JOHNSTON & AHLSCHWEDE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

EMPLOYEES' RETIREMENT SYSTEM OF OKLAHOMA COUNTY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

EMPLOYEES' RETIREMENT SYSTEM
OF OKLAHOMA COUNTY
FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

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

Report of Financial Statements

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, 2021, and the related statement of changes in plan net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net position of Employees' Retirement System of Oklahoma County as of June 30, 2021, and the changes in its plan net position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Comparative Information

We have previously audited the System's June 30, 2020, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 19, 2020. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

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.

Other 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, 2021, 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.

Johnston & Hardwell, P.C.

Oklahoma City, Oklahoma
September 17, 2021

EMPLOYEES' RETIREMENT SYSTEM OF OKLAHOMA COUNTY

STATEMENTS OF PLAN NET POSITION

As of June 30, 2021 (with Comparative Totals as of June 30, 2020)

	June 30, 2021	June 30, 2020
ASSETS		
Cash and cash equivalents	$ 2,458,716	$ 4,243,750
Interest receivable	-	6,790
Investments at fair value - Note 3		
Certificate of deposit	250,000	250,000
Insured cash sweep	3,290,000	-
Judgments	85,500	1,290,053
Total investments	3,625,500	1,540,053
Total assets	6,084,216	5,790,593
LIABILITIES		
Liabilities		
Accounts payable	-	-
Net position restricted for pensions	$ 6,084,216	$ 5,790,593

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, 2021 (with Comparative Totals for the Year Ended June 30, 2020)

	Years Ended June 30,	
	2021	2020
Additions		
Contributions - employer	$ 1,609,912	$ 1,609,523
Investment income		
Net appreciation in fair value of investments	-	-
Interest	82,195	220,125
Total investment income (loss)	82,195	220,125
Total additions	1,692,107	1,829,648
Deductions		
Benefits	1,381,754	1,512,929
Administrative expenses	16,730	16,540
Total deductions	1,398,484	1,529,469
Net increase (decrease) in net position	293,623	300,179
Net position restricted for pensions		
Beginning of year	5,790,593	5,490,414
End of year	$ 6,084,216	$ 5,790,593

The accompanying notes are an integral part of the 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, 2020, 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 statues, 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.

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, 2021 contributions were diverted from the defined contribution plan to the defined benefit plan in the amount of $800,000 and additional contributions in the amount of $800,000 were received from the Oklahoma County General Fund.

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, 2021 and the total pension liability used to calculate the net pension liability at June 30, 2021, 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 Statues. 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, 2021, the Plan held deposits of approximately $5,998,716 in financial institutions, which was comprised of insured cash sweep account $3,290,000, repurchase agreement $2,458,716 and certificate of deposits $250,000. Funds are completely insured or collateralized by Federal Depository Insurance (FDIC) and pledged collateral by the depository bank.

The Plan held investments in the Judgments of Oklahoma County in the amount of $85,500. 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.

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, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.45%. The money-weighted rate of return expresses investment performance, net of investment expense, as adjusted for the changing amounts actually invested.

No investments, other than U.S. Government Securities, that represented 5% or more of the Plan's net assets.

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 $85,500 using the cost approach at June 30, 2021.

Note 5 - Net Pension Liability and Actuarial Assumptions

The components of the Net Pension Liability consisted of the following at June 30, 2021:

Total Pension Liability	$15,586,949
Plan Net Position	(6,084,216)
Net Pension Liability	$ 9,502,733
Plan net position as a % of the total pension liability:	39.03%

Plan Membership

Inactive plan members or beneficiaries currently receiving benefits	93
Inactive plan members entitled to but not yet receiving benefits	8
Active plan members	1
Total	102

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-percenteage-point higher (3.75%) than the current rate:

	1% Decrease - 1.75%	Current - 2.75%	1% Increase - 3.75%
Total pension liability	$17,146,307	$15,586,949	$14,266,940
Plan fiduciary net position	$ 6,084,216	$ 6,084,216	$ 6,084,216
Net pension liability	$11,062,091	$9,502,733	$8,182,724

Note 5 - Net Pension Liability and Actuarial Assumptions - continued

Total pension liability as of June 30, 2021, 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, 2021	
Ad hoc Cost of Living Increase	Not applicable	
Mortality Rate	RP 2000 Combined Mortality Table for males and females projected with scale AA to 2020	
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	2.16%

Note 6 - Subsequent Events

Management has evaluated all subsequent events through September 17, 2021, 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,	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	1.45%	4.21%	3.50%	2.50%	1.97%	2.37%	1.18%	-0.87%

