

JOHNSTON & AHLSCHEWEDE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

**EMPLOYEES' RETIREMENT SYSTEM
OF OKLAHOMA COUNTY**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

EMPLOYEES' RETIREMENT SYSTEM
OF OKLAHOMA COUNTY
FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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JOHNSTON & AHLSCHEWEDE, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Employees' Retirement System of Oklahoma County
Oklahoma City, Oklahoma

Opinion

We have audited the accompanying financial statements of Employees' Retirement System of Oklahoma County (the System), which comprise the statement of plan net position as of June 30, 2024, and the related statement of changes in plan net position for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Employees' Retirement System of Oklahoma County as of June 30, 2024, and the changes in its net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Employees' Retirement System of Oklahoma County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Employees' Retirement System of Oklahoma County'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 generally accepted auditing standards 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 generally accepted auditing standards 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 Employees' Retirement System of Oklahoma County'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 Employees' Retirement System of Oklahoma County'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.

Report on Comparative Information

We have previously audited the System's June 30, 2023, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 25, 2023. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of changes in net position liability and related ratios, contributions, and actuarial assumptions, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of investments at June 30, 2024, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2024, on our consideration of Employees' Retirement System of Oklahoma County'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 Employees' Retirement System of Oklahoma County'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 Employees' Retirement System of Oklahoma County's internal control over financial reporting and compliance.

Johanna F. Alachwala, P.C.

Oklahoma City, Oklahoma
September 23, 2024

EMPLOYEES' RETIREMENT SYSTEM OF OKLAHOMA COUNTY

STATEMENTS OF PLAN NET POSITION

As of June 30, 2024 (with Comparative Totals as of June 30, 2023)

| | June 30, | |
|--------------------------------------|---------------------|---------------------|
| | <u>2024</u> | <u>2023</u> |
| ASSETS | | |
| Cash and cash equivalents | \$ 39,478 | \$ 31,239 |
| Interest receivable | 66,034 | 41,341 |
| Investments at fair value - Note 3 | | |
| Certificate of deposit | 250,000 | 250,000 |
| Treasury money market funds | 4,156,000 | 3,366,000 |
| Judgments | 1,947,837 | 2,566,667 |
| | <u>6,353,837</u> | <u>6,182,667</u> |
| Total investments | | |
| Total assets | <u>6,459,349</u> | <u>6,255,247</u> |
| LIABILITIES | | |
| Liabilities | | |
| Accounts payable | <u>-</u> | <u>-</u> |
| Net position restricted for pensions | <u>\$ 6,459,349</u> | <u>\$ 6,255,247</u> |

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

EMPLOYEES' RETIREMENT SYSTEM OF OKLAHOMA COUNTY

STATEMENTS OF CHANGES IN PLAN NET POSITION

For the Year Ended June 30, 2024 (with Comparative Totals for the Year Ended June 30, 2023)

| | Years Ended June 30, | |
|---|----------------------|---------------------|
| | <u>2024</u> | <u>2023</u> |
| Additions | | |
| Contributions - employer | \$ 1,011,416 | \$ 818,283 |
| Investment income | | |
| Interest | 451,365 | 295,048 |
| | <u>451,365</u> | <u>295,048</u> |
| Total investment income (loss) | 451,365 | 295,048 |
| Total additions | <u>1,462,781</u> | <u>1,113,331</u> |
| Deductions | | |
| Benefits | 1,240,220 | 1,301,279 |
| Administrative expenses | <u>18,459</u> | <u>17,868</u> |
| Total deductions | <u>1,258,679</u> | <u>1,319,147</u> |
| Net increase (decrease) in net position | 204,102 | (205,816) |
| Net position restricted for pensions | | |
| Beginning of year | <u>6,255,247</u> | <u>6,461,063</u> |
| End of year | <u>\$ 6,459,349</u> | <u>\$ 6,255,247</u> |

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

EMPLOYEES' RETIREMENT SYSTEM OF OKLAHOMA COUNTY
NOTES TO FINANCIAL STATEMENTS

The Employees' Retirement System of Oklahoma County administers a defined benefit plan and a defined contribution plan for employees of Oklahoma County. In 1991 all employees were given an option to convert from the defined benefit plan to the defined contribution plan. All employees hired after the conversion date of the defined contribution plan are covered under the defined contribution plan.

