



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, 2022

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 Financial Report
for the Fiscal Year Ended June 30, 2022

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

Introductory Section

THE OKLAHOMA CITY POST-EMPLOYMENT BENEFITS TRUST

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The City of
OKLAHOMA CITY

November 23, 2022

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, 2022 and 2021. 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, 2022 and 2021, 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, 2022, 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 2022 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 2022, the City funded 83.5% and COTPA funded 103.7% 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, 2022, the actual investment allocation of equity securities is 72.8% versus the allowable percentage of the model portfolio of 35-80%.

For fiscal year 2022 investments provided a -13.38% rate of return. Significant volatility in the market place was reflected in the portfolio's decline across all investment classes except money markets.

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:

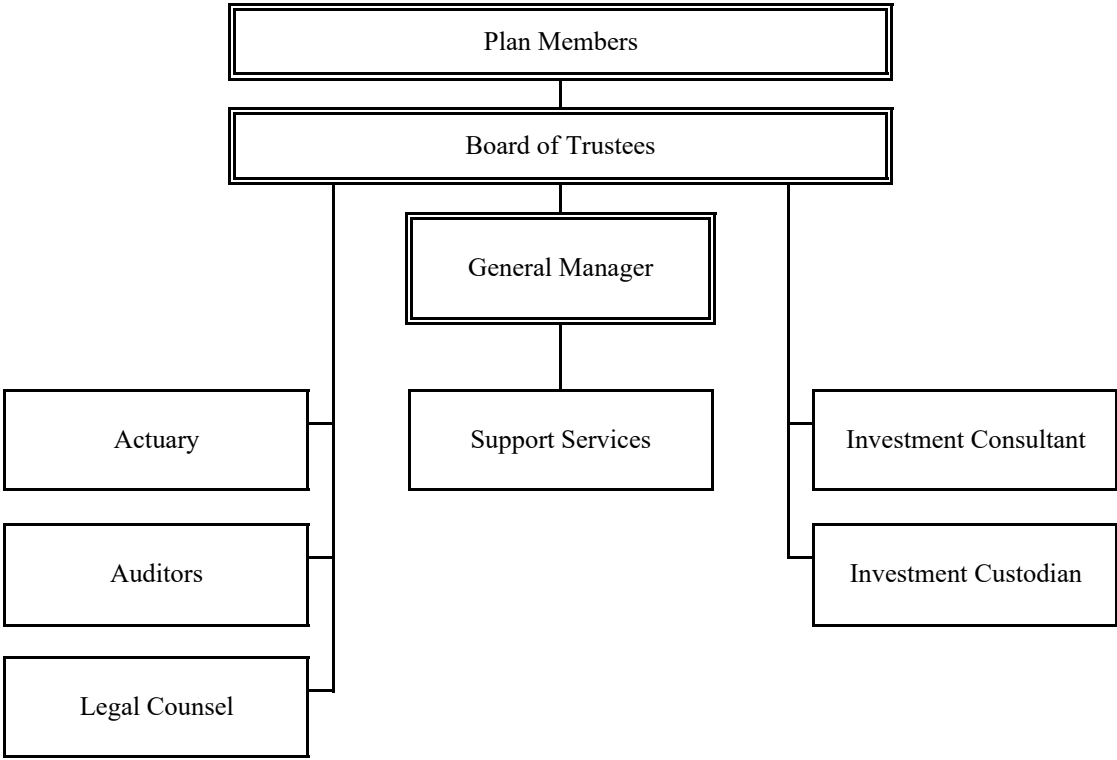


Matthew Boggs
Oklahoma City Post-Employment Benefit Trust
Surrogate General Manager



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
Brendan Walsh, Actuarial Analyst
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 Audit of the Financial Statements

Opinion

We have audited the 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, 2022 and 2021, and the related notes to financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of June 30, 2022 and 2021, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

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

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

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If,

based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2022 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 23, 2022
Wichita, KS

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, 2022 and 2021. 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 \$85,862,987 and \$97,467,482 for 2022 and 2021, respectively.
- The actuarial value of assets as of the June 30, 2022 actuarial report is \$85,862,987.
- The fair value of Trust investments at June 30, 2022 and 2021, is \$87,116,484 and \$98,689,818, respectively.
- The Trust funded ratio of the actuarial accrued liability as of the June 30, 2022 actuarial report is 22.1% and 52.0% 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, 2022 and 2021 is \$85,862,987 and \$97,467,482, respectively. The overall financial condition of the Trust deteriorated in fiscal year 2022.

