



# Oklahoma City Post-Employment Benefits Trust

An other post-employment benefits trust fund of The City of Oklahoma City, Oklahoma  
Annual Financial Report | for the Fiscal Year ended June 30, 2021



# **THE OKLAHOMA CITY POST-EMPLOYMENT BENEFITS TRUST**

An Other Post-Employment Benefits Trust Fund of  
Oklahoma City, Oklahoma

## ***Board of Trustees***

Brent Bryant, Chairman

Amy Simpson, Secretary (ex-officio)

Matthew Boggs, Treasurer (ex-officio)

Laura A. Johnson

Aimee Maddera

Neil Garrison

Dianna Berry

## ***Management***

Matthew Boggs, General Manager

Annual Comprehensive Financial Report  
for the Fiscal Year Ended June 30, 2021

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



# **Introductory Section**



**THE OKLAHOMA CITY POST-EMPLOYMENT BENEFITS TRUST**

**TABLE OF CONTENTS**

For the Fiscal Years Ended June 30, 2021 and 2020

	<b>PAGE</b>
Transmittal Letter	ii
Oklahoma City Post-Employment Benefits Trust Organization Chart	iv
Board of Trustees	v
Professional Services	vi
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statements of Plan Net Position	7
Statements of Changes in Plan Net Position	8
Notes to Financial Statements	9
Required Supplementary Information:	
Schedule of Changes in the Net OPEB Liability(Asset) and Related Ratios	27
Schedule of Employer Contributions	29
Schedule of Investment Returns	29
Actuarial Report	31
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	84



The City of  
**OKLAHOMA CITY**

November 19, 2021

The Board of Trustees  
Oklahoma City Post-Employment Benefits Trust

The Oklahoma City Post-Employment Benefits Trust's (Trust) annual financial report (annual report) provides a comprehensive overview of the Trust's financial position and the results of operations during the fiscal years ended June 30, 2021 and 2020. It complies with reporting requirements specified by Oklahoma Statutes and the dictates of effective financial management practices. The Oklahoma City Finance Department, Accounting Services Division, prepared this report in compliance with accounting principles generally accepted in the United States (U.S. GAAP). It is fairly stated in all material respects. Responsibility for the accuracy of the reported information and the completeness and fairness of the presentation, including disclosures, rests with the Trust's management.

The Trust's annual report includes the reports of independent auditors, required supplementary information, management's discussion and analysis (MD&A), financial statements, and related notes. Management's narrative on the financial activities of the Trust for the fiscal years ended June 30, 2021 and 2020, is in the MD&A section of this report, immediately following the independent auditor's report. The Trust's reporting entity is comprised of financial and operating activities conducted within the legal framework of the Trust. See Note I. B. for additional information related to the basis of presentation and relationship to the City of Oklahoma City (City) and related public trusts.

To account for the City's other post-employment benefits plan (Plan), the City elected to create an irrevocable trust as reported herein. Revenues for the Trust include payments by Plan members and contributions from the City. Payments from the Trust include payments for Plan member health, dental, vision, and life insurance. Balances remaining in the Trust are held to pay future other post-employment benefits.

The City contributes towards the health insurance premiums of Plan members. Members are vested to receive these benefits after five years of service and are eligible for benefits at their early or normal service retirement date. At June 30, 2021, the employer and Plan member contribution rates are split 50% / 50%, respectively.

The City includes the Trust in its comprehensive accounting and budgetary system. Interim financial statements provide Trust management and other interested readers with regular financial analyses. Additionally, the Trust's management maintains budgetary controls to ensure effective financial oversight.

In 2021 the City contributed \$13.44 million to fund the Trust. The funding objective of the Plan is to meet long-term benefit expectations through contributions from the City and Plan members. The City continues to make contributions in excess of annual benefit costs to meet this objective. In 2021, the City funded 72.8% and COTPA funded 93.7% of the actuarially determined annual contribution necessary to meet future obligations.



As provided in the Plan provisions, the Board of Trustees (Board) 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 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 recognizes the need to maintain a balanced investment approach to not only maximize investment results but also to reduce risk. The Board, along with the investment advisor is involved in a thorough review of each investment manager and asset type to assure they are fulfilling their role in achieving total portfolio performance.

The Trust has invested in equity and fixed income securities in accordance with the investment policy. The investment policy provides for a target of 35% of investments allocated to fixed income to safeguard against market volatility with the remaining portion invested in equity securities allocated to provide long term growth. At June 30, 2021, the actual investment allocation of equity securities is 71.5% versus the allowable percentage of the model portfolio of 35-80%.

For fiscal year 2021 investments provided a 25.81% rate of return. Despite significant volatility in the market place the portfolio's investments were able to weather the difficult market rebounding, showing gains by the close of the fiscal year.

In compliance with statutory requirements, the Trust engaged Allen, Gibbs & Houlik, L.C. to conduct its annual audit. The Trust acknowledges the professional and competent services of its independent auditors.

Respectfully submitted:



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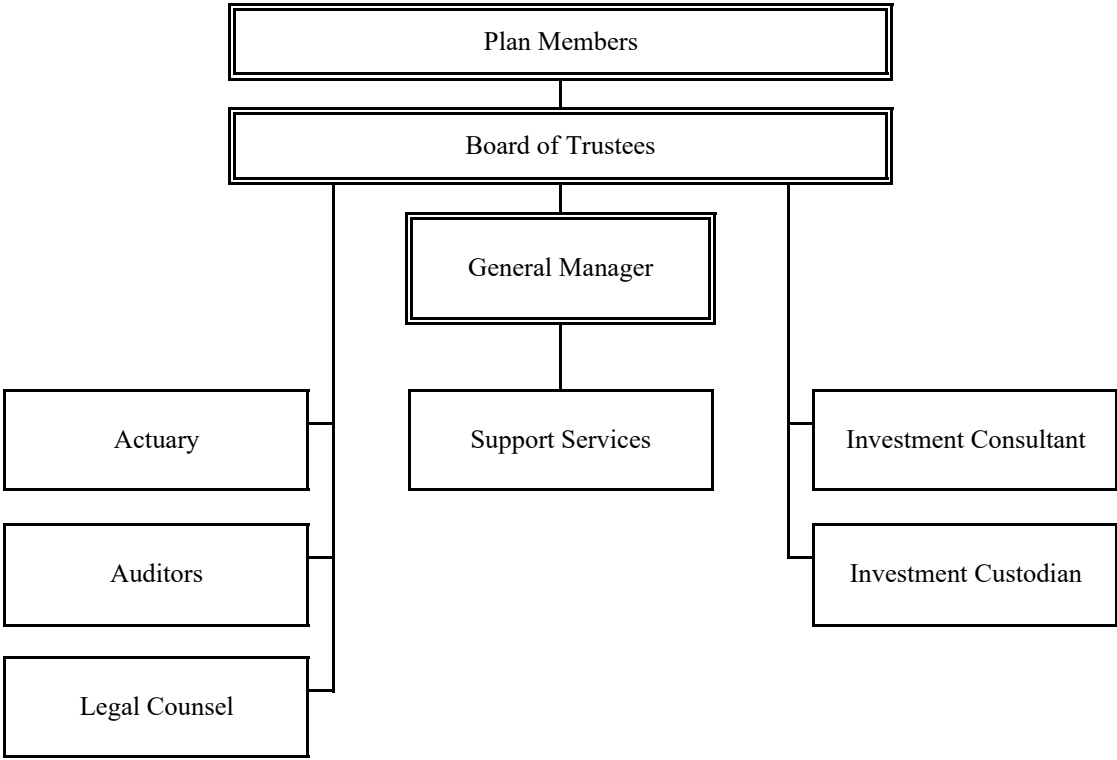
Matthew Boggs  
Oklahoma City Post-Employment Benefit Trust  
Surrogate General Manager



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Alex E. Fedak, CPA  
City of Oklahoma City  
Controller

# Oklahoma City Post-Employment Benefits Trust Organization Chart



The Board of Trustees is a policy-making body and is responsible for the Oklahoma City Post-Employment Benefits Trust (Trust) operations. The Trust is administered under its guidance and direction, subject to such rules, regulations, and policies as adopted.

The Board consists of two ex-officio members, the City of Oklahoma City (City) Treasurer and the City Clerk; two members who are appointed by the Mayor through retired membership; and three members who serve by position, the Finance Director, the Assistant City Manager, and the Chief Human Resources Officer. The Municipal Counselor’s Office serves as the Trust legal advisor.

Brent Bryant, Chairman City Finance Director	By Position
Laura A. Johnson, Vice Chairman Assistant City Manager	By Position
Aimee Maddera Chief Human Resources Officer	By Position
Neil Garrison	Appointed by Mayor
Dianna Berry	Appointed by Mayor
Amy Simpson, Secretary City Clerk	Ex-Officio
Matthew Boggs, Treasurer City Treasurer	Ex-Officio

Appointed Trustees continue to serve until replaced by the Mayor. By position Trustees continue to serve as long as they hold their position with the City.

CONSULTING SERVICES

LEGAL COUNSEL

Municipal Counselor's Office  
City of Oklahoma City  
Wiley Williams and Richard Mahoney

ACTUARY

The Nyhart Company, Inc.  
Indianapolis, Indiana  
Cody Kocher, ASA, MAAA  
Actuary

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

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

INVESTMENT CONSULTANT

AndCo Consulting  
Orlando, Florida

INVESTMENT CUSTODIAN

Bank of Oklahoma  
Oklahoma City, Oklahoma

## **Financial Section**



## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
**Oklahoma City Post-Employment Benefits Trust**  
Oklahoma City, Oklahoma

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Oklahoma City Post-Employment Benefits Trust (Trust), a fiduciary component unit of the City of Oklahoma City, Oklahoma (City) as of and for the years ended June 30, 2021 and 2020, and the related notes to financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

### ***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.

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of June 30, 2021 and 2020, 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.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the Trust's basic financial statements. The information preceding this report and the actuarial report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2021 on our consideration of the Trust'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 Trust'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 Trust's internal control over financial reporting and compliance.

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

November 19, 2021  
Wichita, Kansas



## MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Oklahoma City Post-Employment Benefits Trust (Trust) annual financial report, the Trust's management provides narrative discussion and analysis of the financial activities of the Trust for the fiscal years ended June 30, 2021 and 2020. The Trust's financial performance 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 Trust is an other post-employment benefit trust of the City of Oklahoma City (City).

The Trust is a fiduciary trust fund established for the payment of non-pension post-employment benefits to retirees of the City. The Trust resources are not available to fund City programs but are held in trust to pay non-pension retirement benefits to members.

### *Financial Summary*

- Trust net position reported in the financial statements is \$97,467,482 and \$72,076,821 for 2021 and 2020, respectively.
- The actuarial value of assets as of the June 30, 2021 actuarial report is \$97,467,482.
- The fair value of Trust investments at June 30, 2021 and 2020, is \$98,689,818 and \$69,574,547, respectively.
- The Trust funded ratio of the actuarial accrued liability as of the June 30, 2021 actuarial report is 18.7% and 48.1% for the City and COTPA respectively.

### *Overview of the Financial Statements*

This discussion and analysis introduces the Trust's basic financial statements. The basic financial statements include: (1) statement of plan net position, (2) statement of changes in plan net position, and (3) notes to the financial statements.

### **Financial Statements**

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

The first of these basic statements is the statement of plan net position. This statement presents all Trust assets and liabilities, with the difference reported as net position held in trust for other post-employment benefits. Over time, increases or decreases in net position may indicate whether the financial position of the Trust as a whole is improving or deteriorating, identify financial strengths and weaknesses, and be used to assess liquidity.

The second statement is the statement of changes in plan net position which reports how the Trust's net position changed during the fiscal year. This statement can be used to assess the Trust's operating results and analyze how the Trust'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 other post-employment benefits to its Plan members.

**Financial Analysis**

The Trust's net position at June 30, 2021 and 2020 is \$97,467,482 and \$72,076,821, respectively. The overall financial condition of the Trust improved in fiscal year 2021.

	Summary of Plan Net Position						
	2021	2020	2021-2020 Amount of Change	2021-2020 %	2019	2020-2019 Amount Change	2020-2019 %
<b>Assets</b>							
Cash	\$744,209	\$448,300	\$295,909	66.0%	\$439,189	\$9,111	2.1%
Receivables	709,202	4,390,344	(3,681,142)	(83.8)	733,802	3,656,542	498.3
Investments	<u>98,689,818</u>	<u>69,574,547</u>	<u>29,115,271</u>	41.8	<u>66,072,171</u>	<u>3,502,376</u>	5.3
<b>Total assets</b>	<b>100,143,229</b>	<b>74,413,191</b>	<b>25,730,038</b>	34.6	<b>67,245,162</b>	<b>7,168,029</b>	10.7
<b>Liabilities</b>	<b>2,675,747</b>	<b>2,336,370</b>	<b>339,377</b>	14.5	<b>2,355,118</b>	<b>(18,748)</b>	(0.8)
<b>Net position</b>	<b><u>\$97,467,482</u></b>	<b><u>\$72,076,821</u></b>	<b><u>\$25,390,661</u></b>	35.2	<b><u>\$64,890,044</u></b>	<b><u>\$7,186,777</u></b>	11.1

Assets increased \$25.73 million in 2021. Cash and investments increased by \$29.41 million primarily due to excess employer contributions of \$1.99 million and investment income of \$22.36 million. Receivables decreased \$3.68 million at June 30, 2021, due to timing of current year employer contributions as compared to the prior year. Liabilities increased \$339 thousand in 2021. Assets increased \$7.17 million in 2020. Cash and investments increased by \$3.51 million primarily due to excess employer contributions of \$2.96 million and investment income of \$1.78 million. Receivables increased \$3.66 million at June 30, 2020, due to timing of prior year employer contributions. Liabilities remained stable in 2020.

	Summary of Changes in Plan Net Position						
	2021	2020	2021-2020 Amount of Change	2021-2020 %	2019	2020-2019 Amount of Change	2020-2019 %
<b>Additions</b>							
Contributions	\$26,114,658	\$27,658,431	(\$1,543,773)	(5.6%)	\$27,705,308	(\$46,877)	(0.2%)
Net Investment income	22,363,640	1,781,703	20,581,937	1155.2	3,727,503	(1,945,800)	(52.2)
Other	-	-	-	0.0	8,740	(8,740)	(100.0)
<b>Total additions</b>	<b><u>48,478,298</u></b>	<b><u>29,440,134</u></b>	<b><u>19,038,164</u></b>	64.7	<b><u>31,441,551</u></b>	<b><u>(2,001,417)</u></b>	(6.4)
<b>Deductions</b>							
Benefits	22,697,332	21,810,210	887,122	4.1	24,594,649	(2,784,439)	(11.3)
Administrative expenses	<u>390,305</u>	<u>443,147</u>	<u>(52,842)</u>	(11.9)	<u>74,904</u>	<u>368,243</u>	491.6
<b>Total deductions</b>	<b><u>23,087,637</u></b>	<b><u>22,253,357</u></b>	<b><u>834,280</u></b>	3.7	<b><u>24,669,553</u></b>	<b><u>(2,416,196)</u></b>	(9.8)
<b>Changes in net position</b>	<b>25,390,661</b>	<b>7,186,777</b>	<b>18,203,884</b>	253.3	<b>6,771,998</b>	<b>414,779</b>	6.1
Beginning net position	<u>72,076,821</u>	<u>64,890,044</u>	<u>7,186,777</u>	11.1	<u>58,118,046</u>	<u>6,771,998</u>	11.7
<b>Ending net position</b>	<b><u>\$97,467,482</u></b>	<b><u>\$72,076,821</u></b>	<b><u>\$25,390,661</u></b>	35.2	<b><u>\$64,890,044</u></b>	<b><u>\$7,186,777</u></b>	11.1

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2021 and 2020**

**OKLAHOMA CITY POST-EMPLOYMENT**  
**BENEFITS TRUST**

At June 30, 2021 contributions decreased \$1.54 million primarily due to the budgeted reduction of employer contributions of \$1.20 million in anticipation of lower sales tax revenue during the COVID pandemic. Net investment income increased \$20.58 million primarily due to increased appreciation in the fair value of investments of \$20.70 million. Benefits paid increased \$887 thousand primarily due to an increase in indemnity benefits of \$826 thousand. Administrative expenses decreased \$53 thousand primarily due to a decrease of \$85 thousand in the portion of employee clinic expenses paid from Trust assets, offset by an increase of \$20 thousand in printing expenses for special board election mailings. At June 30, 2020 contributions remained stable. Investment income decreased \$1.95 million primarily due to decreased appreciation in the fair value of investments of \$2.15 million offset by a \$234 thousand increase in dividend income. Benefits paid decreased \$2.78 million due primarily to a reduction in indemnity benefits of \$2.60 million. Administrative expenses increased by \$368 thousand primarily due to a portion of employee clinic expenses paid from Trust assets for the first time.

**Detail of Ending Plan Net Position**

	2021	2020	2021-2020 Amount of Change	2021-2020 %	2020-2019 Amount of Change	2020-2019 %
Net position at beginning of year	<u>\$72,076,821</u>	<u>\$64,890,044</u>	<u>\$7,186,777</u>	11.1%	<u>\$58,118,046</u>	<u>\$6,771,998</u> 11.7%
Dental Plan						
Employee premium	838,789	862,592	(23,803)	(2.8)	828,043	34,549 4.2
Expenses	<u>(838,789)</u>	<u>(862,592)</u>	<u>23,803</u>	2.8	<u>(828,043)</u>	<u>(34,549)</u> (4.2)
	-	-	-	0.0	-	- 0.0
Life Insurance Plan						
Employee premium	283,698	286,794	(3,096)	(1.1)	287,475	(681) (0.2)
Expenses	<u>(283,698)</u>	<u>(286,794)</u>	<u>3,096</u>	1.1	<u>(287,475)</u>	<u>681</u> 0.2
	-	-	-	0.0	-	- 0.0
Vision Plan						
Employee premium	96,557	87,981	8,576	9.7	77,521	10,460 13.5
Expenses	<u>(96,557)</u>	<u>(87,981)</u>	<u>(8,576)</u>	(9.7)	<u>(77,521)</u>	<u>(10,460)</u> (13.5)
	-	-	-	0.0	-	- 0.0
HMO Plan						
Employee premium	3,429,065	3,389,503	39,562	1.2	3,430,678	(41,175) (1.2)
Employer premium	3,429,065	3,389,503	39,562	1.2	3,573,725	(184,222) (5.2)
Expenses	<u>(6,858,130)</u>	<u>(6,779,006)</u>	<u>(79,124)</u>	(1.2)	<u>(7,004,403)</u>	<u>225,397</u> 3.2
	-	-	-	0.0	-	- 0.0
Indemnity Plan						
Employee premium	8,022,208	8,338,725	(316,517)	(3.8)	8,388,755	(50,030) (0.6)
Employer assessed premium	<u>8,022,208</u>	<u>8,338,725</u>	<u>(316,517)</u>	(3.8)	<u>8,738,379</u>	<u>(399,654)</u> (4.6)
Assessed premium	16,044,416	16,677,450	(633,034)	(3.8)	17,127,134	(449,684) (2.6)
Expenses	<u>(14,620,158)</u>	<u>(13,793,837)</u>	<u>(826,321)</u>	(6.0)	<u>(16,397,207)</u>	<u>2,603,370</u> 15.9
Net assessed revenue (loss)	1,424,258	2,883,613	(1,459,355)	(50.6)	729,927	2,153,686 295.1
Excess employer contributions	1,993,068	2,964,608	(971,540)	(32.8)	2,380,732	583,876 24.5
Investment income (loss)	22,363,640	1,781,703	20,581,937	1155.2	3,727,503	(1,945,800) (52.2)
Other revenue	-	-	-	0.0	8,740	(8,740) (100.0)
Trust administrative fees	<u>(390,305)</u>	<u>(443,147)</u>	<u>52,842</u>	11.9	<u>(74,904)</u>	<u>(368,243)</u> (491.6)
Change in net position	<u>25,390,661</u>	<u>7,186,777</u>	<u>18,203,884</u>	253.3	<u>6,771,998</u>	<u>414,779</u> 6.1
<b>Ending net position</b>	<b><u>\$97,467,482</u></b>	<b><u>\$72,076,821</u></b>	<b><u>\$25,390,661</u></b>	<b>35.2</b>	<b><u>\$64,890,044</u></b>	<b><u>\$7,186,777</u></b> 11.1

Contributions represent payments from retirees and the City to fund current and future retiree other post-employment benefits. Deductions include amounts paid for retiree health, dental, life and vision insurance benefits, and administrative expenses. Total assessed premiums for the Indemnity Plan are \$16.04 million at June 30, 2021. The City contributed \$13.44 million at June 30, 2021 for retiree health benefits. The increase of \$25.39 million in net position as of June 30, 2021 was due primarily to excess contributions, net investment income and the difference between assessed premiums and expenses for the indemnity plan. Total assessed premiums for the Indemnity Plan were \$16.68 million at June 30, 2020. The City contributed \$14.69 million at June 30, 2020 for retiree health benefits. The increase of \$7.19 million in net position as of June 30, 2020 was due primarily to excess contributions, net investment income and the difference between assessed premiums and expenses for the indemnity plan.