Note 1 - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting. Employer contributions to the plan are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the plan trustees to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. If available, quoted market prices are used to value investments. The amounts shown in Note 3 for securities that have no quoted market price represent estimated fair value.

Purchases and sales of securities are recorded on a settlement date basis. Interest income is recorded on the accrual basis.

Comparative Totals

The financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the System's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Note 2 - Plan Description and Contribution Information

Authority

The Board of County Commissioners of Oklahoma County was authorized to establish, control and manage the Plan under Oklahoma statutes, and as such established the Board of Trustees for the Employees Retirement System of Oklahoma County to administer the Plan. The Board of Trustees approves any cost-of-living adjustments to the Plan as well as changes in contribution requirements.

Plan Description

The Plan is a single-employer defined benefit pension plan that covers employees of Oklahoma County, including all departments and agencies, that were employed by the County prior to the conversion date of the defined contribution plan in 1991, and who elected not to convert to the defined contribution plan. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries.

EMPLOYEES' RETIREMENT SYSTEM OF OKLAHOMA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 2 - Plan Description and Contribution Information (continued)

Benefits

Retirement benefits are calculated by adding 2 2/3% of average compensation time years of service, not to exceed 15 years, plus 2% of average compensation times years of service in excess of 15 years, but not over 15 years, plus 1% of average compensation times years of service in excess of 30 years, but not over five years. Surviving spouses are eligible for 66 2/3 % of retirees' benefits after their death. If an employee terminates employment with fewer than 8 years of service, he is entitled to receive only his actual contributions.

Contributions

As specified by the Plan, County officers contribute 6% of the annual compensation of their employees and the County contributes 6% of participating employee's salary to the Plan. During the year ended June 30, 2024, contributions in the amount of \$1,000,000 were diverted from the defined contribution plan to the defined benefit plan.

Administrative Costs

Administrative costs paid from the retirement fund include compensation of actuarial consultants, audit fees and bank fees.

Net Pension Liability

The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability at June 30, 2024, was determined by an actuarial valuation as of those dates.

Note 3 - Cash and Investments

The Plan's investment policies are governed by Title 19 of the Oklahoma State Statutes. The County Treasurer shall make all decisions in accordance with the above referenced Statutes and all other applicable Statutes. The County Treasurer shall have the authority to manage, maintain, and invest the retirement funds in any or all of the securities described in Title 19. The purpose and main objective of an investment is to assure the safety, liquidity and return on investments of the retirement plan.

Custodial Credit Risk - At June 30, 2024, the Plan held deposits of approximately \$289,478 in financial institutions, which was comprised of repurchase agreement \$39,478 and certificate of deposits \$250,000. Funds are completely insured or collateralized by Federal Depository Insurance (FDIC). Treasury money market funds in the amount of \$4,156,000, are held at an investment bank and are collateralized by United States government treasuries and agencies.

The Plan held investments in the Judgments of Oklahoma County in the amount of \$1,947,837. Judgments are paid by Oklahoma County through collection of taxes.

Investment Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

EMPLOYEES' RETIREMENT SYSTEM OF OKLAHOMA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 3 - Cash and Investments (continued)

Rate of Return -The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Concentration of Investment Credit Risk - The Plan places no limit on the amount it may invest in any one issuer. The types of investments are governed by Oklahoma State Statues.

For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.62%. The money-weighted rate of return expresses investment performance, net of investment expense, as adjusted for the changing amounts actually invested.

The following table represents the fair value of investments. Investments, other than U.S. Government Securities, that represent 5% or more of the Plan's net assets are separately identified at June 30, 2024.

| | |
|-----------------------------|---------------------|
| Investments – cost approach | |
| Judgments | <u>\$ 1,947,837</u> |

Note 4 - Fair Value Measurements

The Plan's investments are reported at fair value in the accompanying statement of plan net position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Level 1 Inputs – None

Level 2 Inputs – None

Level 3 Inputs – The Judgments purchased from other governmental agencies are not actively traded and significant other observable inputs are not available. Judgments are valued at \$1,947,837 using the cost approach at June 30, 2024.