	Summary of Plan Net Position						
	2022	2021	2022-2021 Amount of Change	2022-2021 %	2020	2021-2020 Amount Change	2021-2020 %
Assets							
Cash	\$423,402	\$744,209	(\$320,807)	(43.1%)	\$448,300	\$295,909	66.0%
Receivables	679,761	709,202	(29,441)	(4.2)	4,390,344	(3,681,142)	(83.8)
Investments	<u>87,116,484</u>	<u>98,689,818</u>	<u>(11,573,334)</u>	(11.7)	<u>69,574,547</u>	<u>29,115,271</u>	41.8
Total assets	88,219,647	100,143,229	(11,923,582)	(11.9)	74,413,191	25,730,038	34.6
Liabilities	2,356,660	2,675,747	(319,087)	(11.9)	2,336,370	339,377	14.5
Net position	<u>\$85,862,987</u>	<u>\$97,467,482</u>	<u>(\$11,604,495)</u>	(11.9)	<u>\$72,076,821</u>	<u>\$25,390,661</u>	35.2

Assets decreased \$11.92 million in 2022. Cash and investments decreased by \$11.89 million primarily due to net depreciation in the fair value of investments due to market volatility. Receivables decreased \$29 thousand at June 30, 2022, primarily due to timing of current year employee contributions. Liabilities decreased \$319 thousand in 2022. 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.

	Summary of Changes in Plan Net Position						
	2022	2021	2022-2021 Amount of Change	2022-2021 %	2020	2021-2020 Amount of Change	2021-2020 %
Additions							
Contributions	\$26,203,128	\$26,114,658	\$88,470	0.3%	\$27,658,431	(\$1,543,773)	(5.6%)
Net Investment income (loss)	(13,264,381)	22,363,640	(35,628,021)	(159.3)	1,781,703	20,581,937	1155.2
Other	<u>10,676</u>	<u>-</u>	<u>10,676</u>	100.0	<u>-</u>	<u>-</u>	0.0
Total additions	<u>12,949,423</u>	<u>48,478,298</u>	<u>(35,528,875)</u>	(73.3)	<u>29,440,134</u>	<u>19,038,164</u>	64.7
Deductions							
Benefits	24,164,484	22,697,332	1,467,152	6.5	21,810,210	887,122	4.1
Administrative expenses	<u>389,434</u>	<u>390,305</u>	<u>(871)</u>	(0.2)	<u>443,147</u>	<u>(52,842)</u>	(11.9)
Total deductions	<u>24,553,918</u>	<u>23,087,637</u>	<u>1,466,281</u>	6.4	<u>22,253,357</u>	<u>834,280</u>	3.7
Changes in net position (deficit)	(11,604,495)	25,390,661	(36,995,156)	(145.7)	7,186,777	18,203,884	253.3
Beginning net position	<u>97,467,482</u>	<u>72,076,821</u>	<u>25,390,661</u>	35.2	<u>64,890,044</u>	<u>7,186,777</u>	11.1
Ending net position	<u>\$85,862,987</u>	<u>\$97,467,482</u>	<u>(\$11,604,495)</u>	(11.9)	<u>\$72,076,821</u>	<u>\$25,390,661</u>	35.2

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022 and 2021

OKLAHOMA CITY POST-EMPLOYMENT
BENEFITS TRUST

At June 30, 2022 contributions remained stable as compared to 2021. The trust reported a net investment loss of \$13.26 million, due to net depreciation in the fair value of investments of \$14.73 million offset by \$1.53 million in dividend income. Benefits paid increased \$1.47 million primarily due to an increase in indemnity benefits of \$1.25 million. Administrative expenses remained stable. At June 30, 2021 contributions decreased \$1.54 million primarily due to the budget reduction of employer contributions of \$1.2 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 to an increase in indemnity benefits of \$826 thousand. Administrative expenses decreased by \$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.