***Economic Factors***

The Trust recognized net investment income of \$22.36 million at June 30, 2021 when the Trust rate of return on investments was 25.81%. The Trust recognized net investment income of \$1.78 million at June 30, 2020 when the Trust rate of return on investments was 2.56%. The investment portfolio produced a positive return for fiscal year ended June 30, 2021, showing gains in all investment types with the strongest growth in Domestic Common and International Securities.

**Financial Market Summary**

	<u>2021</u>	<u>2020</u>	2021-2020 Amount of <u>Change</u>	2021-2020 % <u>Change</u>	<u>2019</u>	2020-2019 Amount of <u>Change</u>	2020-2019 % <u>Change</u>
S&P 500	40.09	27.85	12.24	43.9%	2,941.76	(2,913.91)	(99.1%)
S&P MidCap 400	2,696.12	1,783.21	912.91	51.2	1,945.51	(162.30)	(8.3)
S&P SmallCap 600	97.74	59.02	38.72	65.6	1,311.20	(1,252.18)	(95.5)
Dow Jones Industrial Average	34,502.51	25,812.88	8,689.63	33.7	26,599.96	(787.08)	(3.0)
NASDAQ	14,503.95	10,058.77	4,445.18	44.2	8,006.24	2,052.53	25.6
10 Year Bond Yield (%)	1.44	0.65	0.79	121.5	2.00	(1.35)	(67.5)
60 Day U.S. Treasury (%)	0.05	0.16	(0.11)	(68.8)	2.12	(1.96)	(92.5)

The Trust has invested in equity and fixed income securities in accordance with the investment policy. Diversification of investments is one of the primary means the Trust uses to mitigate risk. The Trustees have directed staff to invest available funds in accordance with the adopted assumed rate of return. At June 30, 2021, the actual investment allocation of equity securities is 71.5%, within the allowable percentage model portfolio of 35-80% versus the prior year when the allocation to equities was 65.9%.

***Contacting the Trust's Financial Management***

This financial report is designed to provide a general overview of the Trust finances, comply with finance-related laws and regulations, and demonstrate commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City's Finance Department, Accounting Services Division, at 100 North Walker, Suite 300, Oklahoma City, Oklahoma 73102.

# **Basic Financial Statements**



**STATEMENT OF PLAN NET POSITION**  
**June 30,**

**OKLAHOMA CITY POST-EMPLOYMENT**  
**BENEFITS TRUST**

	<u>2021</u>	<u>2020</u>
<b><u>ASSETS</u></b>		
Cash-----	\$744,209	\$448,300
<b><u>RECEIVABLES</u></b>		
Interest and dividends-----	56,267	57,085
Plan members-----	481,971	687,329
Other receivables-----	170,964	3,645,930
Total receivables-----	<u>709,202</u>	<u>4,390,344</u>
<b><u>INVESTMENTS, AT FAIR VALUE</u></b>		
Domestic common stock-----	20,425,692	11,768,875
Passive domestic stock funds-----	39,950,315	28,207,044
Passive bond fund-----	25,487,632	21,757,536
International stock-----	10,151,884	5,869,061
Treasury money market fund-----	2,674,295	1,836,256
Oklahoma City judgments-----	-	135,775
Total investments-----	<u>98,689,818</u>	<u>69,574,547</u>
<b>Total assets</b> -----	<b><u>100,143,229</u></b>	<b><u>74,413,191</u></b>
<b><u>LIABILITIES</u></b>		
Accounts payable-----	1,219,897	1,175,364
Unearned revenue-----	1,627	3,814
Estimated claims payable-----	1,454,223	1,157,192
<b>Total liabilities</b> -----	<b><u>2,675,747</u></b>	<b><u>2,336,370</u></b>
<b><u>NET POSITION</u></b>		
Held in trust for other post-employment benefits-----	<b><u>\$97,467,482</u></b>	<b><u>\$72,076,821</u></b>

See accompanying notes to financial statements.

**STATEMENT OF CHANGES IN PLAN NET POSITION**  
**For the Years Ended June 30,**

**OKLAHOMA CITY POST-EMPLOYMENT**  
**BENEFITS TRUST**

	<u>2021</u>	<u>2020</u>
<b><u>ADDITIONS</u></b>		
<b><u>CONTRIBUTIONS</u></b>		
Employer-----	\$13,444,341	\$14,692,836
Plan members-----	12,670,317	12,965,595
<b>Total contributions-----</b>	<b>26,114,658</b>	<b>27,658,431</b>
<b><u>INVESTMENT INCOME</u></b>		
Net appreciation in fair value of investments-----	21,118,942	383,275
Interest-----	28,068	97,801
Dividends-----	1,306,908	1,393,124
	<u>22,453,918</u>	<u>1,874,200</u>
Less: investment expense-----	(90,278)	(92,497)
Net investment income-----	<u>22,363,640</u>	<u>1,781,703</u>
<b>Total additions-----</b>	<b>48,478,298</b>	<b>29,440,134</b>
<b><u>DEDUCTIONS</u></b>		
Benefits paid-----	22,697,332	21,810,210
Administrative expenses-----	390,305	443,147
<b>Total deductions-----</b>	<b>23,087,637</b>	<b>22,253,357</b>
<b>Change in net position-----</b>	<b>25,390,661</b>	<b>7,186,777</b>
<b><u>NET POSITION HELD IN TRUST FOR OTHER POST-EMPLOYMENT BENEFITS</u></b>		
Beginning of year-----	72,076,821	64,890,044
<b>End of year-----</b>	<b>\$97,467,482</b>	<b>\$72,076,821</b>

See accompanying notes to financial statements.



# **Notes to Financial Statements**



## 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 is organized to provide explanations, including required disclosures, of the Oklahoma City Post-Employment Benefits Trust (Trust) financial activities for the fiscal years ended June 30, 2021 and 2020.

### I. B. BASIS OF PRESENTATION

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

The Trust was authorized and created by Oklahoma City (City) resolution on June 17, 2008, to hold funds in trust for its members. The purpose of the Trust is to provide post-employment health, life, dental, vision or other qualified post-employment related benefits for certain Plan members 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 Trust administers the City of Oklahoma City Post retirement Medical Plan (the Plan), a single employer defined benefit healthcare plan.

The Trust Board of Trustees (Board) is comprised of five members. Three members are appointed based on position with the City which includes the City Finance Director, Assistant City Manager, and the Chief Human Resources Officer. Two members are appointed as trustees by the Mayor based on their status as retirees. The City Clerk serves as an ex-officio member (non-voting) and acts as the Clerk and Secretary of the Board. The City Treasurer serves as an ex-officio member (non-voting) and acts as the Treasurer and General Manager of the Trust.

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

The Trust is reported as a fiduciary component unit in the City ACFR as a trust fund in the City's fiduciary financial statements. Copies of the Oklahoma City ACFR may be obtained by contacting the City's Finance Department, Accounting Services Division, at 100 North Walker, Suite 300, Oklahoma City, Oklahoma 73102.

#### *Trust Administration*

The Trust has no employees. All Trust activities are performed by City employees. The Trust does not reimburse the City for the cost of these services.

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

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

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

Financial statements of the Trust 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 plan net position. Plan member contributions to the Trust 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 Trust 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, AND DEFERRED INFLOWS OF RESOURCES

### I. D. 1. CASH AND INVESTMENTS

The Board adopted formal deposit and investment policies in May 2009. On May 8, 2017, the Board amended the investment policy. Investments are administered by an investment committee.

Investments are reported at fair value and determined using selected bases. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds not listed on an established market are reported at estimated fair value as determined by the respective investment managers based on quoted sales prices of the underlying securities. Cash equivalents are reported with investments. Cash deposits are reported at carrying amount which reasonably estimates 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.

### ***Implementation of New Accounting Standard***

In 2021, the Trust implemented the following accounting standards. The implementation of these standards did not have a material impact on the Trust's financial statements.

The Trust implemented Governmental Accounting Standards Board (GASB) statement number 84, Fiduciary Activities. The primary purpose of this statement is to improve guidance and financial reporting of fiduciary activities. The requirements of this statement are intended to enhance the consistency and comparability of fiduciary activity to improve the usefulness of this information primarily for assessing government accountability and stewardship as a fiduciary.

The Trust implemented GASB statement number 90, Majority Equity Interests. The primary objectives of this statement are to improve the consistency and comparability of reporting majority equity interest in a legally separate organization and to improve the relevance of financial statement information by providing essential information related to presentation for certain component units.

The Trust implemented all requirements of GASB statement number 93, Replacement of Interbank Offered Rates with the exception of the removal of the London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate, which will be effective for the Trust in fiscal year 2022. The primary purpose of this statement is to preserve the consistency and comparability of reporting hedging derivative instruments and leases after amending or replacing agreements to replace an Interbank Offered Rate. As a result of global reference rate reform, LIBOR is expected to cease to exist at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates.

The Trust early adopted GASB statement number 98, The Annual Comprehensive Financial Report. The primary purpose of this statement is to establish the term annual comprehensive financial report and its acronym ACFR. This statement was developed in response to concerns raised by stakeholders that the pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. The Trust, like the GASB, is committed to promoting inclusiveness.

#### **I. D. 2. RECEIVABLES**

Receivables include employer and Plan member contributions receivable. These receivables are due in less than 30 days. These receivables are considered fully collectible and no allowance for uncollectible amounts is recorded.

#### **I. D. 3. RISK FINANCING AND ESTIMATED CLAIMS PAYABLE**

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended worldwide mitigation measures. The extent of COVID-19's effect on the Trust's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on the Trust's operations, however, it is possible market value of investments may be impacted due to the pandemic.

The Trust accounts for the risk financing for retiree other post-employment benefits and assumes the associated transferred risk from City funds, the Oklahoma City Public Property Authority (OCPPA), and the Oklahoma City Zoo Trust (OCZT).

The City funds pay a premium for insurance coverage and have no further costs or liabilities. OCPPA and OCZT pay a discounted amount for insurance coverage. COTPA (Central Oklahoma Transportation and Parking Authority) has adopted a funding plan and contributes budgeted amounts to the Trust. Costs and liabilities for commercial insurance, stop-loss insurance, and claims paid are recorded in the Trust.

Significant losses are covered by commercial insurance for all major programs except one employee health care alternative, which is covered by stop-loss commercial insurance. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The Trust records an estimated liability for indemnity health care claims against the City. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience. Claims liabilities include specific incremental claim adjustment expenses, allocated loss adjustment expenses, and are reduced for estimated recoveries on unsettled claims such as salvage or subrogation.

#### **I. D. 4. USE OF ESTIMATES**

The preparation of the Trust financial statements in conformity with U.S. GAAP requires the Trust to make significant estimates and assumptions that affect the reported amounts of net position held in trust for other post-employment 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 Trust 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 Trust and the actuarial information included in the required supplementary information are determined and reported using certain assumptions pertaining to interest rates, inflation rates, and Plan member 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. E. TAX STATUS**

The Trust was approved by the Internal Revenue Service as a 501(c)(9) Voluntary Plan member Benefits Association on October 29, 2009, and was ruled exempt from Federal and State income taxes.

### **II. ASSETS**

#### **II. A. DEPOSITS AND INVESTMENTS**

##### ***Deposits***

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Trust's deposits may not be returned or the Trust will not be able to recover collateral securities in the possession of an outside party. The Trust investment policy does not formally address custodial credit risk for deposits, however, true cash deposits are minimal and required to be collateralized at 110% for any deposits in excess of Federal deposit insurance limits.

At June 30, 2021 and 2020, the Trust's cash is collateralized with securities held by the pledging financial institution in the name of the Trust or the City, less Federal depository insurance.

##### ***Investments***

The Trust 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 Trust's financial position. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

**OKLAHOMA CITY POST-EMPLOYMENT**  
**BENEFITS TRUST**

		<b>2021</b>						
	<u>Cost</u>	Fair Value/ Carrying <u>Amount</u>	Level 1 <u>Inputs</u>	Level 2 <u>Inputs</u>	Level 3 <u>Inputs</u>	Measured at <u>NAV (1)</u>	Average Credit Quality/ <u>Ratings (2)</u>	Weighted Average <u>(months) (3)</u>
Domestic								
common stock	\$50,690,783	\$60,376,007	\$60,376,007	\$ -	\$ -	\$ -	N/A	N/A
International								
stock	7,922,615	10,151,884	10,151,884	-	-	-	N/A	N/A
Money								
market (4)(5)	2,674,295	2,674,295	2,674,295	-	-	-	AAA/Aaa	0.63
Passive bond								
funds	<u>24,871,718</u>	<u>25,487,632</u>	<u>25,487,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	Not Rated	111.33
<b>Total</b>								
<b>investments</b>	<b><u>\$86,159,411</u></b>	<b><u>\$98,689,818</u></b>	<b><u>\$98,689,818</u></b>	<b><u>\$-</u></b>	<b><u>\$-</u></b>	<b><u>\$-</u></b>		
		<b>2020</b>						
	<u>Cost</u>	Fair Value/ Carrying <u>Amount</u>	Level 1 <u>Inputs</u>	Level 2 <u>Inputs</u>	Level 3 <u>Inputs</u>	Measured at <u>NAV (1)</u>	Average Credit Quality/ <u>Ratings (2)</u>	Weighted Average <u>(months) (3)</u>
Domestic								
common stock	\$33,070,589	\$39,975,919	\$39,975,919	\$ -	\$ -	\$ -	N/A	N/A
International								
stock	6,396,532	5,869,061	5,869,061	-	-	-	N/A	N/A
Money								
market (4)(5)	1,836,256	1,836,256	1,836,256	-	-	-	AAA/Aaa	0.60
Passive bond								
funds	20,389,676	21,757,536	21,757,536	-	-	-	Not Rated	112.41
Judgments (4)	<u>135,775</u>	<u>135,775</u>	<u>135,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	N/A	4.00
<b>Total</b>								
<b>investments</b>	<b><u>\$61,828,828</u></b>	<b><u>\$69,574,547</u></b>	<b><u>\$69,574,547</u></b>	<b><u>\$-</u></b>	<b><u>\$-</u></b>	<b><u>\$-</u></b>		

- (1) The net asset value (NAV) is a practical expedient to estimate fair value.
- (2) Ratings are provided where applicable to indicate associated credit risk.
- (3) Interest rate risk is estimated using weighted average months to maturity for all investments.
- (4) Cost approximates fair value.
- (5) Consists solely of U.S. Treasury securities.

**Fair Value Measurement**

There have been no changes in the methodologies used at June 30, 2021 and 2020.

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.

Domestic common stock, international stock, and passive bond funds are purchased through the use of mutual funds. Mutual funds are valued at the daily closing price as reported to the Trust. Mutual funds held by the Trust are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Money market funds are reported at cost which approximates fair value, are traded on active markets at quoted prices, and are valued at level 1.

**Realized Gains/Losses**

For the year ended June 30, 2021, net realized gains were \$16,334,253 compared to realized gains of \$873,717, at June 30, 2020. Net realized gains (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 Policies**

Trust investment policies provide for investment managers to have full discretion of assets allocated to them, subject to the overall investment guidelines set out in the policy unless governed by a prospectus. Investment manager performance is reviewed by a consultant who provides reports to the Board. Overall investment guidelines provide for diversification and allow investment in domestic common stocks, domestic and international fixed income securities, cash equivalents, domestic and international index funds, collective trust funds, and mutual funds.

The Trust's investment consultant will oversee and manage all funds invested in international equities, domestic equities and fixed income. In accordance with the Trust indenture, the City Treasurer shall serve as the Treasurer of the Trust and shall have such duties and responsibilities established by the Trustees and will provide the oversight necessary to carry out the investment policies of the Trust. As such, the City Treasurer will manage any cash, cash equivalents and money market funds deemed necessary to accommodate the operational activities of the Trust. These assets will be reported separately and segregated from the asset allocation managed by the investment consultant.

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 Trust does not have investments not held in the name of the Trust by an investment counterparty.

**Asset Allocation Guidelines**

	2021				2020			
	Minimum	Target	Maximum	Actual(1)	Minimum	Target	Maximum	Actual(1)
Domestic equities	30%	55%	65%	61.2%	30%	55%	65%	57.5%
International equities	5	10	15	10.3	5	10	15	8.4
Fixed income	12	21	65	23.6	12	21	65	28.6
High Yield fixed income	0	4	10	2.2	0	4	10	2.7
Cash equivalents	0	0	100	2.7	0	0	100	2.6
Active duration fixed income	7	10	11	0.0	7	10	11	0.0
Judgments	1	0	10	0.0	1	0	10	0.2

(1) Funds held by the Trust Treasurer for cash flow purposes are invested temporarily in money market funds. These funds have not been made available to the investment manager and therefore are not included in actual percentages above. At June 30, 2021 and 2020, the amount of funds invested by the Treasurer temporarily in money market funds was \$2,674,295 and \$1,836,256, respectively.

Trust policy provides risk parameters for various portfolio compositions. These address credit risk, interest rate risk, and foreign currency risk applicable to the portfolio. The Trust contractually delegates portfolio management to investment managers based on these prescribed portfolio structures. Equity securities (common stock or equivalent) must be traded on a major U.S. exchange and may include issues convertible to common stocks. International fixed income securities purchases are generally limited to issues of at least \$50 million. Investment managers may not invest in more than 7.5% of any one issuer or more than 30% of any one sector of the market. U.S. government securities are excluded from these restrictions.

**Common Stocks (Domestic and International)**

Investments are limited to stocks expected to both appreciate in value and achieve future growth in earnings and current dividend return.



Core Fixed income securities

Fixed income securities average credit quality of the funds holdings must be above investment grade, with an average maturity between 75% and 125% of the maturity of the Barclays aggregate index.