**EMPLOYEES' RETIREMENT SYSTEM OF OKLAHOMA COUNTY
NOTES TO FINANCIAL STATEMENTS**

Note 5 - Net Pension Liability and Actuarial Assumptions

The components of the Net Pension Liability consisted of the following at June 30, 2024:

| | |
|--|---------------------|
| Total Pension Liability | \$13,999,103 |
| Plan Net Position | <u>(6,459,349)</u> |
| Net Pension Liability | <u>\$ 7,539,754</u> |
| Plan net position as a % of the total pension liability: | 46.14% |

Plan Membership

| | |
|---|-----------|
| Inactive plan members or beneficiaries currently receiving benefits | 78 |
| Inactive plan members entitled to but not yet receiving benefits | 7 |
| Active plan members | <u>1</u> |
| Total | <u>86</u> |

Discount Rate and Net Pension Liability Sensitivity

Discount Rate

The discount rate used to measure the total pension liability was 2.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions, if any, will be made at the current contribution rate and that County contributions will be made at rates equal to the average ratio of the previous three year's contributions to actual benefit payments paid from the trust. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate or return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the pension liability, calculated using the discount rate of 2.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

| | 1% Decrease - 1.75% | Current - 2.75% | 1% Increase - 3.75% |
|-----------------------------|------------------------|--------------------|------------------------|
| Total pension liability | \$15,448,029 | \$13,999,103 | \$12,775,189 |
| Plan fiduciary net position | \$ 6,459,349 | \$ 6,459,349 | \$ 6,459,349 |
| Net pension liability | \$ 8,988,680 | \$ 7,539,754 | \$ 6,315,840 |

**EMPLOYEES' RETIREMENT SYSTEM OF OKLAHOMA COUNTY
NOTES TO FINANCIAL STATEMENTS**

Note 5 - Net Pension Liability and Actuarial Assumptions – continued

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

Since certain pension expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts increase the pension expense, they are labeled as deferred outflows and amounts that decrease the pension expense are labeled as deferred inflows. These outflows and inflows are amortized on a level dollar basis with no interest added for the deferred amounts. Deferred experience gains/losses and changes in assumptions are amortized over the average remaining service lives of all employees that are provided with pensions through the pension plan at the beginning of the measurement period. Investment gains/losses are amortized over a five-year period. As of June 30, 2024, net differences between projected and actual earnings on pension plan investments generated deferred outflows of resources in the amount of \$48,216 and deferred inflows of resources in the amount of (\$309,690).

Pension expense would report the net of the deferred outflows of resources and deferred inflows of resources as follows:

| Year Ended June 30, | Amount |
|---------------------|------------|
| 2025 | (\$55,666) |
| 2026 | (\$63,950) |
| 2027 | (\$83,918) |
| 2028 | (\$57,940) |
| Thereafter | - |

Total pension liability as of June 30, 2024, was determined using the following actuarial assumptions:

| | | |
|--------------------------------|--|-------|
| Inflation | 2.25% per year | |
| Salary increases | 5.00% per year | |
| Investment rate of return | 2.75% per year | |
| Actuarial Cost Method | Entry Age Normal | |
| Measurement Date | July 1, 2024 | |
| Ad hoc Cost of Living Increase | Not applicable | |
| Mortality Rate | Pub-2010 Mortality Table for General Employees amount Weighted with Improvement Scale MP-2021 | |
| Experience study | None known | |
| Retirement | The earlier of age 62 or age 55 with at least 30 years of service | |
| Interest rates | Discount rate | 2.75% |
| | Expected long-term rate of return | 2.75% |
| | Municipal bond rate | 3.86% |

Note 6 - Subsequent Events

Management has evaluated all subsequent events through September 23, 2024, the date the financial statements were available to be issued.