	Detail of Ending Plan Net Position						
	<u>2022</u>	<u>2021</u>	2022-2021 Amount of <u>Change</u>	2022-2021 % <u>Change</u>	<u>2020</u>	2021-2020 Amount of <u>Change</u>	2021-2020 % <u>Change</u>
Net position at							
beginning of year	<u>\$97,467,482</u>	<u>\$72,076,821</u>	<u>\$25,390,661</u>	35.2%	<u>\$64,890,044</u>	<u>\$7,186,777</u>	11.1%
Dental Plan							
Employee premium	939,225	838,789	100,436	12.0	862,592	(23,803)	(2.8)
Expenses	<u>(939,225)</u>	<u>(838,789)</u>	<u>(100,436)</u>	(12.0)	<u>(862,592)</u>	<u>23,803</u>	2.8
	-	-	-	0.0	-	-	0.0
Life Insurance Plan							
Employee premium	297,231	283,698	13,533	4.8	286,794	(3,096)	(1.1)
Expenses	<u>(297,231)</u>	<u>(283,698)</u>	<u>(13,533)</u>	(4.8)	<u>(286,794)</u>	<u>3,096</u>	1.1
	-	-	-	0.0	-	-	0.0
Vision Plan							
Employee premium	110,507	96,557	13,950	14.4	87,981	8,576	9.7
Expenses	<u>(110,507)</u>	<u>(96,557)</u>	<u>(13,950)</u>	(14.4)	<u>(87,981)</u>	<u>(8,576)</u>	(9.7)
	-	-	-	0.0	-	-	0.0
HMO Plan							
Employee premium	3,472,557	3,429,065	43,492	1.3	3,389,503	39,562	1.2
Employer premium	3,472,557	3,429,065	43,492	1.3	3,389,503	39,562	1.2
Expenses	<u>(6,945,114)</u>	<u>(6,858,130)</u>	<u>(86,984)</u>	(1.3)	<u>(6,779,006)</u>	<u>(79,124)</u>	(1.2)
	-	-	-	0.0	-	-	0.0
Indemnity Plan							
Employee premium	7,939,267	8,022,208	(82,941)	(1.0)	8,338,725	(316,517)	(3.8)
Employer assessed premium	<u>7,939,267</u>	<u>8,022,208</u>	<u>(82,941)</u>	(1.0)	<u>8,338,725</u>	<u>(316,517)</u>	(3.8)
Assessed premium	15,878,534	16,044,416	(165,882)	(1.0)	16,677,450	(633,034)	(3.8)
Expenses	<u>(15,872,407)</u>	<u>(14,620,158)</u>	<u>(1,252,249)</u>	(8.6)	<u>(13,793,837)</u>	<u>(826,321)</u>	(6.0)
Net assessed							
revenue (loss)	6,127	1,424,258	(1,418,131)	(99.6)	2,883,613	(1,459,355)	(50.6)
Excess employer contributions	2,032,517	1,993,068	39,449	2.0	2,964,608	(971,540)	(32.8)
Investment income (loss)	(13,264,381)	22,363,640	(35,628,021)	(159.3)	1,781,703	20,581,937	1155.2
Other revenue	10,676	-	10,676	100.0	-	-	0.0
Trust administrative							
fees	<u>(389,434)</u>	<u>(390,305)</u>	<u>871</u>	0.2	<u>(443,147)</u>	<u>52,842</u>	11.9
Change in net position	<u>(11,604,495)</u>	<u>25,390,661</u>	<u>(36,995,156)</u>	(145.7)	<u>7,186,777</u>	<u>18,203,884</u>	253.3
Ending net position	<u>\$85,862,987</u>	<u>\$97,467,482</u>	<u>(\$11,604,495)</u>	(11.9)	<u>\$72,076,821</u>	<u>\$25,390,661</u>	35.2

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 \$15.88 million at June 30, 2022. The City contributed \$13.44 million at June 30, 2022 for retiree health benefits. The decrease of \$11.59 million in net position as of June 30, 2022 was due primarily to net investment loss offset by excess employer contributions. Total assessed premiums for the Indemnity Plan were \$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.