High Yield Fixed income securities

High yield fixed income securities average credit quality of the fund's holdings must be below investment grade, with an average maturity between 75% and 125% of the maturity of the Merrill Lynch High Yield Index.

Cash equivalents

Cash equivalents are limited to A1, P1 rated commercial paper; obligations of the U.S. government or its agencies maturing in one year or less; and broker or bank repurchase agreements collateralized by U.S. government or its agency assets. Money market mutual funds and bank short-term investment funds invested as listed above are also acceptable.

Domestic index and mutual funds

Index and mutual funds are limited to investment company shares, collective trust funds of banks or trust companies, and insurance company separate accounts and must have at least a three year history, \$50 million in assets under management, and the same investment philosophy and strategy for the previous three years. The domestic index funds must strive to replicate the return of Standard and Poor's 500 Stock Index or Barclays Capital Aggregate Bond Index or another index as deemed to be appropriate.

International index and mutual funds

Index and mutual funds are limited to investment company shares, collective trust funds of banks or trust companies, and insurance company separate accounts and must have at least a three year history, \$50 million in assets under management, and the same investment philosophy and strategy for the previous three years. The international index funds must strive to replicate the return of the Morgan Stanley Capital International Europe Australia and Far East Index (MSCI/EAFE).

Active Duration Fixed Income

Active duration fixed income managers will have full discretion within the guidelines to invest in fixed income and related securities. Any of the following fixed income securities or their options, individually or in commingled vehicles, subject to credit, diversification and marketability guidelines below, may be held outright and under resale agreement: Obligations issued or guaranteed by the U.S. government, federal agencies or U.S. government sponsored corporations and agencies backed by the full faith and credit of the U.S. government, including Treasury inflation-indexed securities (TIPS) and GNMA's. The manager shall have no maturity or duration constraints.

Judgments

Judgments may be purchased by the City Treasurer for the benefit of the Trust. 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 State Treasurer on the first regular business day following publication in January of each year, plus two percent (2%).

Trust investment policy is more restrictive than the standards of the Oklahoma Uniform Prudent Investor Act which requires public trusts to consider the purposes, terms, distribution requirements, and other circumstances of the trust and to exercise reasonable care, skill, and caution when investing. 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.

**Concentration of Credit Risk**

Concentration of credit risk is the risk that investments in any one issuer may not be recoverable. The risk exists when investments in any one issuer are in excess of 5%. The Trust investment policy places no limit on the amount the Trust may invest with any one issuer. The following are mutual funds the Trust is invested in which does not create a concentration of credit risk.

<u>Investment</u>	<u>2021</u>	<u>2020</u>
American Beacon Stephens Small Cap Growth Fund	12%	13%
Causway International Value Fund	10	8
DoubleLine Core Fixed Income Fund	8	9
Hotchkis & Wiley Mid-Cap Value Fund	8	4
JP Morgan Money Market	3	3
Loomis Sayles Bond Fund	8	8
Lord Abbett High Yield Fund	2	3
Vanguard 500 Index Fund	0	35
Vanguard Mid-Cap Index Fund	6	6
Fidelity 500 Index Prem	35	0
Wasatch-Hoisington US Treasury Fund	8	11

## II. B. ACCOUNTS RECEIVABLE

### *Contributions Receivable*

There are no receivables older than thirty days.

	<u>2021</u>	<u>2020</u>
<u>PLAN MEMBER CONTRIBUTIONS RECEIVABLE</u>		
Oklahoma Police Pension and Retirement System	\$461,469	\$416,219
Oklahoma Fire Pension and Retirement System	17,836	271,110
COTPA Employee Retirement System	<u>2,666</u>	<u>-</u>
<b>Total plan member contributions</b>	<b><u>\$481,971</u></b>	<b><u>\$687,329</u></b>

### *Other Receivables*

Other accounts receivable at June 30, 2021 and 2020, include \$170,964 and \$3,645,930 respectively, receivable from fiduciary funds. As of June 30, 2021 the balance is primarily employee contributions of \$164,684 not yet received, while the balance as June 30, 2020 was primarily employer contributions of \$3,640,745 due from the General Fund not yet deposited in the Trust.

## III. LIABILITIES

### *Estimated Claims Payable*

Health insurance claims incurred but not reported for the City's retiree self-insured group indemnity plan (Indemnity Plan) are calculated by a third-party using the one day weighted average of annual claims over the weighted average days lag in claims reporting. A copy of the third party report can be obtained from Human Resources, 420 W. Main, Suite 110, Oklahoma City, OK 73102.

Significant losses are covered by commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current and previous two fiscal years.

Liability balance, July 1, 2019	\$1,340,421
Claims and changes in estimates	13,610,609
Claims payments	<u>(13,793,838)</u>
Liability balance, June 30, 2020	1,157,192
Claims and changes in estimates	14,917,219
Claims payments	<u>(14,620,158)</u>
<b>Liability balance, June 30, 2021</b>	<b><u>\$1,454,223</u></b>

Assets available to pay claims at June 30, 2021 and 2020 were \$98,923,332 and \$73,237,827, respectively.

#### IV. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

##### IV. A. PLAN DESCRIPTION

###### *Plan Administration*

###### **City OPEB**

The City provides post-employment healthcare benefits for retired employees and their dependents through the City of Oklahoma City Post-retirement Medical Plan (the City OPEB Plan), a single-employer defined benefit healthcare plan. The benefits, coverage levels, retiree contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual. The City OPEB Plan issues a separate report that can be obtained from Human Resources at 420 W. Main, Suite 110, Oklahoma City, OK 73102. The City OPEB Plan covers all current retirees who elected post-retirement medical coverage through the City and future retired general employees. All firefighters retiring after December 31, 2002, are covered under a separate plan established specifically to provide medical benefits to City firefighters and are not considered for this disclosure. McGee Creek Authority retirees are also not covered under the Plan.

###### **COTPA OPEB**

COTPA eligible retirees, and their eligible dependents under 65 years of age are covered under the City's health and welfare plans. City OPEB costs and obligations include COTPA retirees over 65 years of age and are covered under the City's OPEB plan.

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

	<u>(All other retirees\COTPA retirees)</u>
Year established and governing authority	2008; City Council Ordinance\COTPA 2009; Board Resolution
Determination of contribution requirements	City Policy\Policy
Employer	50% of premium\Subsidy based on years of service
Plan members	50% of premium\Remainder of unsubsidized premium costs
Funding of administrative costs	Investment earnings
Period required to vest	5 years\10 years

###### *Funding Policy*

The employer contribution rate is 50% of premium for retirees other than COTPA retirees. For COTPA retirees, COTPA contributes a subsidy towards medical coverage of retirees based on years of service. The retirees are responsible for paying the remaining balance of the premium.

**Benefit Provisions**

The City offers post-retirement healthcare benefits to eligible retirees of the City or approved public trusts 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 premiums 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 set forth by City Council resolution, subsidized 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 elected, at the time of retirement, to purchase retiree Plan Benefits from the City and 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 Retiree Premium Subsidies Resolution -2016 approved by City Council November 8, 2016.

**Post-Retirement Benefit Adjustments**

Post-retirement benefits for retirees are not subject to any changes in the Consumer Price Index.

**Membership**

	<b>June 30,</b> <b><u>2021</u></b>	<b>June 30,</b> <b><u>2020</u></b>
Active members	3,410	3,487
COTPA Active Members (1)	261	258
Retirees and beneficiaries currently receiving benefits	2,146	2,141
COTPA retirees currently receiving benefits (1)	15	13
	<b><u>5,832</u></b>	<b><u>5,899</u></b>

(1) COTPA membership numbers are calculated every other year.

**Contributions**

City Council establishes contribution rates for the retirees as a percentage of the total premium cost. The employee contribution rate is 50% of premium. The City portion is budgeted annually. For COTPA retirees, the contribution rates are set through labor negotiations and approved by the COTPA Board of Trustees. The COTPA portion is budgeted annually. COTPA contributes a subsidy towards medical coverage of retirees based on years of service. The retirees are responsible for paying the remaining balance of the premium.

*Annual Required Contributions - Actuarial Assumptions*

Valuation date	6/30/21
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Salary
Amortization period	30 years, closed
Actuarial asset valuation method	4-year smoothed market
Actuarial Assumptions	
Discount rate	3.35%
City Investment rate of return	7.50%
COTPA Investment rate of return	7.50%
Inflation (1)	3.00%
Inflation - Police	3.50%
Projected salary increases (2)	3.00%
Projected salary increases - Police	3.50%
Health care trend rate	
City Initial	8.0% (6.0% for Medicare Age)
City Ultimate	4.50%
COTPA Initial (3)	8.0% (6.0% for Medicare Age)
COTPA Ultimate	4.50%
Experience Study	N/A

(1) The inflation rate changed from 3.25% in FY20 to 3.0% in FY21.

(2) The projected salary increases rate changed from 3.25% in FY20 to 3.0% in FY21.

(3) The initial healthcare trend rate changed from 7.5% (5.75% for Medicare age) in FY20 to 8.0% (6.0% for Medicare age) in FY21.

Mortality rates were based on the RPH-2014 Blue Collar Headcount-weighted Mortality Table fully generational using Scale MP-2016 (set forward 5 years for disabled retirees).

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and those 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 market value exceeds 5% or more of net assets available for benefits. There are no long-term contracts for contributions.

*Retiree Rates*

	City Retirees			
	Retirees Under 65		Retirees Over 64	
	1/1/2021	1/1/2020	1/1/2021	1/1/2020
HMO Plans				
Retiree Only	\$748.98	\$721.74	\$199.89	\$196.79
Retiree + Spouse	1,685.18	1,623.90	399.78	393.59
Retiree + Child	1,310.61	1,262.95	399.78	393.59
Retiree + Children	1,610.23	1,551.68	599.67	590.38
Retiree + Family	2,321.72	2,237.29	599.67	590.38
Group Indemnity Plans (standard)				
Retiree Only	805.18	714.44	302.18	327.03
Retiree + Spouse	1,553.99	1,378.88	573.46	620.63
Retiree + Child	1,143.36	1,014.51	424.26	459.15
Retiree + Children	1,481.53	1,314.58	546.33	591.26
Retiree + Family	2,117.62	1,878.99	777.25	841.17
Group Indemnity Plans (alternate)				
Retiree Only	472.45	419.21	197.15	213.36
Retiree + Spouse	911.83	809.08	374.13	404.90
Retiree + Child	670.88	595.28	276.79	299.55
Retiree + Children	869.31	771.35	356.43	385.74
Retiree + Family	1,242.55	1,102.53	507.08	548.78
Dental Plans (high plan)				
Retiree Only	33.08	33.08	33.08	33.08
Retiree + 1 or more	66.14	66.14	66.14	66.14
Retiree + 2 or more	105.83	105.83	105.83	105.83
Dental Plans (low plan) (1)				
Retiree Only	22.43	22.43	22.43	22.43
Retiree + 1 or more	44.89	44.89	44.89	44.89
Retiree + 2 or more	71.80	71.80	71.80	71.80
Group Life				
Basic Life (\$10,000)	14.80	14.80	14.80	14.80
Vision Plans				
Retiree Only	7.00	7.00	7.00	7.00
Retiree + 1	12.98	12.98	12.98	12.98
Retiree + 2 or more	20.88	20.88	20.88	20.88

(1) Dental Plans (low plan) under 65 effective 1/1/20 was reported incorrectly in the prior year financial

*(continued)*

*Retiree Rates (continued)*

	COTPA Retirees			
	Retirees Under 65		Retirees Over 64	
	1/1/2021	1/1/2020	1/1/2021	1/1/2020
HMO Plans				
10-14 Years of Service				
Retiree Only	\$1,310.94	\$1,273.47	\$258.98	\$265.59
Retiree + Spouse	3,183.35	3,077.79	658.76	659.18
Retiree + Child	2,434.22	2,355.90	658.76	659.18
Retiree + Children	3,033.46	2,933.35	1,058.54	1,052.77
Retiree + Family	4,456.43	4,304.58	1,058.54	1,052.77
HMO Plans				
15-19 Years of Service				
Retiree Only	1,222.94	1,193.47	192.98	205.59
Retiree + Spouse	3,095.35	2,997.79	576.26	599.18
Retiree + Child	2,346.22	2,275.90	576.26	599.18
Retiree + Children	2,945.46	2,853.35	958.39	992.71
Retiree + Family	4,368.43	4,224.58	958.39	992.71
HMO Plans				
20-24 Years of Service				
Retiree Only	1,123.94	1,103.47	119.28	138.59
Retiree + Spouse	2,996.35	2,907.79	519.06	532.18
Retiree + Child	2,247.22	2,185.90	519.06	532.18
Retiree + Children	2,846.46	2,763.35	918.84	925.77
Retiree + Family	4,269.43	4,134.58	918.84	925.77
HMO Plans				
25+ Years of Service				
Retiree Only	1,035.94	1,023.47	53.28	78.59
Retiree + Spouse	2,908.35	2,827.79	453.06	472.18
Retiree + Child	2,159.22	2,105.90	453.06	472.18
Retiree + Children	2,758.46	2,683.35	852.84	865.77
Retiree + Family	4,181.43	4,054.58	852.84	865.77
Dental Plans (high plan)				
Retiree Only	33.08	33.08	33.08	33.08
Retiree + 1 or more	66.14	66.14	66.14	66.14
Retiree + 2 or more	105.83	105.83	105.83	105.83
Dental Plans (low plan)				
Retiree Only	22.43	22.43	22.43	22.43
Retiree + 1 or more	44.89	44.89	44.89	44.89
Retiree + 2 or more	71.80	71.80	71.80	71.80
Vision Plans				
Retiree Only	7.00	7.00	7.00	7.00
Retiree + 1	12.98	12.98	12.98	12.98
Retiree + 2 or more	20.88	20.88	20.88	20.88

IV. B. NET OPEB LIABILITY

	<u>2021</u>	<u>2020</u>
Total OPEB liability	\$517,984,980	\$517,535,682
Fiduciary net position	<u>(97,467,482)</u>	<u>(72,076,821)</u>
Net OPEB liability	<u>\$420,517,498</u>	<u>\$445,458,861</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<b>18.82%</b>	<b>13.93%</b>

	<u>2021</u>		<u>2021</u>		<u>2021</u>	
	Total OPEB Liability		Plan Fiduciary Net Position		Net OPEB Liability	
	<u>City</u>	<u>COTPA</u>	<u>City</u>	<u>COTPA</u>	<u>City</u>	<u>COTPA</u>
Beginning balance	\$515,129,852	\$2,405,830	\$71,270,372	\$806,449	\$443,859,480	\$1,599,381
Service cost	17,801,244	188,201	-	-	17,801,244	188,201
Interest	17,687,435	86,088	-	-	17,687,435	86,088
Differences between expected and actual experience	(48,980,243)	(387,855)	-	-	(48,980,243)	(387,855)
Changes of assumptions	24,019,878	61,565	-	-	24,019,878	61,565
Contributions - employer	-	-	13,314,341	130,000	(13,314,341)	(130,000)
Net investment income	-	-	22,137,258	226,382	(22,137,258)	(226,382)
Benefit payments and refunds	(9,978,120)	(48,895)	(9,978,120)	(48,895)	-	-
Administrative expense	-	-	<u>(384,055)</u>	<u>(6,250)</u>	<u>384,055</u>	<u>6,250</u>
Net changes	<u>550,194</u>	<u>(100,896)</u>	<u>25,089,424</u>	<u>301,237</u>	<u>(24,539,230)</u>	<u>(402,133)</u>
	<u>\$515,680,046</u>	<u>\$2,304,934</u>	<u>\$96,359,796</u>	<u>\$1,107,686</u>	<u>\$419,320,250</u>	<u>\$1,197,248</u>

	<u>2020</u>		<u>2020</u>		<u>2020</u>	
	Total OPEB Liability		Plan Fiduciary Net Position		Net OPEB Liability	
	<u>City</u>	<u>COTPA</u>	<u>City</u>	<u>COTPA</u>	<u>City</u>	<u>COTPA</u>
Beginning balance	\$489,504,645	\$1,863,919	\$64,244,853	\$645,191	\$425,259,792	\$1,218,728
Service cost	15,607,464	146,296	-	-	15,607,464	146,296
Interest	20,280,372	80,756	-	-	20,280,372	80,756
Differences between expected and actual experience	(61,351,558)	158,632	-	-	(61,351,558)	158,632
Changes of assumptions	59,900,745	189,026	-	-	59,900,745	189,026
Contributions - employer	-	-	14,562,836	130,000	(14,562,836)	(130,000)
Net investment income	-	-	1,713,214	68,489	(1,713,214)	(68,489)
Benefit payments and refunds	(8,811,816)	(32,799)	(8,811,816)	(32,799)	-	-
Administrative expense	-	-	<u>(438,715)</u>	<u>(4,432)</u>	<u>438,715</u>	<u>4,432</u>
Net changes	<u>25,625,207</u>	<u>541,911</u>	<u>7,025,519</u>	<u>161,258</u>	<u>18,599,688</u>	<u>380,653</u>
	<u>\$515,129,852</u>	<u>\$2,405,830</u>	<u>\$71,270,372</u>	<u>\$806,449</u>	<u>\$443,859,480</u>	<u>\$1,599,381</u>



**IV. C. RATE OF RETURN AND DISCOUNT RATE**

***Rate of Return***

For the year ended June 30, 2021 and 2020, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense was 13.09% and 10.18%, 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 best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges 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. See Note II. A. DEPOSITS AND INVESTMENTS, Investments, Asset Allocation Guidelines for target allocation of investments.

	<u>Long-term Expected Rate of Return</u>	
	<u>2021</u>	<u>2020</u>
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 3.35% on June 30, 2021 and 2020. 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 2021 through 2029 of projected benefit payments and the 20-year municipal bond rate based on a range of indices from 1.94%-2.19% was applied to projected benefit payments after 2029 to determine the total OPEB liability.