EMPLOYEES' RETIREMENT SYSTEM OF OKLAHOMA COUNTY
 SCHEDULE OF INVESTMENT RETURNS
 LAST 10 FISCAL YEARS

| Year Ended June 30, | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Annual money-weighted rate of return, net of investment expense | 7.62% | 4.93% | 1.00% | 1.45% | 4.21% | 3.50% | 2.50% | 1.97% | 2.37% | 1.18% |

Actuarial Valuation, Method and Assumptions

| | |
|-------------------------------|------------------------|
| Valuation date | July 1, 2024 |
| Actuarial cost method | Entry age normal |
| Amortization method | Level dollar, open |
| Remaining amortization period | 15 years |
| Asset valuation method | Market value of assets |
| Investment rate of return | 2.75% per year |
| Salary increases | 5.00% per year |
| Rate of inflation | 2.25% per year |
| Cost of living adjustments | None |

EMPLOYEES' RETIREMENT SYSTEM OF OKLAHOMA COUNTY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

| | Year Ended June 30, | | | | | | | | | |
|--|---------------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|-----------|--------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | | |
| Total pension liability | \$ | - \$ | - \$ | - \$ | - \$ | - \$ | - \$ | - \$ | 21,857 \$ | 47,585 |
| Service cost | 392,812 | 423,496 | 411,087 | 381,747 | 439,558 | 516,290 | 857,331 | 885,190 | | |
| Interest | 66,207 | (268,560) | 125,926 | (324,109) | (356,654) | (185,966) | (335,074) | 232,174 | | |
| Differences between expected and actual experience | (123,862) | - | 1,203,176 | (746,360) | 316,290 | 555,858 | 3,926,990 | (78,174) | | |
| Changes in assumptions | (1,240,220) | (1,301,279) | (1,276,629) | (1,381,754) | (1,512,929) | (1,642,391) | (1,714,769) | (1,814,117) | | |
| Benefit payments, including refunds of member contributions | | | | | | | | | | |
| Net change in total pension liability | (905,063) | (1,146,343) | 463,560 | (2,070,476) | (1,113,735) | (756,209) | 2,756,335 | (727,342) | | |
| Total pension liability - beginning | 14,904,166 | 16,050,509 | 15,586,949 | 17,657,425 | 18,771,160 | 19,527,369 | 16,771,034 | 17,498,376 | | |
| Total pension liability - ending | 13,999,103 | 14,904,166 | 16,050,509 | 15,586,949 | 17,657,425 | 18,771,160 | 19,527,369 | 16,771,034 | | |
| Plan net position | | | | | | | | | | |
| Contributions - employer | 1,011,416 | 818,283 | 1,610,245 | 1,609,912 | 1,609,523 | 1,209,249 | 1,209,072 | 1,220,793 | | |
| Net investment income | 451,365 | 295,048 | 60,761 | 82,195 | 220,125 | 190,063 | 137,927 | 120,429 | | |
| Benefit payments, including refunds of member contributions | (1,240,220) | (1,301,279) | (1,276,629) | (1,381,754) | (1,512,929) | (1,642,391) | (1,714,769) | (1,814,117) | | |
| Administrative expenses | (18,459) | (17,868) | (17,530) | (16,730) | (16,540) | (16,287) | (15,791) | (15,983) | | |
| Plan net position - beginning | 204,102 | (205,816) | 376,847 | 293,623 | 300,179 | (259,366) | (383,561) | (488,878) | | |
| Plan net position - ending | 6,255,247 | 6,461,063 | 6,084,216 | 5,790,593 | 5,490,414 | 5,749,780 | 6,133,341 | 6,622,219 | | |
| Net pension liability | 6,459,349 | 6,255,247 | 6,461,063 | 6,084,216 | 5,790,593 | 5,490,414 | 5,749,780 | 6,133,341 | | |
| Net pension liability as a percentage of the total pension liability | \$ 7,539,754 | \$ 8,648,919 | \$ 9,589,446 | \$ 9,502,733 | \$ 11,866,832 | \$ 13,280,746 | \$ 13,777,589 | \$ 10,637,693 | | |
| | 46.14% | 41.97% | 40.25% | 32.03% | 32.79% | 29.25% | 29.44% | 36.57% | | |
| Covered-employee payroll | \$ 102,686 | \$ 98,552 | \$ 92,075 | \$ 86,732 | \$ 83,397 | \$ 80,968 | \$ 79,380 | \$ 78,840 | | |
| Net pension liability as percentage of covered-employee payroll | 7342.53% | 8776.00% | 10414.82% | 10956.43% | 14229.33% | 16402.46% | 17356.50% | 13492.76% | | |