Economic Factors

The Trust recognized net investment loss of \$13.26 million at June 30, 2022 when the Trust rate of return on investments was -13.38%. 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 investment portfolio produced a negative return for fiscal year ended June 30, 2022, showing losses in all investment types except money markets.

Financial Market Summary

	<u>2022</u>	<u>2021</u>	2022-2021 Amount of <u>Change</u>	2022-2021 % <u>Change</u>	<u>2020</u>	2021-2020 Amount of <u>Change</u>	2021-2020 % <u>Change</u>
S&P 500	\$39.91	\$40.09	(\$0.18)	(0.4%)	\$27.85	\$12.24	43.9%
S&P MidCap 400	2,268.92	2,696.12	(427.20)	(15.8)	1,783.21	912.91	51.2
S&P SmallCap 600	80.08	97.74	(17.66)	(18.1)	59.02	38.72	65.6
Dow Jones Industrial Average	30,775.43	34,502.51	(3,727.08)	(10.8)	25,812.88	8,689.63	33.7
NASDAQ	11,028.74	14,503.95	(3,475.21)	(24.0)	10,058.77	4,445.18	44.2
10 Year Bond Yield (%)	2.97	1.44	1.53	106.3	0.65	0.79	121.5
60 Day U.S. Treasury (%)	1.72	0.05	1.67	3340.0	0.16	(0.11)	(68.8)

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, 2022, the actual investment allocation of equity securities is 72.8%, within the allowable percentage model portfolio of 35-80% versus the prior year when the allocation to equities was 71.5%.

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.

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Basic Financial Statements

STATEMENT OF PLAN NET POSITION
June 30,

OKLAHOMA CITY POST-EMPLOYMENT
BENEFITS TRUST

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash-----	\$423,402	\$744,209
<u>RECEIVABLES</u>		
Interest and dividends-----	45,810	56,267
Plan members-----	482,778	481,971
Other receivables-----	151,173	170,964
Total receivables-----	<u>679,761</u>	<u>709,202</u>
<u>INVESTMENTS, AT FAIR VALUE</u>		
Domestic common stock-----	16,997,017	20,425,692
Passive domestic stock funds-----	35,385,898	39,950,315
Passive bond fund-----	22,731,143	25,487,632
International stock-----	8,718,430	10,151,884
Treasury money market fund-----	3,283,996	2,674,295
Total investments-----	<u>87,116,484</u>	<u>98,689,818</u>
Total assets -----	<u>88,219,647</u>	<u>100,143,229</u>
<u>LIABILITIES</u>		
Accounts payable-----	931,676	1,219,897
Unearned revenue-----	6,887	1,627
Estimated claims payable-----	1,418,097	1,454,223
Total liabilities -----	<u>2,356,660</u>	<u>2,675,747</u>
<u>NET POSITION</u>		
Held in trust for other post-employment benefits-----	<u>\$85,862,987</u>	<u>\$97,467,482</u>