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

	2021							
	City			COTPA			Total	
	Total	Net		Total	Net		Total	Net
	OPEB	OPEB		OPEB	OPEB		OPEB	OPEB
Rate	Liability	Liability	Rate	Liability	Liability	Liability	Liability	
1% decrease	2.35%	\$616,668,999	\$520,309,203	2.35%	\$2,622,793	\$1,515,107	\$619,291,792	\$521,824,310
Current single discount rate	3.35	515,680,046	419,320,250	3.35	2,304,934	1,197,248	517,984,980	420,517,498
1% increase	4.35	437,379,377	341,019,581	4.35	2,040,250	932,564	439,419,627	341,952,145

	2020							
	City			COTPA			Total	
	Total	Net		Total	Net		Total	Net
	OPEB	OPEB		OPEB	OPEB		OPEB	OPEB
Rate	Liability	Liability	Rate	Liability	Liability	Liability	Liability	
1% decrease	2.35%	\$612,098,093	\$540,827,721	2.35%	\$2,718,857	\$1,912,408	\$614,816,950	\$542,740,129
Current single discount rate	3.35	515,129,852	443,859,480	3.35	2,405,830	1,599,381	517,535,682	445,458,861
1% increase	4.35	438,850,748	367,580,376	4.35	2,142,382	1,335,933	440,993,130	368,916,309

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

	2021							
	City			COTPA			Total	
	Total	Net		Total	Net		Total	Net
	OPEB	OPEB		OPEB	OPEB		OPEB	OPEB
Rate	Liability	Liability	Rate	Liability	Liability	Liability	Liability	
1% decrease	7.00%	\$429,860,468	\$333,500,672	7.00%	\$2,300,168	\$1,192,482	\$432,160,636	\$334,693,154
Current single discount rate	8.00	515,680,046	419,320,250	8.00	2,304,934	1,197,248	517,984,980	420,517,498
1% increase	9.00	628,712,463	532,352,667	9.00	2,310,621	1,202,935	631,023,084	533,555,602

	2020							
	City			COTPA			Total	
	Total	Net		Total	Net		Total	Net
	OPEB	OPEB		OPEB	OPEB		OPEB	OPEB
Rate	Liability	Liability	Rate	Liability	Liability	Liability	Liability	
1% decrease	7.00%	\$430,425,586	\$359,155,214	6.50%	\$2,398,727	\$1,592,278	\$432,824,313	\$360,747,492
Current single discount rate	8.00	515,129,852	443,859,480	7.50	2,405,830	1,599,381	517,535,682	445,458,861
1% increase	9.00	625,719,982	554,449,610	8.50	2,414,660	1,608,211	628,134,642	556,057,821

**V. ADDITIONS AND DEDUCTIONS**

*Administrative Costs*

	<u>2021</u>	<u>2020</u>
Actuarial	\$19,500	\$11,000
Audit	21,232	22,848
Professional Svc - Medical	299,524	384,495
Bank fees	581	-
Postage	6,778	9,715
Other services	19,172	11,457
Print shop	<u>23,518</u>	<u>3,632</u>
	<b><u>\$390,305</u></b>	<b><u>\$443,147</u></b>

*Benefits Paid*

	<u>2021</u>	<u>2020</u>
Health indemnity plan	\$14,620,158	\$13,793,838
Health HMO	6,858,130	6,779,006
Dental	838,789	862,592
Life	283,698	286,794
Vision	<u>96,557</u>	<u>87,980</u>
	<b><u>\$22,697,332</u></b>	<b><u>\$21,810,210</u></b>

**VI. RELATED PARTY TRANSACTIONS**

The Trust reimburses the City for the cost of banking services. Amounts charged are expensed during the period incurred. If the Trust operating bank account earns interest that is greater than the banking charges for the period, then the net of the two is recorded as interest income. The Trust had banking fees of \$581 in 2021 but earned interest greater than the bank charges for 2020.

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## **Required Supplementary Information**



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

	<u>2021</u>	<u>2020</u>
<u>Total OPEB Liability</u>		
Service cost	\$17,989,445	\$15,753,760
Interest	17,773,523	20,361,128
Changes of benefit terms	-	-
Differences between expected and actual experience of the total OPEB liability	(49,368,098)	(61,192,926)
Assumption changes	24,081,443	60,089,771
Benefits payments, including refunds	<u>(10,027,015)</u>	<u>(8,844,615)</u>
<b>Net change in total OPEB liability</b>	<b>449,298</b>	<b>26,167,118</b>
OPEB liability, beginning	<u>517,535,682</u>	<u>491,368,564</u>
<b>OPEB liability, ending</b>	<b><u>517,984,980</u></b>	<b><u>517,535,682</u></b>
<u>Plan Fiduciary Net Position</u>		
Contributions - employer	13,444,341	14,692,836
Net investment income	22,363,640	1,781,701
Benefits payments, including refunds	(10,027,015)	(8,844,615)
Administrative expense	(390,305)	(443,145)
Other		
<b>Net change in fiduciary net position</b>	<b>25,390,661</b>	<b>7,186,777</b>
Plan fiduciary net position, beginning	<u>72,076,821</u>	<u>64,890,044</u>
<b>Plan fiduciary net position, ending</b>	<b><u>97,467,482</u></b>	<b><u>72,076,821</u></b>
<b>Net OPEB liability, ending</b>	<b><u>\$420,517,498</u></b>	<b><u>\$445,458,861</u></b>
Plan fiduciary net position as a percentage of total OPEB liability	18.82%	13.93%
 <u>Actuarial assumptions</u>		
Valuation date	6/30/21	6/30/20
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	4-year smoothed market
Investment rate of return	7.5%	7.5%
Health care trend rate		
Initial	8.0% (6.00% for Medicare Age)	8.0% (6.00% for Medicare Age)
Ultimate	4.50%	4.50%
Inflation	3.00%	3.25%
Projected salary increases	3.00%	3.25%
Mortality table	RPH-2014 Blue Collar Headcount-weighted Mortality Table fully generational using Scale MP-2016	RP 2000 Combined Mortality Table fully generational using Scale AA
Experience study	N/A	N/A

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, results for measurement years before June 30, 2017 are not available. This information will be developed prospectively beginning in 2017 until eventually 10 years of information is available.

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

<u>2019</u>	<u>2018</u>	<u>2017</u>
\$16,114,625	\$20,452,968	\$24,831,598
20,858,821	22,033,503	18,795,448
-	-	(11,788,937)
(35,053,352)	(92,655,789)	4,751,915
20,618,649	(30,979,607)	(47,850,486)
<u>(11,582,178)</u>	<u>(10,991,195)</u>	<u>(14,366,084)</u>
<b>10,956,565</b>	<b>(92,140,120)</b>	<b>(25,626,546)</b>
480,411,999	572,552,119	598,178,665
<b><u>491,368,564</u></b>	<b><u>480,411,999</u></b>	<b><u>572,552,119</u></b>
14,692,836	14,692,836	16,191,297
3,736,244	5,333,126	5,141,846
(11,582,178)	(10,991,195)	(14,366,084)
(74,904)	(47,929)	(69,068)
<b>6,771,998</b>	<b>8,986,838</b>	<b>6,897,991</b>
<u>58,118,046</u>	<u>49,131,208</u>	<u>42,233,216</u>
<b><u>64,890,044</u></b>	<b><u>58,118,046</u></b>	<b><u>49,131,208</u></b>
<b><u>\$426,478,520</u></b>	<b><u>\$422,293,953</u></b>	<b><u>\$523,420,911</u></b>
13.21%	12.10%	8.58%
6/30/19	6/30/18	6/30/17
Entry Age Normal	Entry Age Normal	Entry Age Normal
Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
30 years, closed	30 years, closed	30 years, closed
4-year smoothed market	4-year smoothed market	4-year smoothed market
7.5%	7.5%	7.5%
8.0% (6.00% for Medicare Age)	8.5% (6.00% for Medicare Age)	8.5% (6.00% for Medicare Age)
4.50%	4.50%	4.50%
3.00%	3.00%	3.75%
3.25%	3.75%	3.50%
RP 2000 Combined Mortality Table fully generational using Scale AA	RP 2000 Combined Mortality Table fully generational using Scale AA	RP 2000 Combined Mortality Table fully generational using Scale AA
N/A	N/A	N/A



**II. SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ending June 30,	Actuarially Determined Contribution (ADC)	Contributions in relation to ADC	Contributions Deficiency (Excess)
2021	\$18,427,769	\$13,444,341	\$4,983,428
2020	20,129,438	14,692,836	5,436,602
2019	21,810,644	14,692,836	7,117,808
2018	25,275,860	14,692,836	10,583,024
2017	34,251,960	16,191,297	18,060,663
2016	33,459,617	17,811,341	15,648,276
2015	35,920,317	18,815,545	17,104,772
2014	33,975,672	19,619,034	14,356,638
2013	32,881,008	19,904,516	12,976,492
2012	36,181,832	20,064,984	16,116,848

**III. SCHEDULE OF INVESTMENT RETURNS (1)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	13.09%	10.18%	11.66%	11.25%	11.43%

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, results for measurement years before June 30, 2017 are not available. This information will be developed prospectively beginning in 2017 until eventually 10 years of information is available.

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# **Actuarial Section**





# GASB 74/75 ACTUARIAL VALUATION

Fiscal Year Ending June 30, 2021

# CITY OF OKLAHOMA CITY

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# Table of Contents

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	<b>Page</b>
Certification	1
Executive Summary	3
GASB Disclosures	
Schedule of Changes in Net OPEB Liability and Related Ratios	5
Schedule of Employer Contributions	7
OPEB Expense	9
Deferred Outflows / (Inflows) of Resources	11
Sensitivity Results	15
Asset Information	17
Actuarially Determined Contributions	21
Projection of GASB Disclosures	24
Cash Flow Projection	26
Discussion of Discount Rates	28
Summary of Plan Participants	29
Substantive Plan Provisions	32
Actuarial Methods and Assumptions	34
Appendix	42
Comparison of Participant Demographic Information	43
Detailed Actuary's Notes	44
Glossary	45
Decrements Exhibit	46
Retirement Rates Exhibit	47
Definitions	48



**November 1, 2021**

**Ronda Dugone  
City of Oklahoma City  
100 North Walker, 4<sup>th</sup> Floor  
Oklahoma City, OK 73102**

This report summarizes the GASB actuarial valuation for the City of Oklahoma City 2020/21 fiscal year. To the best of our knowledge, the report presents a fair position of the funded status of the plan in accordance with GASB Statement No. 74 (Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans) and GASB Statement No. 75 (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions). This report may not be appropriate for other purposes. Please contact Nyhart prior to disclosing this report to any other party or relying on its content for any purpose other than that explained above. Failure to do so may result in misrepresentation or misinterpretation of this report.

The information presented herein is based on the actuarial assumptions and substantive plan provisions summarized in this report and participant information furnished to us by the Plan Sponsor. We have reviewed the employee census provided by the Plan Sponsor for reasonableness when compared to the prior information provided but have not audited the information at the source, and therefore do not accept responsibility for the accuracy or the completeness of the data on which the information is based. When relevant data may be missing, we may have made assumptions we feel are neutral or conservative to the purpose of the measurement. We are not aware of any significant issues with and have relied on the data provided.

The discount rate, other economic assumptions, and demographic assumptions have been selected by the Plan Sponsor with the concurrence of Nyhart. In our opinion, the actuarial assumptions are individually reasonable and in combination represent our estimate of anticipated experience of the Plan. All calculations have been made in accordance with generally accepted actuarial principles and practice.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement.

To our knowledge, there have been no significant events prior to the current year's measurement date or as of the date of this report that could materially affect the results contained herein.



Neither Nyhart nor any of its employees has any relationship with the plan or its sponsor that could impair or appear to impair the objectivity of this report. Our professional work is in full compliance with the American Academy of Actuaries "Code of Professional Conduct" Precept 7 regarding conflict of interest. The undersigned meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Should you have any questions please do not hesitate to contact us.

Cody Kocher, ASA, MAAA  
Actuary

Emily Clauss, ASA, MAAA  
Actuary



# Executive Summary

## City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

### Summary of Results

Presented below is the summary of GASB 74/75 results for the fiscal year ending June 30, 2021 compared to the prior fiscal year.

	As of June 30, 2020		As of June 30, 2021	
	City	COTPA	City	COTPA
<b>Total OPEB Liability</b>	\$ 515,129,852	\$ 2,405,830	\$ 515,680,046	\$ 2,304,934
<b>Plan Fiduciary Net Position</b>	\$ (71,270,372)	\$ (806,449)	\$ (96,359,796)	\$ (1,107,686)
<b>Net OPEB Liability</b>	\$ 443,859,480	\$ 1,599,381	\$ 419,320,250	\$ 1,197,248
<b>Funded Ratio</b>	13.8%	33.5%	18.7%	48.1%

	As of June 30, 2020		As of June 30, 2021	
	City	COTPA	City	COTPA
<b>OPEB Expense</b>	\$ 4,627,201	\$ 196,967	\$ (3,763,341)	\$ 147,579
<b>Annual Employer Contribution</b>	\$ 14,562,836	\$ 130,000	\$ 13,314,341	\$ 130,000

	As of June 30, 2020	As of June 30, 2021
<b>Discount Rate</b>	3.35%	3.35%
<b>Expected Return on Assets</b>	7.50%	7.50%

	As of June 30, 2020	As of June 30, 2021
<b>Total Active Participants</b>	3,487	3,671
<b>Total Retiree Participants</b>	2,141	2,161

The active participants' number above may include active employees who currently have no health care coverage. Refer to Summary of Participants section for an accurate breakdown of active employees with and without coverage.

# Executive Summary

## City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

Below is a breakdown of total GASB 74/75 liabilities allocated to past and current service compared to the prior year. The table below also provides a breakdown of the Total OPEB Liability allocated to pre and post Medicare eligibility. The liability shown below includes explicit (if any) and implicit subsidies. Refer to the Substantive Plan Provisions section for complete information on the Plan Sponsor's GASB subsidies.

Present Value of Future Benefits	As of June 30, 2020		As of June 30, 2021	
	City	COTPA	City	COTPA
Active Employees	\$ 488,194,456	\$ 4,326,846	\$ 443,106,790	\$ 4,018,377
Retired Employees	239,821,699	603,770	246,870,832	697,513
<b>Total Present Value of Future Benefits</b>	<b>\$ 728,016,155</b>	<b>\$ 4,930,616</b>	<b>\$ 689,977,622</b>	<b>\$ 4,715,890</b>
<b>Total OPEB Liability</b>				
Active Pre-Medicare	\$ 92,677,708	\$ 172,707	\$ 96,351,436	\$ 144,076
Active Post-Medicare	182,630,445	1,629,353	172,457,778	1,463,345
Active Liability	\$ 275,308,153	\$ 1,802,060	\$ 268,809,214	\$ 1,607,421
Retiree Pre-Medicare	\$ 33,925,035	\$ 39,307	\$ 39,608,860	\$ 19,696
Retiree Post-Medicare	205,896,664	564,463	207,261,972	677,817
Retiree Liability	\$ 239,821,699	\$ 603,770	\$ 246,870,832	\$ 697,513
<b>Total OPEB Liability</b>	<b>\$ 515,129,852</b>	<b>\$ 2,405,830</b>	<b>\$ 515,680,046</b>	<b>\$ 2,304,934</b>

	As of June 30, 2020	As of June 30, 2021
Discount Rate	3.35%	3.35%

**Present Value of Future Benefits (PVFB)** is the amount needed as of June 30, 2020 and June 30, 2021 to fully fund the City's retiree health care subsidies for existing and future retirees and their dependents assuming all actuarial assumptions are met.

**Total OPEB Liability** is the portion of PVFB considered to be accrued or earned as of June 30, 2020 and June 30, 2021. This amount is a required disclosure in the Required Supplementary Information section.

# GASB Disclosures

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## Schedule of Changes in Net OPEB Liability and Related Ratios - CITY

OPEB Liability	FY 2020/21	FY 2019/20	FY 2018/19	FY 2017/18	FY 2016/17
<b>Total OPEB Liability</b>					
Total OPEB liability - beginning of year	\$ 515,129,852	\$ 489,504,645	\$ 478,478,223	\$ 570,691,262	\$ 596,737,157
Service cost	17,801,244	15,607,464	15,984,135	20,334,929	24,740,136
Interest	17,687,435	20,280,372	20,771,885	21,960,203	18,750,100
Changes of benefit terms	0	0	0	0	(11,788,937)
Changes in assumptions	24,019,878	59,900,745	20,547,220	(30,863,912)	(47,713,842)
Differences between expected and actual experience	(48,980,243)	(61,351,558)	(34,732,472)	(92,701,991)	4,301,651
Benefit payments	(9,978,120)	(8,811,816)	(11,544,346)	(10,942,268)	(14,335,003)
Net change in total OPEB liability	\$ 550,194	\$ 25,625,207	\$ 11,026,422	\$ (92,213,039)	\$ (26,045,895)
Total OPEB liability - end of year	\$ 515,680,046	\$ 515,129,852	\$ 489,504,645	\$ 478,478,223	\$ 570,691,262
<b>Plan Fiduciary Net Position</b>					
Plan fiduciary net position - beginning of year	\$ 71,270,372	\$ 64,244,853	\$ 57,638,077	\$ 48,763,398	\$ 42,233,211
Contributions - employer	13,314,341	14,562,836	14,562,836	14,562,836	15,817,181
Contributions - active employees	0	0	0	0	0
Net investment income	22,137,258	1,713,212	3,662,441	5,297,821	5,117,077
Benefit payments	(9,978,120)	(8,811,816)	(11,544,346)	(10,942,268)	(14,335,003)
Trust administrative expenses	(384,055)	(438,713)	(74,155)	(43,710)	(69,068)
Net change in plan fiduciary net position	\$ 25,089,424	\$ 7,025,519	\$ 6,606,776	\$ 8,874,679	\$ 6,530,187
Plan fiduciary net position - end of year	\$ 96,359,796	\$ 71,270,372	\$ 64,244,853	\$ 57,638,077	\$ 48,763,398
<b>Net OPEB Liability - end of year</b>	<b>\$ 419,320,250</b>	<b>\$ 443,859,480</b>	<b>\$ 425,259,792</b>	<b>\$ 420,840,146</b>	<b>\$ 521,927,864</b>
Plan fiduciary net position as % of total OPEB liability	18.7%	13.8%	13.1%	12.0%	8.5%
Covered employee payroll	\$ 230,724,282	\$ 234,099,322	\$ 231,394,742	\$ 209,791,182	\$ 224,808,000
Net OPEB liability as % of covered payroll	181.7%	189.6%	183.8%	200.6%	232.2%

# GASB Disclosures

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## Schedule of Changes in Net OPEB Liability and Related Ratios - COTPA

OPEB Liability	FY 2020/21	FY 2019/20	FY 2018/19	FY 2017/18	FY 2016/17
<b>Total OPEB Liability</b>					
Total OPEB liability - beginning of year	\$ 2,405,830	\$ 1,863,919	\$ 1,933,776	\$ 1,860,857	\$ 1,441,508
Service cost	188,201	146,296	130,490	118,039	91,462
Interest	86,088	80,756	86,936	73,300	45,349
Changes of benefit terms	0	0	0	0	0
Changes in assumptions	61,565	189,026	71,429	(115,695)	(136,644)
Differences between expected and actual experience	(387,855)	158,632	(320,880)	46,202	450,263
Benefit payments	(48,895)	(32,799)	(37,832)	(48,927)	(31,081)
Net change in total OPEB liability	\$ (100,896)	\$ 541,911	\$ (69,857)	\$ 72,919	\$ 419,349
Total OPEB liability - end of year	\$ 2,304,934	\$ 2,405,830	\$ 1,863,919	\$ 1,933,776	\$ 1,860,857
<b>Plan Fiduciary Net Position</b>					
Plan fiduciary net position - beginning of year	\$ 806,449	\$ 645,191	\$ 479,969	\$ 367,809	\$ 0
Contributions - employer	130,000	130,000	130,000	130,000	374,116
Contributions - active employees	0	0	0	0	0
Net investment income	226,382	68,489	73,803	35,305	24,774
Benefit payments	(48,895)	(32,799)	(37,832)	(48,927)	(31,081)
Trust administrative expenses	(6,250)	(4,432)	(749)	(4,218)	0
Net change in plan fiduciary net position	\$ 301,237	\$ 161,258	\$ 165,222	\$ 112,160	\$ 367,809
Plan fiduciary net position - end of year	\$ 1,107,686	\$ 806,449	\$ 645,191	\$ 479,969	\$ 367,809
<b>Net OPEB Liability - end of year</b>	<b>\$ 1,197,248</b>	<b>\$ 1,599,381</b>	<b>\$ 1,218,728</b>	<b>\$ 1,453,807</b>	<b>\$ 1,493,048</b>
Plan fiduciary net position as % of total OPEB liability	48.1%	33.5%	34.6%	24.8%	19.8%
Covered employee payroll	\$ 11,983,670	\$ 11,492,787	\$ 11,131,028	\$ 9,014,084	\$ 9,500,000
Net OPEB liability as % of covered payroll	10.0%	13.9%	10.9%	16.1%	15.7%

# GASB Disclosures

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## Schedule of Employer Contributions - CITY

Some of the Actuarially Determined Contributions (ADC) shown below are based on the Annual Required Contribution (ARC) calculated in the prior GASB 45 actuarial valuations as shown in the Plan Sponsor financial statements.

