | 14         |
| <b>Period 1/1/17 to 12/31/17</b> |                                      |              |              |              |              |            |
| Average Monthly Benefit          | \$672                                | \$692        | \$1,331      | \$1,581      | \$2,614      | \$3,395    |
| Final Average Salary             | 4,518                                | 3,948        | 4,343        | 5,218        | 5,304        | 5,136      |
| Number of Active Retirants       | 5                                    | 13           | 11           | 5            | 23           | 25         |
| <b>Period 1/1/16 to 12/31/16</b> |                                      |              |              |              |              |            |
| Average Monthly Benefit          | \$381                                | \$1,119      | \$1,725      | \$1,915      | \$2,509      | \$3,373    |
| Final Average Salary             | 3,633                                | 5,444        | 4,355        | 5,424        | 5,186        | 5,135      |
| Number of Active Retirants       | 7                                    | 12           | 7            | 9            | 27           | 25         |
| <b>Period 1/1/15 to 12/31/15</b> |                                      |              |              |              |              |            |
| Average Monthly Benefit          | \$401                                | \$1,103      | \$996        | \$1,717      | \$2,738      | \$3,554    |
| Final Average Salary             | 3,507                                | 4,888        | 3,602        | 4,386        | 5,562        | 5,493      |
| Number of Active Retirants       | 7                                    | 3            | 12           | 6            | 30           | 25         |
| <b>Period 1/1/14 to 12/31/14</b> |                                      |              |              |              |              |            |
| Average Monthly Benefit          | \$319                                | \$835        | \$1,010      | \$1,970      | \$2,422      | \$3,126    |
| Final Average Salary             | 3,424                                | 3,496        | 3,482        | 4,978        | 4,921        | 5,025      |
| Number of Active Retirants       | 6                                    | 10           | 7            | 7            | 23           | 24         |
| <b>Period 1/1/13 to 12/31/13</b> |                                      |              |              |              |              |            |
| Average Monthly Benefit          | \$441                                | \$958        | \$1,280      | \$1,734      | \$2,288      | \$3,470    |
| Final Average Salary             | 3,649                                | 4,295        | 4,516        | 4,747        | 4,888        | 5,223      |
| Number of Active Retirants       | 6                                    | 10           | 7            | 10           | 20           | 15         |

(1) Retirement Effective Dates 1/1/13 to 12/31/22.

(2) No benefits are earned for 0-4 years of credited services.

**Other**



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*

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To the Board of Trustees  
**Oklahoma City Employee Retirement System**  
Oklahoma City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements the Oklahoma City Employee Retirement System (System), a fiduciary component unit of the City of Oklahoma City, Oklahoma, as of and for the years ended June 30, 2023 and 2022, and the related notes to financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated December 5, 2023.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audits of the financial statements, we considered the System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System'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 System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Allen, Gibbs & Houlik, L.C*  
CERTIFIED PUBLIC ACCOUNTANTS

Wichita, KS  
December 5, 2023

# OKLAHOMA CITY EMPLOYEE RETIREMENT SYSTEM

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2023

### **Finding 2022-001: Investment Reporting (Material Weakness)**

**Condition:** The System's management is responsible for the accuracy, completeness, and fairness of the data presented in the year-end financial statements, including all disclosures. One material audit adjustment was identified during the fiscal year 2022 audit of the financial statements to decrease investments and decrease unrealized gain/loss on investments in the amount of \$14,827,301.

**Criteria or Specific Requirement:** Internal controls should be designed to provide adequate control over the preparation of the year-end investment valuations.

**Corrective Plan:** Agree. The City will implement a quarterly process to review custodian investment statements to our investment consultant quarterly reports for valuation reasonableness. The City has also contacted the custodian and they will be implementing a system update in the first quarter of calendar 2023 to restrict analysts from putting through market values to certain assets. In addition, the custodian will modify the positions, so each holding rolls up into a single line asset per series.

**Status:** Complete