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>2022</u>	<u>2021</u>
<u>ADDITIONS</u>		
<u>CONTRIBUTIONS</u>		
Employer-----	\$13,444,341	\$13,444,341
Plan members-----	12,758,787	12,670,317
Total contributions-----	26,203,128	26,114,658
<u>INVESTMENT INCOME (LOSS)</u>		
Net appreciation (depreciation) in fair value of investments-----	(14,725,427)	21,118,942
Interest-----	19,031	28,068
Dividends-----	1,531,992	1,306,908
	(13,174,404)	22,453,918
Less: investment expense-----	(89,977)	(90,278)
Net investment income (loss)-----	(13,264,381)	22,363,640
<u>OTHER</u>		
Other-----	10,676	-
Total additions-----	12,949,423	48,478,298
<u>DEDUCTIONS</u>		
Benefits paid-----	24,164,484	22,697,332
Administrative expenses-----	389,434	390,305
Total deductions-----	24,553,918	23,087,637
Change in net position-----	(11,604,495)	25,390,661
<u>NET POSITION HELD IN TRUST FOR OTHER POST-EMPLOYMENT BENEFITS</u>		
Beginning of year-----	97,467,482	72,076,821
End of year-----	\$85,862,987	\$97,467,482

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, 2022 and 2021.

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 and again on July 19, 2021, 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 2022, 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 No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This standard was applied retrospectively.

The Trust implemented GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. The primary objectives of this Statement are to improve the consistency of comparability of financial reporting in financial statements using both economic resources measurement focus and the current financial resources measurement focus. Prior to this Statement funds using the economic resources measurement focus were capitalizing interest costs incurred before the end of a construction period and governmental funds using the current financial resources measurement focus were expensing these costs as period costs. Going forward all funds will expense interest costs incurred before the end of a construction period as period costs. This standard has been applied retrospectively.

The Trust implemented GASB Statement No. 92, Omnibus 2020. The objective of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

The Trust implemented all requirements of GASB Statement No. 93, Replacement of Interbank Offered Rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR) 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 being phased out and will cease to exist at the end of fiscal year 2023, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates. All Trust agreements referencing the use of LIBOR rates have been adjusted.

The Trust implemented GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans effective for the Trust in fiscal year 2022. This Statement provides guidance on financial reporting for certain 457 deferred compensation plans amending prior pronouncements No. 14 and No. 84.

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

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, 2022 and 2021, 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, 2022 and 2021

OKLAHOMA CITY POST-EMPLOYMENT
BENEFITS TRUST

		2022						
	<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	\$53,489,155	\$52,382,915	\$52,382,915	\$ -	\$ -	\$ -	N/A	N/A
International								
stock	8,104,218	8,718,430	8,718,430	-	-	-	N/A	N/A
Money								
market (4)(5)	3,283,996	3,283,996	3,283,996	-	-	-	AAA/Aaa	0.23
Passive bond								
funds	<u>26,593,014</u>	<u>22,731,143</u>	<u>22,731,143</u>	<u>-</u>	<u>-</u>	<u>-</u>	Not Rated	101.61
Total								
investments	<u>\$91,470,383</u>	<u>\$87,116,484</u>	<u>\$87,116,484</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>		
		2021						
	<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
Total								
investments	<u>\$86,159,411</u>	<u>\$98,689,818</u>	<u>\$98,689,818</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>		

- (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, 2022 and 2021.

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, 2022, net realized gains were \$2,158,879 compared to realized gains of \$16,334,253, at June 30, 2021. 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

	2022				2021			
	Minimum	Target	Maximum	Actual(1)	Minimum	Target	Maximum	Actual(1)
Domestic equities	30%	60%	65%	62.4%	30%	55%	65%	61.2%
International equities	5	10	15	10.4	5	10	15	10.3
Fixed income	12	18	65	24.8	12	21	65	23.6
High Yield fixed income	0	3	10	2.3	0	4	10	2.2
Cash equivalents	0	0	100	0.1	0	0	100	2.7
Active duration fixed income	7	9	11	0.0	7	10	11	0.0
Judgments	0	0	10	0.0	1	0	10	0.0

(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, 2022 and 2021, the amount of funds invested by the Treasurer temporarily in money market funds was \$3,152,195 and \$2,674,295, 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

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 Bloomberg Barclays aggregate index.