	FY 2020/21	FY 2019/20	FY 2018/19	FY 2017/18	FY 2016/17
Actuarially Determined Contribution (ADC)	\$ 18,289,026	\$ 20,006,381	\$ 21,678,740	\$ 25,163,926	\$ 34,082,757
Contributions in relation to the ADC	(13,314,341)	(14,562,836)	(14,562,836)	(14,562,836)	(15,817,181)
Contribution deficiency / (excess)	\$ 4,974,685	\$ 5,443,545	\$ 7,115,904	\$ 10,601,090	\$ 18,265,576
Covered employee payroll	\$ 230,724,282	\$ 234,099,322	\$ 231,394,742	\$ 209,791,182	\$ 224,808,000
Contribution as a % of covered employee payroll	5.8%	6.2%	6.3%	6.9%	7.0%
Actuarially Determined Contribution (ADC)	\$ 33,371,058	\$ 35,920,317	\$ 33,975,672	\$ 32,881,008	\$ 36,181,832
Contributions in relation to the ADC	(17,811,341)	(18,815,545)	(19,619,034)	(19,904,516)	(20,064,984)
Contribution deficiency / (excess)	\$ 15,559,718	\$ 17,104,772	\$ 14,356,638	\$ 12,976,492	\$ 16,116,848
Covered employee payroll	\$ 219,484,135	\$ 213,091,393	\$ 203,859,835	\$ 197,922,710	\$ 180,551,843
Contribution as a % of covered employee payroll	8.1%	8.8%	9.6%	10.1%	11.1%

# GASB Disclosures

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## Schedule of Employer Contributions - COTPA

Some of the Actuarially Determined Contributions (ADC) shown below are based on the Annual Required Contribution (ARC) calculated in the prior GASB 45 actuarial valuations as shown in the Plan Sponsor financial statements.

	FY 2020/21	FY 2019/20	FY 2018/19	FY 2017/18	FY 2016/17
Actuarially Determined Contribution (ADC)	\$ 138,743	\$ 123,057	\$ 131,904	\$ 111,934	\$ 169,203
Contributions in relation to the ADC	(130,000)	(130,000)	(130,000)	(130,000)	(374,116)
Contribution deficiency / (excess)	\$ 8,743	\$ (6,943)	\$ 1,904	\$ (18,066)	\$ (204,913)
Covered employee payroll	\$ 11,983,670	\$ 11,492,787	\$ 11,131,028	\$ 9,014,084	\$ 9,500,000
Contribution as a % of covered employee payroll	1.1%	1.1%	1.2%	1.4%	3.9%

	FY 2015/16 <sup>1</sup>
Actuarially Determined Contribution (ADC)	\$ 88,559
Contributions in relation to the ADC	(24,638)
Contribution deficiency / (excess)	\$ 63,921
Covered employee payroll	\$ 9,274,579
Contribution as a % of covered employee payroll	0.3%

<sup>1</sup> FY 2015/16 is as shown in COTPA's financial statements for fiscal year ending June 30, 2016. This includes only post-65 COTPA benefits. For FY 2016/17 going forward, both pre- and post-65 COTPA benefits will be included in COTPA's financial statements.

# GASB Disclosures

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## OPEB Expense - CITY

OPEB Expense	FY 2020/21	FY 2019/20
Discount rate as of beginning of fiscal year	3.35%	4.05%
Discount rate as of end of fiscal year	3.35%	3.35%
Service cost	\$ 17,801,244	\$ 15,607,464
Interest	17,687,435	20,280,372
Changes of benefit terms	0	0
Projected earnings on OPEB plan investments	(5,453,983)	(5,013,974)
Reduction for contributions from active employees	0	0
OPEB plan administrative expenses	384,055	438,713
Current period recognition of deferred outflows / (inflows) of resources		
Differences between expected and actual experience	\$ (39,269,240)	\$ (31,105,866)
Changes in assumptions	8,291,169	4,287,856
Net difference between projected and actual earnings on OPEB plan investments	(3,204,021)	132,636
Total current period recognition	\$ (34,182,092)	\$ (26,685,374)
Total OPEB expense	\$ (3,763,341)	\$ 4,627,201

# GASB Disclosures

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## OPEB Expense - COTPA

OPEB Expense	FY 2020/21	FY 2019/20
Discount rate as of beginning of fiscal year	3.35%	4.05%
Discount rate as of end of fiscal year	3.35%	3.35%
Service cost	\$ 188,201	\$ 146,296
Interest	86,088	80,756
Changes of benefit terms	0	0
Projected earnings on OPEB plan investments	(63,240)	(51,805)
Reduction for contributions from active employees	0	0
OPEB plan administrative expenses	6,250	4,432
Current period recognition of deferred outflows / (inflows) of resources		
Differences between expected and actual experience	\$ (46,462)	\$ 18,181
Changes in assumptions	23,000	12,739
Net difference between projected and actual earnings on OPEB plan investments	(46,258)	(13,632)
Total current period recognition	\$ (69,720)	\$ 17,288
Total OPEB expense	\$ 147,579	\$ 196,967



# GASB Disclosures

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## Deferred Outflows / (Inflows) of Resources - CITY

Deferred Outflows / (Inflows) of Resources represents the following items that have not been recognized in the OPEB Expense:

1. Differences between expected and actual experience of the OPEB plan
2. Changes of assumptions
3. Difference between projected an actual earnings in OPEB plan investments

The initial amortization period for the first two items noted above is based on the average future service to retirement while the difference between projected and actual earnings in OPEB plan investment is amortized over five years. All balances are amortized linearly on a principal only basis and new bases will be created annually for each of the item above.

Differences between expected and actual experience for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2021
June 30, 2017	\$ 4,301,651	12	\$ 358,471	\$ 2,509,296
June 30, 2018	\$ (92,701,991)	6	\$ (15,450,332)	\$ (30,900,663)
June 30, 2019	\$ (34,732,472)	6	\$ (5,788,745)	\$ (17,366,237)
June 30, 2020	\$ (61,351,558)	6	\$ (10,225,260)	\$ (40,901,038)
June 30, 2021	\$ (48,980,243)	6	\$ (8,163,374)	\$ (40,816,869)

Changes in assumptions for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2021
June 30, 2017	\$ (47,713,842)	12	\$ (3,976,154)	\$ (27,833,072)
June 30, 2018	\$ (30,863,912)	6	\$ (5,143,985)	\$ (10,287,972)
June 30, 2019	\$ 20,547,220	6	\$ 3,424,537	\$ 10,273,609
June 30, 2020	\$ 59,900,745	6	\$ 9,983,458	\$ 39,933,829
June 30, 2021	\$ 24,019,878	6	\$ 4,003,313	\$ 20,016,565

# GASB Disclosures

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## Deferred Outflows / (Inflows) of Resources - CITY - Continued

Net difference between projected and actual earnings in OPEB plan investments for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2021
June 30, 2017	\$ (1,897,552)	5	\$ (379,512)	\$ 0
June 30, 2018	\$ (1,508,859)	5	\$ (301,772)	\$ (301,771)
June 30, 2019	\$ 768,831	5	\$ 153,766	\$ 307,533
June 30, 2020	\$ 3,300,762	5	\$ 660,152	\$ 1,980,458
June 30, 2021	\$ (16,683,275)	5	\$ (3,336,655)	\$ (13,346,620)

### As of fiscal year ending June 30, 2021

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 2,509,296	\$ (129,984,807)
Changes in assumptions	70,224,003	(38,121,044)
Net difference between projected and actual earnings in OPEB plan investments	0	(11,360,400)
<b>Total</b>	<b>\$ 72,733,299</b>	<b>\$ (179,466,251)</b>

## Annual Amortization of Deferred Outflows / (Inflows)

The balances as of June 30, 2021 of the deferred outflows / (inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below.

FYE	Balance
2022	\$ (33,802,579)
2023	\$ (33,500,808)
2024	\$ (13,060,259)
2025	\$ (11,356,202)
2026	\$ (7,777,743)
Thereafter	\$ (7,235,361)

# GASB Disclosures

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## Deferred Outflows / (Inflows) of Resources - COTPA

Deferred Outflows / (Inflows) of Resources represents the following items that have not been recognized in the OPEB Expense:

1. Differences between expected and actual experience of the OPEB plan
2. Changes of assumptions
3. Difference between projected an actual earnings in OPEB plan investments

The initial amortization period for the first two items noted above is based on the average future service to retirement while the difference between projected and actual earnings in OPEB plan investment is amortized over five years. All balances are amortized linearly on a principal only basis and new bases will be created annually for each of the item above.

Differences between expected and actual experience for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2021
June 30, 2017	\$ 450,263	12	\$ 37,522	\$ 262,653
June 30, 2018	\$ 46,202	6	\$ 7,700	\$ 15,402
June 30, 2019	\$ (320,880)	6	\$ (53,480)	\$ (160,440)
June 30, 2020	\$ 158,632	6	\$ 26,439	\$ 105,754
June 30, 2021	\$ (387,855)	6	\$ (64,643)	\$ (323,212)

Changes in assumptions for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2021
June 30, 2017	\$ (136,644)	12	\$ (11,387)	\$ (79,709)
June 30, 2018	\$ (115,695)	6	\$ (19,283)	\$ (38,563)
June 30, 2019	\$ 71,429	6	\$ 11,905	\$ 35,714
June 30, 2020	\$ 189,026	6	\$ 31,504	\$ 126,018
June 30, 2021	\$ 61,565	6	\$ 10,261	\$ 51,304

# GASB Disclosures

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## Deferred Outflows / (Inflows) of Resources -COTPA - Continued

Net difference between projected and actual earnings in OPEB plan investments for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2021
June 30, 2017	\$ (12,143)	5	\$ (2,427)	\$ 0
June 30, 2018	\$ (4,889)	5	\$ (978)	\$ (977)
June 30, 2019	\$ (34,439)	5	\$ (6,888)	\$ (13,775)
June 30, 2020	\$ (16,684)	5	\$ (3,337)	\$ (10,010)
June 30, 2021	\$ (163,142)	5	\$ (32,628)	\$ (130,514)

### As of fiscal year ending June 30, 2021

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 383,809	\$ (483,652)
Changes in assumptions	213,036	(118,272)
Net difference between projected and actual earnings in OPEB plan investments	0	(155,276)
<b>Total</b>	<b>\$ 596,845</b>	<b>\$ (757,200)</b>

## Annual Amortization of Deferred Outflows / (Inflows)

The balances as of June 30, 2021 of the deferred outflows / (inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below.

FYE	Balance
2022	\$ (67,292)
2023	\$ (66,309)
2024	\$ (47,844)
2025	\$ (2,934)
2026	\$ (28,245)
Thereafter	\$ 52,269

# GASB Disclosures

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## Sensitivity Results - CITY

The following presents the net OPEB liability as of June 30, 2021, calculated using the discount rate assumed and what it would be using a 1% higher and 1% lower discount rate.

- The current discount rate is 3.35%.
- The 1% decrease in discount rate would be 2.35%.
- The 1% increase in discount rate would be 4.35%.

As of June 30, 2021	Net OPEB Liability
1% Decrease	\$ 520,309,203
Current Discount Rate	\$ 419,320,250
1% Increase	\$ 341,019,581

The following presents the net OPEB liability as of June 30, 2021, using the health care trend rates assumed and what it would be using 1% higher and 1% lower health care trend rates.

- The current health care trend rate starts at an initial rate of 8.0%/6.0% for pre-/post-Medicare benefits decreasing by 0.50%/0.25% annually to an ultimate rate of 4.5%.
- The 1% decrease in health care trend rates would assume an initial rate of 7.0%/5.0% for pre-/post-Medicare benefits decreasing by 0.50%/0.25% annually to an ultimate rate of 3.5%.
- The 1% increase in health care trend rates would assume an initial rate of 9.0%/7.0% for pre-/post-Medicare benefits decreasing by 0.50%/0.25% annually to an ultimate rate of 5.5%.

As of June 30, 2021	Net OPEB Liability
1% Decrease	\$ 333,500,672
Current Health Care Trend Rates	\$ 419,320,250
1% Increase	\$ 532,352,667

# GASB Disclosures

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## Sensitivity Results - COTPA

The following presents the net OPEB liability as of June 30, 2021, calculated using the discount rate assumed and what it would be using a 1% higher and 1% lower discount rate.

- The current discount rate is 3.35%.
- The 1% decrease in discount rate would be 2.35%.
- The 1% increase in discount rate would be 4.35%.

As of June 30, 2021	Net OPEB Liability
1% Decrease	\$ 1,515,107
Current Discount Rate	\$ 1,197,248
1% Increase	\$ 932,564

The following presents the net OPEB liability as of June 30, 2021, using the health care trend rates assumed and what it would be using 1% higher and 1% lower health care trend rates.

- The current health care trend rate starts at an initial rate of 8.0%/6.0% for pre-/post-Medicare benefits decreasing by 0.50%/0.25% annually to an ultimate rate of 4.5%.
- The 1% decrease in health care trend rates would assume an initial rate of 7.0%/5.0% for pre-/post-Medicare benefits decreasing by 0.50%/0.25% annually to an ultimate rate of 3.5%.
- The 1% increase in health care trend rates would assume an initial rate of 9.0%/7.0% for pre-/post-Medicare benefits decreasing by 0.50%/0.25% annually to an ultimate rate of 5.5%.

As of June 30, 2021	Net OPEB Liability
1% Decrease	\$ 1,192,482
Current Health Care Trend Rates	\$ 1,197,248
1% Increase	\$ 1,202,935

# Asset Information - CITY

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## Asset Breakdown

	FY 2019/20	FY 2020/21
<b>Assets</b>		
Cash and cash equivalents	\$ 365,058	\$ 579,410
Securities lending cash collateral	0	0
Total cash	\$ 365,058	\$ 579,410
<b>Receivables</b>		
Contributions	\$ 687,329	\$ 479,638
Accrued interest	56,514	55,723
Accounts receivable	3,607,287	170,844
Total receivables	\$ 4,351,130	\$ 706,205
<b>Investments</b>		
Domestic Common Stock	\$ 11,651,186	\$ 20,228,186
Passive Domestic Stock Funds	27,924,973	39,564,016
Passive Bond Fund	21,539,960	25,241,179
International Stock	5,810,371	10,053,720
Treasury Money Market Fund	1,817,893	2,648,436
OKC OPEBT Judgements	134,417	0
Total investments	\$ 68,878,800	\$ 97,735,537
Total assets	\$ 73,594,988	\$ 99,021,152
<b>Liabilities</b>		
<b>Payables</b>		
Accounts Payable	\$ 1,175,182	\$ 1,219,567
Unearned revenue	3,814	1,627
Estimated Claims Payable	1,145,620	1,440,162
Transfer to COTPA account	0	0
Total liabilities	\$ 2,324,616	\$ 2,661,356
<b>Net position restricted to OPEB</b>	<b>\$ 71,270,372</b>	<b>\$ 96,359,796</b>

# Asset Information - CITY

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## Reconciliation of Assets

	FY 2019/20	FY 2020/21
<b>Additions</b>		
Contributions received		
Employer	\$ 14,562,836	\$ 13,314,341
Employee	0	0
<b>Total contributions</b>	<b>\$ 14,562,836</b>	<b>\$ 13,314,341</b>
Investment income		
Net increase in fair value of investments	\$ 1,763,885	\$ 22,147,395
Allocation of Investment Income	(50,673)	(10,137)
Investment expense, other than from securities lending	0	0
Securities lending income	0	0
Securities lending expense	0	0
<b>Net investment income</b>	<b>\$ 1,713,212</b>	<b>\$ 22,137,258</b>
<b>Total additions</b>	<b>\$ 16,276,048</b>	<b>\$ 35,451,599</b>
<b>Deductions</b>		
Benefit payments	\$ (8,811,816)	\$ (9,978,120)
Administrative expenses	(438,713)	(384,055)
Other	0	0
<b>Total deductions</b>	<b>\$ (9,250,529)</b>	<b>\$ (10,362,175)</b>
<b>Net increase in net position</b>	<b>\$ 7,025,519</b>	<b>\$ 25,089,424</b>
<b>Net position restricted to OPEB</b>		
Beginning of year	\$ 64,244,853	\$ 71,270,372
End of year	\$ 71,270,372	\$ 96,359,796



# Asset Information - COTPA

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## Asset Breakdown

Asset Breakdown	FY 2019/20	FY 2020/21
<b>Assets</b>		
Cash and cash equivalents	\$ 83,242	\$ 164,799
Securities lending cash collateral	0	0
Total cash	\$ 83,242	\$ 164,799
<b>Receivables</b>		
Contributions	\$ 0	\$ 2,334
Accrued interest	571	544
Accounts receivable	38,644	120
Total receivables	\$ 39,215	\$ 2,998
<b>Investments</b>		
Domestic Common Stock	\$ 117,689	\$ 197,506
Passive Domestic Stock Funds	282,070	386,299
Passive Bond Fund	217,575	246,453
International Stock	58,691	98,164
Treasury Money Market Fund	18,363	25,859
OKC OPEBT Judgements	1,358	0
Total investments	\$ 695,746	\$ 954,281
Total assets	\$ 818,203	\$ 1,122,078
<b>Liabilities</b>		
<b>Payables</b>		
Accounts Payable	\$ 182	\$ 330
Unearned revenue	0	0
Estimated Claims Payable	11,572	14,062
Transfer to City account	0	0
Total liabilities	\$ 11,754	\$ 14,392
<b>Net position restricted to OPEB</b>	<b>\$ 806,449</b>	<b>\$ 1,107,686</b>

# Asset Information - COTPA

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## Reconciliation of Assets

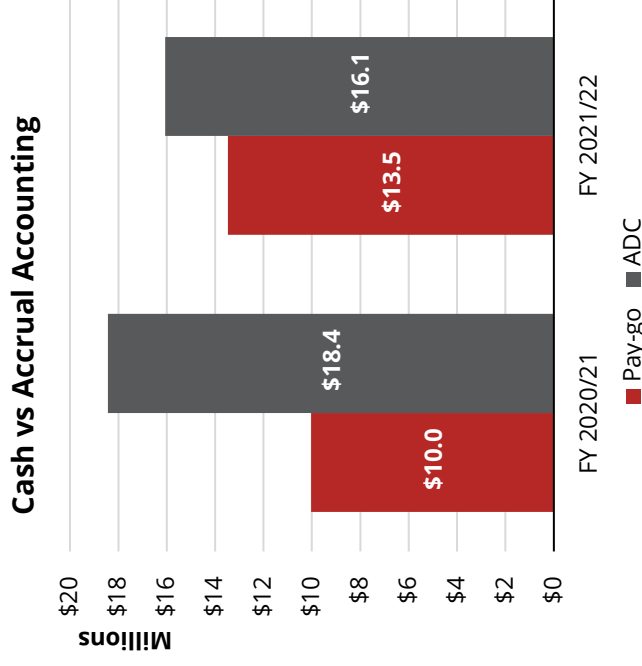
	FY 2019/20	FY 2020/21
<b>Additions</b>		
Contributions received		
Employer	\$ 130,000	\$ 130,000
Employee	0	0
<b>Total contributions</b>	<b>\$ 130,000</b>	<b>\$ 130,000</b>
Investment income		
Net increase in fair value of investments	\$ 17,816	\$ 216,245
Allocation of Investment Income	50,673	10,137
Investment expense, other than from securities lending	0	0
Securities lending income	0	0
Securities lending expense	0	0
Net investment income	\$ 68,489	\$ 226,382
<b>Total additions</b>	<b>\$ 198,489</b>	<b>\$ 356,382</b>
<b>Deductions</b>		
Benefit payments	\$ (32,799)	\$ (48,895)
Administrative expenses	(4,432)	(6,250)
Other	0	0
<b>Total deductions</b>	<b>\$ (37,231)</b>	<b>\$ (55,145)</b>
<b>Net increase in net position</b>	<b>\$ 161,258</b>	<b>\$ 301,237</b>
<b>Net position restricted to OPEB</b>		
Beginning of year	\$ 645,191	\$ 806,449
End of year	\$ 806,449	\$ 1,107,686

# Actuarially Determined Contributions – TOTAL

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

The Actuarially Determined Contributions calculated below are recommended target contributions and assumes that the Plan Sponsor has the ability to contribute these amounts on an annual basis. The Plan Sponsor has the responsibility to decide how much it should contribute after considering its other needs and the OPEB participants' needs.