Information for prior years in unavailable

Actuarial Valuation, Method and Assumptions

Valuation date	July 1, 2021
Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization periods	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,						
	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Service cost	$ -	$ -	$ -	$ 21,857	$ 47,585	$ 54,584	$ 38,022
Interest	381,747	439,558	516,290	857,331	885,190	861,955	1,004,381
Differences between expected and actual experience	(324,109)	(356,654)	(185,966)	(335,074)	232,174	(88,516)	342,993
Changes in assumptions	(746,360)	316,290	555,858	3,926,990	(78,174)	(1,020,961)	1,668,014
Benefit payments, including refunds of member contributic	(1,381,754)	(1,512,929)	(1,642,391)	(1,714,769)	(1,814,117)	(1,822,278)	(1,938,597)
Net change in total pension liability	(2,070,476)	(1,113,735)	(756,209)	2,756,335	(727,342)	(2,015,216)	1,114,813
Total pension liability - beginning	17,657,425	18,771,160	19,527,369	16,771,034	17,498,376	19,513,592	18,398,779
Total pension liability - ending	15,586,949	17,657,425	18,771,160	19,527,369	16,771,034	17,498,376	19,513,592
Plan net position							
Contributions - employer	1,609,912	1,609,523	1,209,249	1,209,072	1,220,793	1,227,012	1,029,880
Net investment income	82,195	220,125	190,063	137,927	120,429	126,547	85,829
Benefit payments, including refunds of member contributic	(1,381,754)	(1,512,929)	(1,642,391)	(1,714,769)	(1,814,117)	(1,822,278)	(1,938,597)
Administrative expenses	(16,730)	(16,540)	(16,287)	(15,791)	(15,983)	(27,064)	(13,568)
	293,623	300,179	(259,366)	(383,561)	(488,878)	(495,783)	(836,456)
Plan net position - beginning	5,790,593	5,490,414	5,749,780	6,133,341	6,622,219	7,118,002	7,954,458
Plan net position - ending	6,084,216	5,790,593	5,490,414	5,749,780	6,133,341	6,622,219	7,118,002
Net pension liability	$ 9,502,733	$ 11,866,832	$ 13,280,746	$ 13,777,589	$ 10,637,693	$ 10,876,157	$ 12,395,590
Plan fiduciary net position as a percentage of the total pension liability	32.03%	32.79%	29.25%	29.44%	36.57%	37.84%	36.48%
Covered-employee payroll	$ 86,732	$ 83,397	$ 80,968	$ 79,380	$ 78,840	$ 198,634	$ 258,839
Net pension liability as percentage of covered-employee payroll	10956.43%	14229.33%	16402.46%	17356.50%	13492.76%	5475.48%	4788.92%

EMPLOYEES' RETIREMENT SYSTEM OF OKLAHOMA COUNTY
SCHEDULE OF CONTRIBUTIONS AND RELATED RATIOS

Year Ended June 30,	*2021*	*2020*	*2019*	*2018*	*2017*
Actuarially determined contribution	$ 958,286	$ 1,096,714	$ 1,186,835	$ 1,067,876	$ 785,650
Contributions in relation to the actuarially determined contribution	(1,609,912)	(1,609,523)	(1,209,249)	(1,209,072)	(1,220,793)
Contributions deficiency (excess)	$ (651,626)	$ (512,809)	$ (22,414)	$ (141,196)	$ (435,143)
Covered-employee payroll	$ 86,732	$ 83,397	$ 80,968	$ 79,380	$ 78,840
Contributions as a percentage of covered-employee payroll	1856.19%	1929.95%	1493.49%	1523.14%	1548.44%

Year Ended June 30,	*2016*	*2015*	*2014*	*2013*	*2012*
Actuarially determined contribution	$ 811,130	$ 789,368	$ 777,390	$ 692,283	$ 793,248
Contributions in relation to the actuarially determined contribution	(1,227,012)	(1,029,880)	(1,132,520)	(1,126,635)	(830,192)
Contributions deficiency (excess)	$ (415,882)	$ (240,512)	$ (355,130)	$ (434,352)	$ (36,944)
Covered-employee payroll	$ 198,634	$ 258,839	$ 238,621	$ 214,192	$ 202,984
Contributions as a percentage of covered-employee payroll	617.73%	397.88%	474.61%	525.99%	408.99%

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	RP 2000 Combined Mortality Table for males and females projected with scale AA to 2020
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, 2021

Description	Rate of Interest	Maturity Date	Par and Cost	Current Value
Certificates of Deposit				
First Security Bank & Trust Co.	.450%	10/19/21	$ 250,000	$ 250,000
Insured Cash Sweep				
BOK Financial	Variable	Open	3,290,000	3,290,000
Judgments				
Judgment	5.25%	10/29/21	6,500	6,500
Judgment	5.25%	12/04/21	58,333	58,333
Judgment	5.25%	01/13/23	20,667	20,667
	Total Investments		$ 3,625,500	$ 3,625,500