EMPLOYEES' RETIREMENT SYSTEM OF OKLAHOMA COUNTY
 SCHEDULE OF CONTRIBUTIONS AND RELATED RATIOS
 LAST 10 FISCAL YEARS

| Year Ended June 30, | 2024 | 2023 | 2022 | 2021 | 2020 |
|--|--------------|--------------|--------------|--------------|--------------|
| Actuarially determined contribution | \$ 729,948 | \$ 807,315 | \$ 799,155 | \$ 958,286 | \$ 1,096,714 |
| Contributions in relation to the actuarially determined contribution | (1,011,416) | (818,283) | (1,610,245) | (1,609,912) | (1,609,523) |
| Contributions deficiency (excess) | \$ (281,468) | \$ (10,968) | \$ (811,090) | \$ (651,626) | \$ (512,809) |
| Covered-employee payroll | \$ 102,686 | \$ 98,552 | \$ 92,075 | \$ 86,732 | \$ 83,397 |
| Contributions as a percentage of covered-employee payroll | 984.96% | 830.31% | 1748.84% | 1856.19% | 1929.95% |
| Year Ended June 30, | 2019 | 2018 | 2017 | 2016 | 2015 |
| Actuarially determined contribution | \$ 1,186,835 | \$ 1,067,876 | \$ 785,650 | \$ 811,130 | \$ 789,368 |
| Contributions in relation to the actuarially determined contribution | (1,209,249) | (1,209,072) | (1,220,793) | (1,227,012) | (1,029,880) |
| Contributions deficiency (excess) | \$ (22,414) | \$ (141,196) | \$ (435,143) | \$ (415,882) | \$ (240,512) |
| Covered-employee payroll | \$ 80,968 | \$ 79,380 | \$ 78,840 | \$ 198,634 | \$ 258,839 |
| Contributions as a percentage of covered-employee payroll | 1493.49% | 1523.14% | 1548.44% | 617.73% | 397.88% |

Notes to Schedule

A. Actuarially determined contribution is determined for the plan year that ends in the fiscal year.

B. Methods and assumptions used to determine the contributions:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry age normal |
| Amortization method | Level dollar, open |
| Remaining amortization period | 15 years |
| Asset valuation method | Market value of assets |
| Rate of inflation | 2.25% per year |
| Salary increases | 5.00% per year |
| Investment rate of return | 2.75% per year |
| Mortality table | Pub-2010 Mortality Table for General Employees amount weighted with Improvement Scale MP-2021 |
| Retirement age | The earlier of age 62 or age 55 with at least 30 years of service |

EMPLOYEES' RETIREMENT SYSTEM OF OKLAHOMA COUNTY
SCHEDULE OF INVESTMENTS
JUNE 30, 2024

| Description | Rate of Interest | Maturity Date | Par and Cost | Current Value |
|------------------------------------|------------------|---------------|---------------------|---------------------|
| <i>Certificates of Deposit</i> | | | | |
| First Security Bank & Trust Co. | 5.00% | 10/19/25 | \$ 250,000 | \$ 250,000 |
| <i>Treasury Money Market Funds</i> | | | | |
| Goldman Sachs | Variable | Open | 4,156,000 | 4,156,000 |
| <i>Judgments</i> | | | | |
| Judgment | 10.50% | 10/07/24 | 416,667 | 416,667 |
| Judgment | 10.50% | 07/29/25 | 366,666 | 366,666 |
| Judgment | 10.50% | 05/05/26 | 666,667 | 666,667 |
| Judgment | 10.50% | 09/14/26 | 400,000 | 400,000 |
| Judgment | 10.50% | 01/03/27 | 27,837 | 27,837 |
| Judgment | 10.50% | 03/21/27 | 70,000 | 70,000 |
| Total Investments | | | <u>\$ 6,353,837</u> | <u>\$ 6,353,837</u> |

JOHNSTON & AHLSCHEWEDE, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

3545 NW 58TH STREET, SUITE 325C – OKLAHOMA CITY, OKLAHOMA 73112 – (405) 917-7272

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

The Board of Trustees
Employees' Retirement System of Oklahoma County
Oklahoma City, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Employees' Retirement System of Oklahoma County, which comprise the statement of plan net position as of June 30, 2024, and the related statements of changes in plan net assets for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 23, 2024.

Report on Internal Control over Financial Reporting

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

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 of the effectiveness of the organization'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.

Jonathan & Hochwiese, P.C.

Oklahoma City, Oklahoma
September 23, 2024