	FY 2020/21	FY 2021/22
Discount rate	7.50%	7.50%
Payroll growth factor used for amortization	3.75%	3.75%
Actuarial cost method	Entry Age Normal Level % of Salary	Entry Age Normal Level % of Salary
Amortization type	Level % of Salary	Level % of Salary
Amortization period	30 years	30 years
Actuarial accrued liability (AAL) – beginning of year	\$ 285,681,183	\$ 283,183,660
Actuarial value of assets – beginning of year	(72,076,821)	(97,467,482)
Unfunded AAL – beginning of year	\$ 213,604,362	\$ 185,716,178
Normal Cost	\$ 5,771,981	\$ 5,063,137
Amortization of UAAL	11,370,129	9,885,645
Total normal cost plus amortization	\$ 17,142,110	\$ 14,948,782
Interest to the end of year	1,285,659	1,121,158
Actuarially Determined Contribution – Preliminary	\$ 18,427,769	\$ 16,069,940
Expected benefit payments <sup>2</sup>	10,027,015	13,473,160
<b>Actuarially Determined Contribution – Final<sup>3</sup></b>	<b>\$ 18,427,769</b>	<b>\$ 16,069,940</b>



**Actuarially Determined Contribution (ADC)** is the target or recommended contribution to a defined benefit OPEB plan, which if paid on an ongoing basis, will provide sufficient resources to fund future costs for services to be earned and liabilities attributed to past services. This is typically higher than the pay-as-you-go cost because it includes recognition of employer costs expected to be paid in future accounting periods.

<sup>2</sup> Actual benefit payments are shown for FY 2020/21

<sup>3</sup> Set to be the greater of the preliminary ADC and expected benefit payments.

# Actuarially Determined Contributions - CITY

## City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

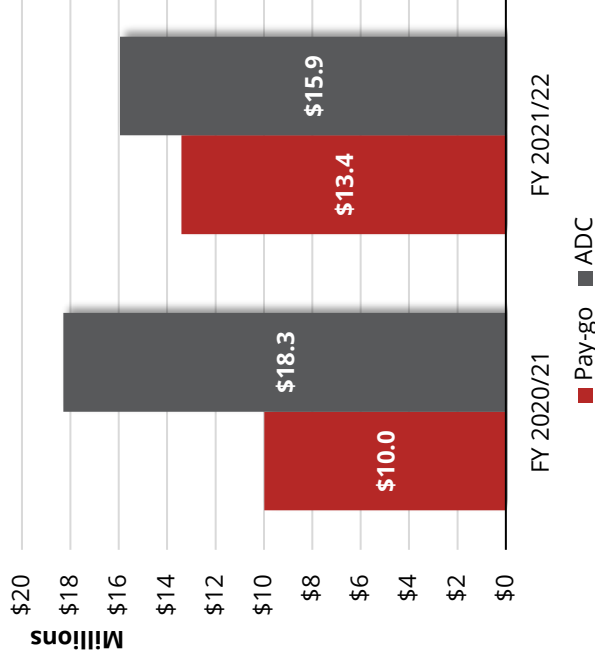
The Actuarially Determined Contributions calculated below are recommended target contributions and assumes that the Plan Sponsor has the ability to contribute these amounts on an annual basis. The Plan Sponsor has the responsibility to decide how much it should contribute after considering its other needs and the OPEB participants' needs.

	FY 2020/21	FY 2021/22
Discount rate	7.50%	7.50%
Payroll growth factor used for amortization	3.75%	3.75%
Actuarial cost method	Entry Age Normal Level % of Salary	Entry Age Normal Level % of Salary
Amortization type	Level % of Salary	Level % of Salary
Amortization period	30 years	30 years
Actuarial accrued liability (AAL) – beginning of year	\$ 284,137,656	\$ 281,735,101
Actuarial value of assets – beginning of year	(71,270,372)	(96,359,796)
Unfunded AAL – beginning of year	\$ 212,867,284	\$ 185,375,305
Normal Cost	\$ 5,682,153	\$ 4,964,638
Amortization of UAAL	11,330,894	9,867,500
Total normal cost plus amortization	\$ 17,013,047	\$ 14,832,138
Interest to the end of year	1,275,979	1,112,410
Actuarially Determined Contribution – Preliminary	\$ 18,289,026	\$ 15,944,548
Expected benefit payments <sup>4</sup>	9,978,120	13,403,715
<b>Actuarially Determined Contribution – Final<sup>5</sup></b>	<b>\$ 18,289,026</b>	<b>\$ 15,944,548</b>

<sup>4</sup> Actual benefit payments are shown for FY 2020/21

<sup>5</sup> Set to be the greater of the preliminary ADC and expected benefit payments.

### Cash vs Accrual Accounting



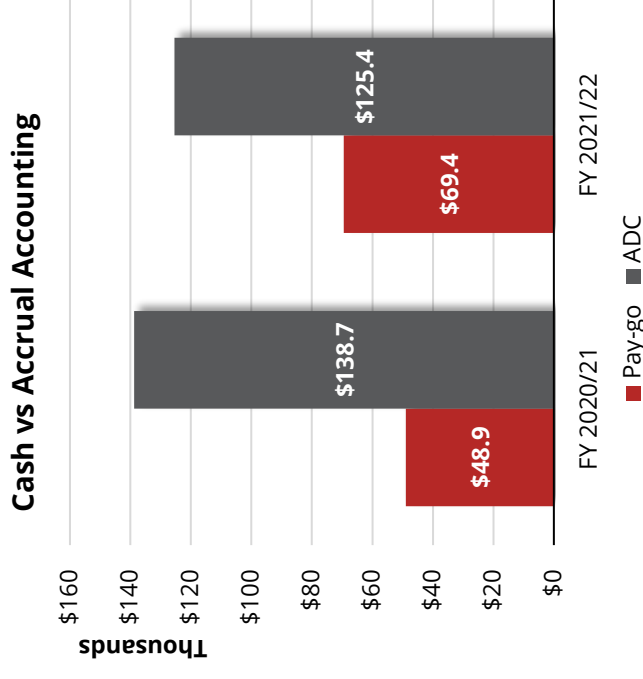
**Actuarially Determined Contribution (ADC)** is the target or recommended contribution to a defined benefit OPEB plan, which if paid on an ongoing basis, will provide sufficient resources to fund future costs for services to be earned and liabilities attributed to past services. This is typically higher than the pay-as-you-go cost because it includes recognition of employer costs expected to be paid in future accounting periods.

# Actuarially Determined Contributions - COTPA

## City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

The Actuarially Determined Contributions calculated below are recommended target contributions and assumes that the Plan Sponsor has the ability to contribute these amounts on an annual basis. The Plan Sponsor has the responsibility to decide how much it should contribute after considering its other needs and the OPEB participants' needs.

	FY 2020/21	FY 2021/22
Discount rate	7.50%	7.50%
Payroll growth factor used for amortization	3.75%	3.75%
Actuarial cost method	Entry Age Normal Level % of Salary	Entry Age Normal Level % of Salary
Amortization type	Level % of Salary	Level % of Salary
Amortization period	30 years	30 years
Actuarial accrued liability (AAL) – beginning of year	\$ 1,543,527	\$ 1,448,559
Actuarial value of assets – beginning of year	(806,449)	(1,107,686)
Unfunded AAL – beginning of year	\$ 737,078	\$ 340,873
Normal Cost	\$ 89,828	\$ 98,499
Amortization of UAAL	39,235	18,145
Total normal cost plus amortization	\$ 129,063	\$ 116,644
Interest to the end of year	9,680	8,748
Actuarially Determined Contribution – Preliminary	\$ 138,743	\$ 125,392
Expected benefit payments <sup>6</sup>	48,895	69,445
<b>Actuarially Determined Contribution – Final<sup>7</sup></b>	<b>\$ 138,743</b>	<b>\$ 125,392</b>



**Actuarially Determined Contribution (ADC)** is the target or recommended contribution to a defined benefit OPEB plan, which if paid on an ongoing basis, will provide sufficient resources to fund future costs for services to be earned and liabilities attributed to past services. This is typically higher than the pay-as-you-go cost because it includes recognition of employer costs expected to be paid in future accounting periods.

<sup>6</sup> Actual benefit payments are shown for FY 2020/21

<sup>7</sup> Set to be the greater of the preliminary ADC and expected benefit payments.

# Projection of GASB Disclosures - CITY

## City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

The Total OPEB Liability (TOL) is expected to change on an annual basis as a result of expected and unexpected events. Under normal circumstances, it is generally expected to have a net increase each year. Below is a list of the most common events affecting the total OPEB liability and whether they increase or decrease the liability.

### Expected Events

- Increases in TOL due to additional benefit accruals as employees continue to earn service each year
- Increases in TOL due to interest as the employees and retirees age
- Decreases in TOL due to benefit payments

### Unexpected Events

- Increases in TOL when actual premium rates increase more than expected. A liability decrease occurs of the reverse happens.
- Increases in TOL when more new retirements occur than expected or fewer terminations occur than anticipated. Liability decreases occur when the opposite outcomes happen.
- Increases or decreases in TOL depending on whether benefits are improved or reduced.

Projection of Total OPEB Liability (TOL)	FY 2020/21	FY 2021/22
TOL as of beginning of year	\$ 515,129,852	\$ 515,680,046
Normal cost as of beginning of year	17,801,244	15,669,032
Exp. benefit payments during the year <sup>8</sup>	(9,978,120)	(13,403,715)
Interest adjustment to end of year	17,687,435	17,577,531
Exp. TOL as of end of year	\$ 540,640,411	\$ 535,522,894
Actuarial Loss/(Gain)	(24,960,365)	TBD
<b>Actual TOL as of end of year</b>	<b>\$ 515,680,046</b>	<b>\$ TBD</b>

Discount rate as of beginning of year	3.35%	3.35%
Discount rate as of end of year	3.35%	TBD

Projection of Actuarial Value of Assets (AVA)	FY 2020/21	FY 2021/22
AVA as of beginning of year	\$ 71,270,372	\$ 96,359,796
Exp. employer contributions during the year	13,314,341	13,403,715
Exp. benefit payments during the year <sup>8</sup>	(9,978,120)	(13,403,715)
Exp. investment income	5,453,983	7,210,508
Exp. Trust administrative expenses	(384,055)	(447,455)
Exp. AVA as of end of year	\$ 79,676,521	\$ 103,122,849
Differences between expected and actual experience	16,683,275	TBD
<b>AVA as of end of year</b>	<b>\$ 96,359,796</b>	<b>\$ TBD</b>

Expected asset return as of beginning of year	7.50%	7.50%
Expected asset return as of end of year	7.50%	TBD

<sup>8</sup> Actual benefit payments are shown for FY 2020/21.

# Projection of GASB Disclosures - COTPA

## City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

The Total OPEB Liability (TOL) is expected to change on an annual basis as a result of expected and unexpected events. Under normal circumstances, it is generally expected to have a net increase each year. Below is a list of the most common events affecting the total OPEB liability and whether they increase or decrease the liability.

### Expected Events

- Increases in TOL due to additional benefit accruals as employees continue to earn service each year
- Increases in TOL due to interest as the employees and retirees age
- Decreases in TOL due to benefit payments

### Unexpected Events

- Increases in TOL when actual premium rates increase more than expected. A liability decrease occurs of the reverse happens.
- Increases in TOL when more new retirements occur than expected or fewer terminations occur than anticipated. Liability decreases occur when the opposite outcomes happen.
- Increases or decreases in TOL depending on whether benefits are improved or reduced.

Projection of Total OPEB Liability (TOL)	FY 2020/21	FY 2021/22
TOL as of beginning of year	\$ 2,405,830	\$ 2,304,934
Normal cost as of beginning of year	188,201	206,758
Exp. benefit payments during the year <sup>9</sup>	(48,895)	(69,445)
Interest adjustment to end of year	86,088	82,988
Exp. TOL as of end of year	\$ 2,631,224	\$ 2,525,235
Actuarial Loss/(Gain)	(326,290)	TBD
<b>Actual TOL as of end of year</b>	<b>\$ 2,304,934</b>	<b>\$ TBD</b>

Discount rate as of beginning of year	3.35%	3.35%
Discount rate as of end of year	3.35%	TBD

Projection of Actuarial Value of Assets (AVA)	FY 2020/21	FY 2021/22
AVA as of beginning of year	\$ 806,449	\$ 1,107,686
Exp. employer contributions during the year	130,000	69,445
Exp. benefit payments during the year <sup>9</sup>	(48,895)	(69,445)
Exp. investment income	63,240	82,887
Exp. Trust administrative expenses	(6,250)	(5,144)
Exp. AVA as of end of year	\$ 944,544	\$ 1,185,429
Differences between expected and actual experience	163,142	TBD
<b>AVA as of end of year</b>	<b>\$ 1,107,686</b>	<b>\$ TBD</b>

Expected asset return as of beginning of year	7.50%	7.50%
Expected asset return as of end of year	7.50%	TBD

<sup>9</sup> Actual benefit payments are shown for FY 2020/21.



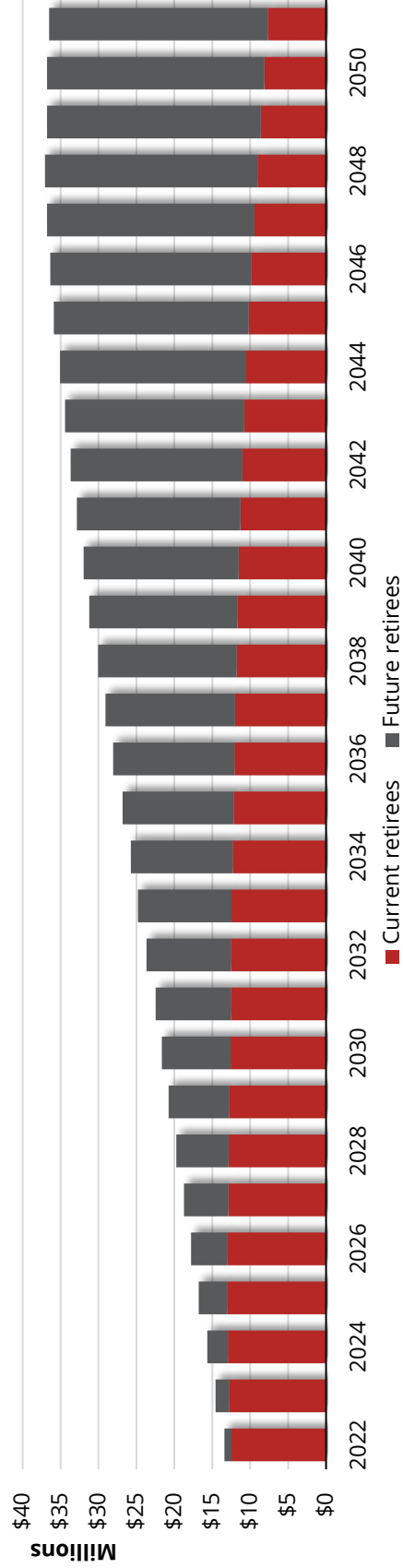
# Cash Flow Projections - CITY

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

The below projections show the actuarially estimated employer-paid contributions for retiree health benefits for the next thirty years. Results are shown separately for a closed group of current / future retirees. These projections include explicit and implicit subsidies.

FYE	Current Retirees	Future Retirees <sup>10</sup>	Total	FYE	Current Retirees	Future Retirees <sup>3</sup>	Total	FYE	Current Retirees	Future Retirees <sup>3</sup>	Total
2022	\$ 12,468,930	\$ 934,785	\$ 13,403,715	2032	\$ 12,550,929	\$ 11,121,039	\$ 23,671,968	2042	\$ 11,038,636	\$ 22,629,906	\$ 33,668,542
2023	\$ 12,751,476	\$ 1,807,863	\$ 14,559,339	2033	\$ 12,457,400	\$ 12,334,004	\$ 24,791,404	2043	\$ 10,810,386	\$ 23,581,638	\$ 34,392,024
2024	\$ 12,913,672	\$ 2,742,959	\$ 15,656,631	2034	\$ 12,294,558	\$ 13,442,076	\$ 25,736,634	2044	\$ 10,508,116	\$ 24,544,986	\$ 35,053,102
2025	\$ 13,032,104	\$ 3,739,313	\$ 16,771,417	2035	\$ 12,153,409	\$ 14,660,770	\$ 26,814,179	2045	\$ 10,192,489	\$ 25,705,429	\$ 35,897,918
2026	\$ 13,068,015	\$ 4,737,696	\$ 17,805,711	2036	\$ 12,072,692	\$ 15,985,357	\$ 28,058,049	2046	\$ 9,839,626	\$ 26,506,639	\$ 36,346,265
2027	\$ 12,892,213	\$ 5,836,491	\$ 18,728,704	2037	\$ 11,988,142	\$ 17,077,442	\$ 29,065,584	2047	\$ 9,433,148	\$ 27,357,427	\$ 36,790,575
2028	\$ 12,858,963	\$ 6,895,665	\$ 19,754,628	2038	\$ 11,811,662	\$ 18,238,270	\$ 30,049,932	2048	\$ 9,038,167	\$ 28,020,002	\$ 37,058,169
2029	\$ 12,756,189	\$ 7,982,034	\$ 20,738,223	2039	\$ 11,688,679	\$ 19,535,659	\$ 31,224,338	2049	\$ 8,603,332	\$ 28,186,658	\$ 36,789,990
2030	\$ 12,575,858	\$ 9,064,576	\$ 21,640,434	2040	\$ 11,541,979	\$ 20,424,821	\$ 31,966,800	2050	\$ 8,141,817	\$ 28,648,281	\$ 36,790,098
2031	\$ 12,544,868	\$ 9,932,580	\$ 22,477,448	2041	\$ 11,302,622	\$ 21,561,287	\$ 32,863,909	2051	\$ 7,691,687	\$ 28,808,172	\$ 36,499,859

Projected Employer Pay-go Cost



<sup>10</sup> Projections for future retirees do not take into account future new hires.



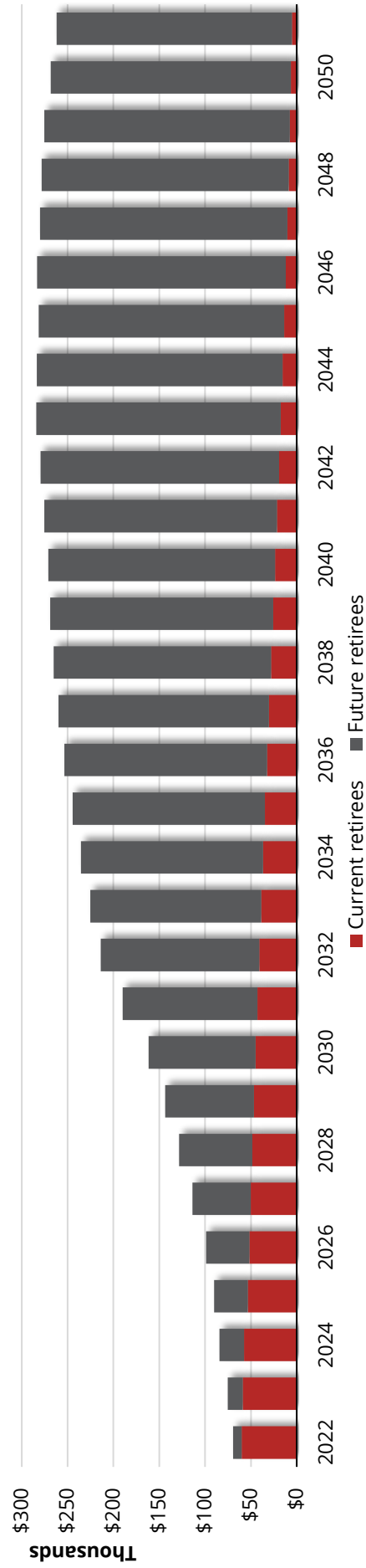
# Cash Flow Projections - COTPA

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

The below projections show the actuarially estimated employer-paid contributions for retiree health benefits for the next thirty years. Results are shown separately for a closed group of current / future retirees. These projections include explicit and implicit subsidies.

FYE	Current Retirees	Future Retirees <sup>11</sup>	Total	FYE	Current Retirees	Future Retirees <sup>3</sup>	Total	FYE	Current Retirees	Future Retirees <sup>3</sup>	Total
2022	\$ 60,144	\$ 9,301	\$ 69,445	2032	\$ 40,884	\$ 172,928	\$ 213,812	2042	\$ 19,359	\$ 260,205	\$ 279,564
2023	\$ 58,901	\$ 16,226	\$ 75,127	2033	\$ 38,834	\$ 186,538	\$ 225,372	2043	\$ 17,343	\$ 266,808	\$ 284,151
2024	\$ 57,583	\$ 26,833	\$ 84,416	2034	\$ 36,730	\$ 198,802	\$ 235,532	2044	\$ 15,415	\$ 268,226	\$ 283,641
2025	\$ 53,261	\$ 37,021	\$ 90,282	2035	\$ 34,583	\$ 209,907	\$ 244,490	2045	\$ 13,591	\$ 268,098	\$ 281,689
2026	\$ 51,721	\$ 47,192	\$ 98,913	2036	\$ 32,403	\$ 221,007	\$ 253,410	2046	\$ 11,885	\$ 271,422	\$ 283,307
2027	\$ 50,104	\$ 63,786	\$ 113,890	2037	\$ 30,201	\$ 229,809	\$ 260,010	2047	\$ 10,303	\$ 269,871	\$ 280,174
2028	\$ 48,410	\$ 79,971	\$ 128,381	2038	\$ 27,989	\$ 237,246	\$ 265,235	2048	\$ 8,852	\$ 269,598	\$ 278,450
2029	\$ 46,639	\$ 96,960	\$ 143,599	2039	\$ 25,782	\$ 243,112	\$ 268,894	2049	\$ 7,533	\$ 267,868	\$ 275,401
2030	\$ 44,792	\$ 116,828	\$ 161,620	2040	\$ 23,596	\$ 247,364	\$ 270,960	2050	\$ 6,347	\$ 262,127	\$ 268,474
2031	\$ 42,872	\$ 146,938	\$ 189,810	2041	\$ 21,449	\$ 253,990	\$ 275,439	2051	\$ 5,292	\$ 256,660	\$ 261,952

Projected Employer Pay-go Cost



<sup>11</sup> Projections for future retirees do not take into account future new hires.

# Discussion of Discount Rates

## City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

Under GASB 74, the discount rate used in valuing OPEB liabilities for funded plans as of the Measurement Date must be based on the long-term expected rate of return on OPEB plan investments that are expected to be used to finance future benefit payments to the extent that (a) they are sufficient to pay for the projected benefit payments and (b) the OPEB plan assets are invested using a strategy that will achieve that return. When the OPEB plan investments are insufficient to cover future benefit payments, a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA /Aa or higher (or equivalent quality on another rating scale) must be used.

For the current valuation:

1. The long-term expected rate of return on OPEB plan investment is assumed to be 7.50%. This 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 expected future real rates of return are then combined to produce the long-term expected rate of return by weighting them based on the target asset allocation percentage and adding in expected inflation (2.50%). The best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of June 30, 2021 are summarized in the following table.

Asset Class	Target Allocation	L/T Expected Real ROR
Domestic Equity	60%	7.50%
Domestic Bonds	30%	2.50%
International Equity	10%	8.50%
International Bonds	0%	3.50%
Real Estate	0%	4.50%
Total	100%	

2. The discount rate used when the OPEB plan investments are insufficient to pay for future benefit payments are selected from the range of indices as shown in the table below, where the range is given as the spread between the lowest and highest rate shown.

Yield as of	July 1, 2020	June 30, 2021
Bond Buyer Go 20-Bond Municipal Bond Index	2.21%	2.16%
S&P Municipal Bond 20-Year High Grade Rate Index	2.66%	2.19%
Fidelity 20-Year Go Municipal Bond Index	2.45%	1.94%
Bond Index Range	2.21% - 2.66%	1.94% - 2.19%

3. The final equivalent single discount rate used for this year's valuation is 3.35% as of July 1, 2020 and 3.35% as of June 30, 2021 with the expectation that the City will continue paying pay-go costs from the OPEB Trust.

# Summary of Plan Participants

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## Active Employees

Actives with coverage	Single <sup>12</sup>	Non-Single	Total	Avg. Age	Avg. Svc	Salary
BCBS Indemnity	398	467	865	46.6	13.9	\$ 64,348,618
UHC (HMO / Medicare Advantage)	1,227	1,285	2,512	45.6	12.0	\$ 161,348,325
<b>Total actives with coverage</b>	<b>1,625</b>	<b>1,752</b>	<b>3,377</b>	<b>45.9</b>	<b>12.4</b>	<b>\$ 225,696,943</b>
Actives without coverage	Total		Avg. Age	Avg. Svc	Salary	
<b>Total actives without coverage</b>	<b>294</b>		<b>43.4</b>	<b>7.6</b>	<b>\$ 17,011,010</b>	

Active employees who currently have no coverage are assumed not to elect coverage at retirement. They have been excluded from the GASB valuation.

Counts shown above include 915 City employees (806 with health coverage and 109 without coverage) with covered payroll of \$45,461,208 that were hired after January 1, 2017 and are not eligible to receive a subsidy from the City for post-retirement health care. Since the City's premium rates are retiree-appropriate and these individuals would pay the full cost, they do not generate a GASB liability.

<sup>12</sup> Single enrollment counts include those with EE and EE+Ch coverage.

# Summary of Plan Participants

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## Active Age-Service Distribution

Age	Years of Service										Total	
	< 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up		
Under 25	25	78	1									104
25 to 29	39	189	73									301
30 to 34	26	146	206	30								408
35 to 39	26	112	145	110	61							454
40 to 44	25	98	108	82	110	54						477
45 to 49	28	80	85	73	98	130	22	1				517
50 to 54	17	61	68	59	64	80	81	36				466
55 to 59	13	71	70	59	47	76	60	74	24	1		495
60 to 64	12	43	51	47	30	39	26	31	26	13		318
65 to 69	1	11	18	17	10	12	5	14	7	4		99
70 & up		6	7	4	6	3	1	1	2	2		32
<b>Total</b>	<b>212</b>	<b>895</b>	<b>832</b>	<b>481</b>	<b>426</b>	<b>394</b>	<b>195</b>	<b>157</b>	<b>59</b>	<b>20</b>		<b>3,671</b>

# Summary of Plan Participants

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## Retirees

Retirees with coverage	Single <sup>13</sup>	Non-Single	Total	Avg. Age
BCBS Indemnity	700	632	1,332	71.3
UHC (HMO / Medicare Advantage)	512	301	813	72.8
<b>Total retirees with coverage</b>	<b>1,212</b>	<b>933</b>	<b>2,145</b>	<b>71.9</b>

Inactives with coverage includes 312 surviving spouses with 213 in the BCBS Indemnity Plan and 99 in the UHC (HMO / Medicare Advantage) Plan. They have been included in the GASB valuation.

In addition to the above retirees, there are 13 retirees and 3 surviving spouses who have no coverage and are not eligible to return to the health plan. They have been excluded from the GASB valuation.

## Retiree Age Distribution

Age	Retirees
< 45	4
45 to 49	12
50 to 54	61
55 to 59	163
60 to 64	284
65 to 69	403
70 to 74	432
75 to 79	357
80 to 84	245
85 to 89	124
90 & up	60
<b>Total</b>	<b>2,145</b>

<sup>13</sup> Single enrollment counts include those with EE and EE+Ch coverage.

# Substantive Plan Provisions

## City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

### Eligibility

To be eligible for retiree health care coverage employees must attain service retirement eligibility from their respective pension plans.

1. For police officers this is 20 years of service regardless of age
2. For COTPA employees, this is the earlier of (a) age 62 with 10 years of service or (b) 25 years of service regardless of age.
3. For all other employees:
  - a. If hired before January 1, 2017 and reached the age of 55 with 5 years of service on or before December 31, 2016, the employee is immediately eligible to retire.
  - b. If not meeting the above requirements, eligible upon reaching the earlier of age 60 with 15 years of service or 25 years of service regardless of age.

Eligibility for retiree health care coverage resulting from a disability retirement is 15 years of service for general/police and 10 years of service for COTPA employees. There are no service requirements for disabilities occurring in the line of duty.

Employees who retired on deferred retirements are not eligible for retiree health care coverage at the time of retirement. Retirees who drop health care coverage are not eligible to return.

Same benefits are available to retirees as active employees. UHC HMO and Medicare Advantage plans are fully-insured and partially experience-rated. BCBS Standard Indemnity and Alternate Indemnity plans are self-insured and rates are based on actual claims experience. The monthly funding rates by plan effective on January 1, 2020 and January 1, 2021 are as shown below.

### Medical Benefits

Medical/Rx	Eff. 1/1/2020			Eff. 1/1/2021		
	Retiree	Retiree + Spouse	Retiree	Retiree	Retiree + Spouse	Retiree + Spouse
<b>Pre-65</b>						
BCBS Standard Indemnity	\$ 1,428.88	\$ 2,757.75	\$ 1,610.35	\$ 1,610.35	\$ 3,107.98	\$ 3,107.98
BCBS Alternate Indemnity	\$ 838.42	\$ 1,618.15	\$ 944.90	\$ 944.90	\$ 1,823.66	\$ 1,823.66
UHC HMO	\$ 1,443.47	\$ 3,247.79	\$ 1,497.94	\$ 1,497.94	\$ 3,370.35	\$ 3,370.35
<b>Post-65</b>						
BCBS Standard Indemnity	\$ 654.07	\$ 1,241.26	\$ 604.36	\$ 604.36	\$ 1,146.92	\$ 1,146.92
BCBS Alternate Indemnity	\$ 426.72	\$ 809.81	\$ 394.29	\$ 394.29	\$ 748.26	\$ 748.26
UHC Medicare Advantage	\$ 393.59	\$ 787.18	\$ 399.78	\$ 399.78	\$ 799.56	\$ 799.56

# Substantive Plan Provisions

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## Spouse Benefit

Spouse coverage continues upon death of retiree or active employee who is eligible to retire. Surviving spouses receive the same subsidies as the retirees.

## Retiree Cost Sharing

City general and police retirees contribute 50% of the premium rates in 2021. The healthcare contribution rate for qualified retirees eligible to participate in the City's health care plans is assumed to remain at 50% in the future.

General and police employees hired on or after January 1, 2017 are no longer eligible for a subsidy from the City for retiree health coverage.

## COTPA

The Central Oklahoma Transportation and Parking Authority (COTPA) retirees are provided a flat dollar subsidy according to the below schedule.

YOS at Retirement	Subsidy/month	
	Pre-65	Post-65
10 – 14	\$ 187.00	\$ 140.80
15 – 19	\$ 275.00	\$ 206.80
20 – 24	\$ 374.00	\$ 280.50
25+	\$ 462.00	\$ 346.50

## Dental/Vision

Retirees may continue dental and vision insurance coverage at retirement as long as they pay the entire cost. There are no GASB liabilities generated by the dental or vision benefit.

## Life Insurance

Retirees may continue life insurance coverage at retirement as long as they pay the entire cost. There are no GASB liabilities generated by the life insurance benefit.

# Actuarial Methods and Assumptions

## City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

The actuarial assumptions used in this report represent a reasonable long-term expectation of future OPEB outcomes. As national economic and City experience change over time, the assumptions will be tested for ongoing reasonableness and, if necessary, updated.

There are changes to the actuarial methods and assumptions since the last GASB valuation, which was for the fiscal year ending June 30, 2020. Refer to Actuary's Notes section for complete information on these changes. For the current year GASB valuation, we have also updated the per capita costs. We expect to update discount rate, health care trend rates, and per capita costs again in the next full GASB valuation, which will be for the fiscal year ending June 30, 2022.

### Measurement Date

For fiscal year ending June 30, 2021, a June 30, 2021 measurement date was used.

### Actuarial Valuation Date

The City uses a June 30, 2021 actuarial valuation date with no adjustments to get to the June 30, 2021 measurement date. Liabilities as of July 1, 2020 are based on an actuarial valuation date of June 30, 2020 with no adjustments.

COTPA uses a June 30, 2021 actuarial valuation date with no adjustments to get to the June 30, 2021 measurement date. Liabilities as of July 1, 2020 are based on an actuarial valuation date of June 30, 2019 projected to July 1, 2020 on a "no loss / no gain" basis.

### Discount Rate

3.35% for accounting disclosures as of June 30, 2020  
3.35% for accounting disclosures as of June 30, 2021  
7.50% for funding disclosures as of June 30, 2020 and 2021

Refer to the Discussion of Discount Rates section for more information on selection of the discount rate.

### Payroll Growth

3.00% general wage inflation per year plus the annual merit scale shown below based on the Oklahoma City Employee Retirement System actuarial valuation report as of June 30, 2020 for general employees. Payroll growth for police employees uses 3.50% general wage inflation per year plus the annual merit scale shown below based on the Oklahoma Police Retirement System actuarial valuation as of June 30, 2020.

	YOS	General	Police
	0	3.5%	8.5%
	5	3.5%	4.0%
	10	3.5%	3.0%
	15	0.0%	0.8%
	20	0.0%	0.3%
	25	0.0%	0.3%
	26+	0.0%	0.0%



# Actuarial Methods and Assumptions

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

## Inflation Rate

3.00% per year for general employees, 3.50% per year for police employees

## Cost Method

Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where:

- Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and
- Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth.

## Employer Funding Policy

Pay-as-you-go cash basis plus additional contributions funded from favorable claims experience compared to budgeted health costs

## Census Data

Census information for the City and COTPA was provided by the City in July 2021. We have reviewed it for reasonableness and no material modifications were made to the census data.

## Experience Study

Best actuarial practices call for a periodic assumption review and Nyhart recommends the City to complete an actuarial assumption review (also referred to as an experience study).

## Health Care Coverage Election Rate

Active Police employees with current coverage: 90%  
Active non-Police employees with current coverage: 80%  
Active COTPA employees with current coverage: 35%  
Active employees with no coverage: 0%

Inactive employees with current coverage: 100%  
Inactive employees with no coverage: 0%

## Spousal Coverage

70% of male employees and 35% of female employees are assumed to be married at retirement. Husbands are assumed to be three years older than wives.

Actual spousal coverage and age is used for retirees.

## Mortality

RPH-2014 Blue Collar Headcount-weighted Mortality Table fully generational using Scale MP-2016 (set forward 5 years for disabled retirees)

Mortality rates are based on Oklahoma City Employee Retirement System actuarial valuation as of June 30, 2020.

# Actuarial Methods and Assumptions

## City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

### Turnover Rate

Assumption used to project terminations (voluntary and involuntary) prior to meeting minimum retirement eligibility for retiree health coverage. The rates represent the probability of termination in the next 12 months.

Police rates based on Oklahoma Police Retirement System actuarial valuation as of June 30, 2020 are as shown below:

YOS	Rate	YOS	Rate
0	15.00%	8	4.00%
1	12.00%	9	3.50%
2	10.00%	10	3.00%
3	8.00%	11	2.50%
4	7.00%	12	2.00%
5	6.00%	13	1.50%
6	5.00%	14 - 20	1.00%
7	4.50%	21+	0.00%

General employees rates based on Oklahoma City Employee Retirement System actuarial valuation as of June 30, 2020 are shown below:

Age	YOS	Rate
All Ages	0	27.70%
	1	14.30%
	2	6.70%
	3	6.30%
	4	4.60%
25		13.30%
30		11.40%
35		9.03%
40		6.65%
45		4.56%
50	5 and more	2.85%
55		1.90%
60		1.90%

# Actuarial Methods and Assumptions

## City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

### Turnover Rate (Continued)

Sample rates based on the last OPEB valuation for COTPA are as shown below:

Age	Male	Female
25	15.0%	22.5%
30	10.5%	15.0%
35	7.5%	10.5%
40	4.5%	7.5%
45	3.0%	4.5%
50	1.5%	3.0%
55	0.0%	1.5%
60	0.0%	0.0%

### Disability

Rates for police officers based on the Oklahoma Police Retirement System actuarial valuation as of June 30, 2020 and rates for the general employees based on the Oklahoma City Employee Retirement System actuarial valuation as of June 30, 2020 are as shown below:

Age	Police Officers		General Employees	
	Unisex	Male	Female	Female
25	0.02%	0.08%	0.06%	0.06%
30	0.04%	0.09%	0.07%	0.07%
35	0.06%	0.11%	0.09%	0.09%
40	0.08%	0.14%	0.13%	0.13%
45	0.10%	0.21%	0.19%	0.19%
50	0.12%	0.62%	0.57%	0.57%
55	0.14%	0.97%	0.86%	0.86%
60	0.14%	1.10%	0.96%	0.96%

# Actuarial Methods and Assumptions

## City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

### Retirement Rate

Police rates based on Oklahoma Police Retirement System actuarial valuation as of June 30, 2020 are as shown below:

YOS	Rate	YOS	Rate
20	15%	31	30%
21 - 24	8%	32	40%
25	20%	33	50%
26 - 28	10%	34	75%
29	15%	35+	100%
30	20%		

General employees rates based on Oklahoma City Employee Retirement System actuarial valuation as of June 30, 2020 are as shown below:

Age	0 - 4 YOS	5 - 24 YOS	25 YOS	26 - 44 YOS	45+ YOS
50 - 54	0%	0%	15%	9%	100%
55 - 58	0%	4%	15%	9%	100%
59 - 60	0%	5%	15%	9%	100%
61 - 64	0%	6%	15%	9%	100%
65	40%	40%	15%	9%	100%
66 - 74	25%	25%	15%	9%	100%
75	100%	100%	100%	100%	100%

COTPA retirement rates are as shown below.

Age	Years of Service	
	< 25	> = 25
50 - 61	0%	15%
62	25%	25%
63 - 64	15%	15%
65	25%	25%
66 - 69	33%	33%
70+	100%	100%

# Actuarial Methods and Assumptions

## City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

### Health Care Trend Rates

Health care trend rates pre and post Medicare are as shown below:

FYE	Pre-65	Post-65	FYE	Pre-65	Post-65
2022	8.00%	6.00%	2026	6.00%	4.75%
2023	7.50%	5.75%	2027	5.50%	4.50%
2024	7.00%	5.50%	2028	5.00%	4.50%
2025	6.50%	5.25%	2029+	4.50%	4.50%

The initial trend rate was based on a combination of employer history, national trend surveys, and professional judgment.

The ultimate trend rate was selected based on historical medical CPI information.

COTPA subsidies are assumed to remain the same in the future.

### Retiree Contributions

Retiree contributions are assumed to increase according to health care trend rates.

# Actuarial Methods and Assumptions

## City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

### Per Capita Costs

Annual per capita costs were calculated based on the City's monthly premium rates effective on January 1, 2021 actuarially increased using health index factors and current enrollment. The costs are assumed to increase with health care trend rates. Per capita costs for the Medicare Advantage plan are set equal to the premium rate. Sample annual per capita costs are as shown below:

Age	Indemnity <sup>14</sup>		HMO	
	Male	Female	Male	Female
<55	\$ 9,300	\$ 10,400	\$ 12,600	\$ 14,200
55 - 60	\$ 12,500	\$ 12,000	\$ 17,100	\$ 16,400
60 - 64	\$ 14,100	\$ 14,800	\$ 19,300	\$ 20,200
65 - 69	\$ 5,400	\$ 5,400	\$ 4,797	\$ 4,797
70 - 74	\$ 6,800	\$ 6,800	\$ 4,797	\$ 4,797
75+	\$ 7,700	\$ 7,700	\$ 4,797	\$ 4,797

The per capita costs represent the cost of coverage for a retiree-only population.

Actuarial standards require the recognition of higher inherent costs for a retired population versus an active population.

Future retirees are assumed to elect the same plan they are currently enrolled in while they are active at retirement. Upon reaching age 65, 67% of retirees on the HMO plan are assumed to elect the Indemnity Plan and the remaining 33% are assumed to continue on the HMO plan. All retirees on the Indemnity plan are assumed to remain on the Indemnity plan.

### Explicit Subsidy

The difference between (a) the premium rate and (b) the retiree contribution. Below is an example of the monthly explicit subsidies for a future retiree hired before 1/1/2017 under 65 enrolled in the HMO plan.

	Funding Rate	Retiree Contribution	Explicit Subsidy
	A	B	C = A - B
Retiree	\$ 1,497.94	\$ 748.97	\$ 748.97
Spouse	\$ 1,872.41	\$ 936.21	\$ 936.20

<sup>14</sup> Indemnity plan per capita costs are based on the current enrollment mix between the Standard and Alternate plans for pre/post-65 retirees.

# Actuarial Methods and Assumptions

## City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

### Implicit Subsidy

The difference between (a) the per capita cost and (b) the premium rate. Below is an example of the monthly implicit subsidies for a male retiree hired before 1/1/2017 age 64 with spouse of the same age enrolled in the HMO plan.

All employers that utilize premium rates based on blended active/retiree claims experience will have an implicit subsidy. There is an exception for Medicare plans using a true community-rated premium rate.

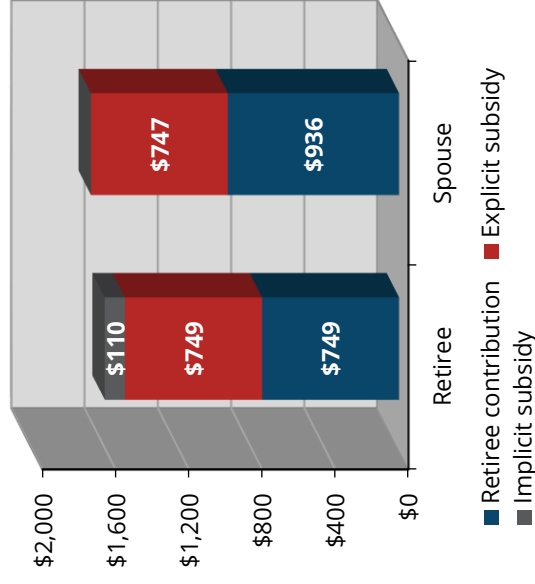
	Per Capita Cost		Funding Rate		Implicit Subsidy	
	A	B	B	A - B	C = A - B	
Retiree	\$ 1,608.33		\$ 1,497.94	\$ 110.39		
Spouse	\$ 1,683.33		\$ 1,872.41	\$ 0.00 <sup>15</sup>		

### GASB Subsidy Breakdown

Below is a breakdown of the GASB 75 monthly total cost for a male retiree hired before 1/1/2017 age 64 with spouse of the same age enrolled in the HMO plan.

	Retiree	Spouse
Retiree contribution	\$ 748.97	\$ 936.21
Explicit subsidy	\$ 748.97	\$ 747.12
Implicit subsidy	\$ 110.39	\$ 0.00
Total monthly cost	\$ 1,608.33	\$ 1,683.33 <sup>16</sup>

### GASB Subsidy Breakdown



<sup>15</sup> Limited to be no less than \$0

<sup>16</sup> Limited to the monthly per capita cost

# APPENDIX



# Appendix

## City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

### Comparison of Participant Demographic Information

The active participants' number below may include active employees who currently have no health care coverage. Refer to Summary of Participants section for an accurate breakdown of active employees with and without coverage.

	As of June 30, 2020 <sup>17</sup>	As of June 30, 2021
Active Participants	3,487	3,671
City <sup>18</sup>	3,487	3,410
COTPA	N/A	261
Retired Participants	2,141	2,161
City	2,141	2,146
COTPA	N/A	15
Averages for Active Age		
Total	44.8	45.7
City	44.8	45.2
COTPA	N/A	51.6
Service		
Total	12.4	12.1
City	12.4	12.5
COTPA	N/A	6.3
Averages for Inactive Age		
Total	71.8	71.9
City	71.8	71.9
COTPA	N/A	71.9

<sup>17</sup> Updated census data for COTPA employees was not provided for the June 30, 2020 valuation.

<sup>18</sup> Active employees shown for the City include all active employees, included those hired on/after January 1, 2017 who are not eligible to receive a post-retirement health care subsidy from the City.

# Appendix

## City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

### Detailed Actuary's Notes

There have been no substantive plan provision changes since the last full valuation, which was for the fiscal year ending June 30, 2020.

The following assumptions have also been updated since the last valuation:

1. The mortality assumption has been from RP-2000 Combined Mortality Table fully generational using Scale AA (set forward 7 years for disabled retirees) to RPH-2014 Blue Collar Headcount-weighted Mortality Table fully generational using Scale MP-2016 (set forward 5 years for disabled retirees). This change has caused an increase in liabilities for the City and COTPA.
2. The termination rate for General City employees has been updated to follow the Oklahoma City Employee Retirement System actuarial valuation as of June 30, 2020. This change has caused a slight decrease in the City's liabilities.
3. The retirement rate for General City employees has been updated to follow the Oklahoma City Employee Retirement System actuarial valuation as of June 30, 2020. This change has caused a decrease in the City's liabilities.
4. The payroll growth assumption for General City and COTPA employees has been updated to follow the Oklahoma City Employee Retirement System actuarial valuation as of June 30, 2020. This change has caused a slight increase in liabilities for the City and COTPA.
5. Health care trend rates have been updated as shown below. This change caused an increase in liabilities for the City and COTPA.

FYE	Current			FYE	Current			FYE	Prior		
	Pre-65	Post-65	Post-65		Pre-65	Post-65	Post-65		Pre-65	Post-65	Post-65
2022	8.00%	6.00%	5.75%	2026	6.00%	5.00%	2026	6.00%	5.00%	4.75%	
2023	7.50%	5.75%	5.50%	2027	5.50%	4.75%	2027	5.50%	5.00%	4.50%	
2024	7.00%	5.50%	5.25%	2028	5.00%	4.50%	2028	5.00%	4.50%	4.50%	
2025	6.50%	5.25%	5.00%	2029+	4.50%	4.50%	2029+	4.50%	4.50%	4.50%	

# GLOSSARY

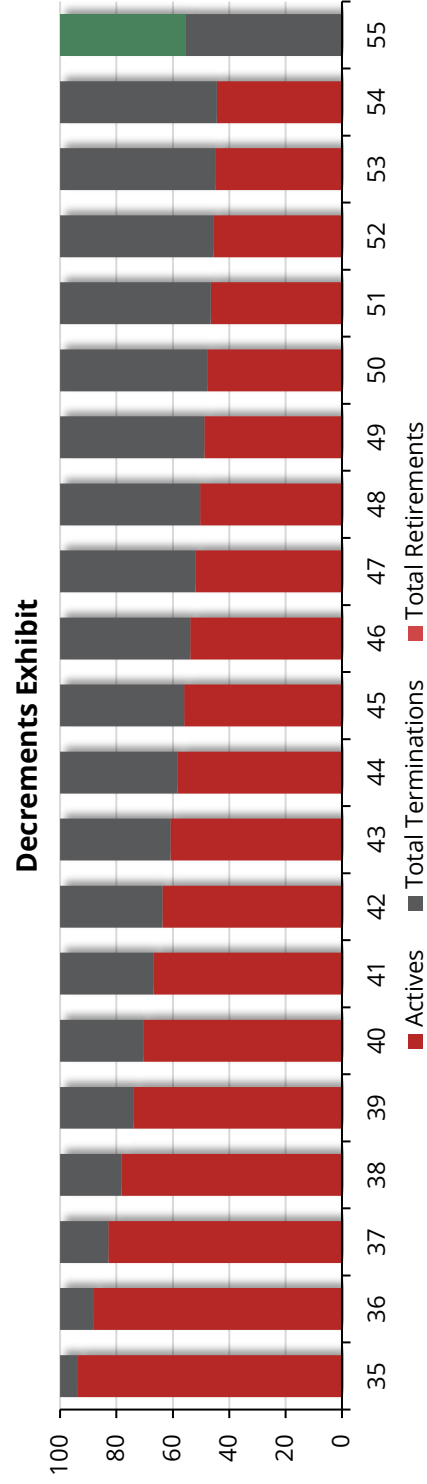
# Glossary – Decrements Exhibit

## City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

The table below illustrates how actuarial assumptions can affect a long-term projection of future liabilities. Starting with 100 employees at age 35, the illustrated actuarial assumptions show that 44.43 employees out of the original 100 are expected to retire and could elect retiree health benefits at age 55.

Age	# Remaining Employees	# of Terminations per Year <sup>19</sup>	# of Retirements per Year	Total Decrements
35	100.000	6.276	0.000	6.276
36	93.724	5.677	0.000	5.677
37	88.047	5.136	0.000	5.136
38	82.911	4.648	0.000	4.648
39	78.262	4.209	0.000	4.209
40	74.053	3.814	0.000	3.814
41	70.239	3.456	0.000	3.456
42	66.783	3.131	0.000	3.131
43	63.652	2.835	0.000	2.835
44	60.817	2.564	0.000	2.564
45	58.253	2.316	0.000	2.316

Age	# Remaining Employees	# of Terminations per Year	# of Retirements per Year	Total Decrements
46	55.938	2.085	0.000	2.085
47	53.853	1.866	0.000	1.866
48	51.987	1.656	0.000	1.656
49	50.331	1.452	0.000	1.452
50	48.880	1.253	0.000	1.253
51	47.627	1.060	0.000	1.060
52	46.567	0.877	0.000	0.877
53	45.690	0.707	0.000	0.707
54	44.983	0.553	0.000	0.553
55	44.430	0.000	44.430	44.430



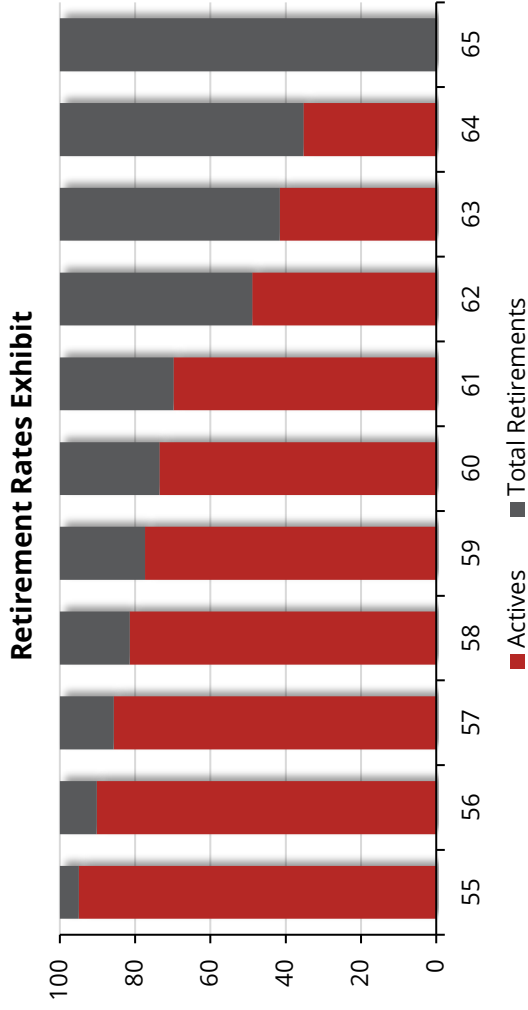
<sup>19</sup> The above rates are illustrative rates and are not used in our GASB calculations.

# Glossary – Retirement Rates Exhibit

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

The table below illustrates how actuarial assumptions can affect a long-term projection of future liabilities. The illustrated retirement rates show the number of employees who are assumed to retire annually based on 100 employees age 55 who are eligible for retiree health care coverage. The average age at retirement is 62.0.

Age	Active Employees BOY	Annual Retirement Rates*	# Retirements per Year	Active Employees EOY
55	100,000	5.0%	5,000	95,000
56	95,000	5.0%	4,750	90,250
57	90,250	5.0%	4,513	85,738
58	85,738	5.0%	4,287	81,451
59	81,451	5.0%	4,073	77,378
60	77,378	5.0%	3,869	73,509
61	73,509	5.0%	3,675	69,834
62	69,834	30.0%	20,950	48,884
63	48,884	15.0%	7,333	41,551
64	41,551	15.0%	6,233	35,318
65	35,318	100.0%	35,318	0.000



\* The above rates are illustrative rates and are not used in our GASB calculations.

# Glossary – Definitions

## City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

GASB 75 defines several unique terms not commonly employed in the funding of pension and retiree health plans. The definitions of the terms used in the GASB actuarial valuations are noted below.

1. **Actuarial Assumptions** – Assumptions as to the occurrence of future events affecting health care costs, such as: mortality, withdrawal, disablement and retirement; changes in compensation and Government provided health care benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; characteristics of future entrants for Open Group Actuarial Cost Methods; and other relevant items.
2. **Actuarial Cost Method** – A procedure for determining the Actuarial Present Value of Future Benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Service Cost and a Total OPEB Liability.
3. **Actuarially Determined Contribution** - A target or recommended contribution to a defined benefit OPEB plan for the reporting period, determined in accordance with the parameters and in conformity with Actuarial Standards of Practice.
4. **Actuarial Present Value** – The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. For purposes of this standard, each such amount or series of amounts is:
  - a. adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, Social Security, marital status, etc.);
  - b. multiplied by the probability of the occurrence of an event (such as survival, death, disability, termination of employment, etc.) on which the payment is conditioned; and
  - c. discounted according to an assumed rate (or rates) of return to reflect the time value of money.
5. **Deferred Outflow / (Inflow) of Resources** – represents the following items that have not been recognized in the OPEB Expense:
  - a. Differences between expected and actual experience of the OPEB plan
  - b. Changes in assumptions
  - c. Differences between projected and actual earnings in OPEB plan investments (for funded plans only)
6. **Explicit Subsidy** – The difference between (a) the amounts required to be contributed by the retirees based on the premium rates and (b) actual cash contribution made by the employer.
7. **Funded Ratio** – The actuarial value of assets expressed as a percentage of the Total OPEB Liability.

# Glossary – Definitions

## City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

8. **Healthcare Cost Trend Rate** – The rate of change in the per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.
9. **Implicit Subsidy** – In an experience-rated healthcare plan that includes both active employees and retirees with blended premium rates for all plan members, the difference between (a) the age-adjusted premiums approximating claim costs for retirees in the group (which, because of the effect of age on claim costs, generally will be higher than the blended premium rates for all group members) and (b) the amounts required to be contributed by the retirees.
10. **OPEB** – Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payments for sick leave.
11. **OPEB Expense** – Changes in the Net OPEB Liability in the current reporting period, which includes Service Cost, interest cost, changes of benefit terms, expected earnings on OPEB Plan investments, reduction of active employees' contributions, OPEB plan administrative expenses, and current period recognition of Deferred Outflows / (Inflows) of Resources.
12. **Pay-as-you-go** – A method of financing a benefit plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.
13. **Per Capita Costs** – The current cost of providing postretirement health care benefits for one year at each age from the youngest age to the oldest age at which plan participants are expected to receive benefits under the plan.
14. **Present Value of Future Benefits** – Total projected benefits include all benefits estimated to be payable to plan members (retirees and beneficiaries, terminated employees entitled to benefits but not yet receiving them, and current active members) as a result of their service through the valuation date and their expected future service. The actuarial present value of total projected benefits as of the valuation date is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. Expressed another way, it is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay total projected benefits when due.
15. **Real Rate of Return** – the rate of return on an investment after adjustment to eliminate inflation.

# Glossary – Definitions

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## City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2021

16. **Select and Ultimate Rates** – Actuarial assumptions that contemplate different rates for successive years. Instead of a single assumed rate with respect to, for example, the investment return assumption, the actuary may apply different rates for the early years of a projection and a single rate for all subsequent years. For example, if an actuary applies an assumed investment return of 8% for year 20W0, then 7.5% for 20W1, and 7% for 20W2 and thereafter, then 8% and 7.5% select rates, and 7% is the ultimate rate.
17. **Service Cost** – The portion of the Actuarial Present Value of projected benefit payments that are attributed to a valuation year by the Actuarial Cost Method.
18. **Substantive Plan** – The terms of an OPEB plan as understood by the employer(s) and plan members.
19. **Total OPEB Liability** – That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of Future Benefits which is attributed to past periods of employee service (or not provided for by the future Service Costs).



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 Post-Employment Benefits Trust**  
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 of the Oklahoma City Post-Employment Benefits Trust (Trust), a fiduciary component unit of the City of Oklahoma City, Oklahoma, as of and for the years ended June 30, 2021 and 2020, and the related notes to financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 19, 2021.

### **Internal Control over Financial Reporting**

In planning and performing our audits of the financial statements, we considered the Trust'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 Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust'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 over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of 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 on compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust'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 Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

November 19, 2021  
Wichita, Kansas