High Yield Fixed income

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 ICE BofaML High Yield Master II 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 Bloomberg 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>2022</u>	<u>2021</u>
American Beacon Stephens Small Cap Growth Fund	10%	12%
Causway International Value Fund	10	10
DoubleLine Core Fixed Income Fund	9	8
Hotchkis & Wiley Mid-Cap Value Fund	9	8
JP Morgan Money Market	4	3
Loomis Sayles Bond Fund	8	8
Lord Abbett High Yield Fund	2	2
Vanguard Mid-Cap Index Fund	6	6
Fidelity 500 Index Prem	35	35
Wasatch-Hoisington US Treasury Fund	7	8

II. B. ACCOUNTS RECEIVABLE

Contributions Receivable

There are no receivables older than thirty days.

	<u>2022</u>	<u>2021</u>
<u>PLAN MEMBER CONTRIBUTIONS RECEIVABLE</u>		
Oklahoma Police Pension and Retirement System	\$462,785	\$461,469
Oklahoma Fire Pension and Retirement System	17,339	17,836
COTPA Employee Retirement System	<u>2,654</u>	<u>2,666</u>
Total plan member contributions	<u>\$482,778</u>	<u>\$481,971</u>

Other Receivables

Other accounts receivable at June 30, 2022 and 2021, include \$151,173 and \$170,964 respectively, receivable from fiduciary funds. Both years balance is employee contributions not yet deposited into 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, 2020	\$1,157,192
Claims and changes in estimates	14,917,219
Claims payments	<u>(14,620,158)</u>
Liability balance, June 30, 2021	1,454,223
Claims and changes in estimates	15,836,281
Claims payments	<u>(15,872,407)</u>
Liability balance, June 30, 2022	<u>\$1,418,097</u>

Assets available to pay claims at June 30, 2022 and 2021 were \$87,287,971 and \$98,923,332, 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

	<u>2022</u>	<u>2021</u>
Active members	3,374	3,410
COTPA Active Members (1)	261	261
Retirees and beneficiaries currently receiving benefits	2,143	2,146
COTPA retirees currently receiving benefits (1)	15	15
	<u>5,793</u>	<u>5,832</u>

(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 (1)	6/30/22
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 (2)	5.04%
City Investment rate of return	7.50%
COTPA Investment rate of return	7.50%
Inflation	3.00%
Inflation - Police	3.50%
Projected salary increases	3.00%
Projected salary increases - Police	3.50%
Health care trend rate (3)	
City Initial (4)	7.50% (6.5% for Medicare Age)
City Ultimate	4.50%
COTPA Initial (5)	7.50% (5.75% for Medicare Age)
COTPA Ultimate	4.50%
Experience Study	N/A

(1) The valuation date for COTPA is 6/30/2021

(2) The discount rate changed from 3.35% in FY21 to 5.04% in FY22.

(3) The healthcare trend rate decreases by .50% (.25% for Medicare Age) annually to an ultimate rate of 4.50%.

(4) The initial healthcare trend rate changed from 8.00% (6.00% for Medicare Age) in FY21 to 7.50% (6.50% for Medicare Age) in FY22.

(5) The initial healthcare trend rate changed from 8.00% (6.00% for Medicare Age) in FY21 to 7.50% (5.75% for Medicare Age) in FY22.

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). The mortality table did not change during the year.

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	
	1/1/2022	1/1/2021	1/1/2022	1/1/2021
HMO Plans				
Retiree Only	\$762.08	\$748.98	\$199.89	\$199.89
Retiree + Spouse	1,714.68	1,685.18	399.78	399.78
Retiree + Child	1,333.55	1,310.61	399.78	399.78
Retiree + Children	1,638.42	1,610.23	599.67	599.67
Retiree + Family	2,362.36	2,321.72	599.67	599.67
Group Indemnity Plans (standard)				
Retiree Only	805.18	805.18	302.18	302.18
Retiree + Spouse	1,553.99	1,553.99	573.46	573.46
Retiree + Child	1,143.36	1,143.36	424.26	424.26
Retiree + Children	1,481.53	1,481.53	546.33	546.33
Retiree + Family	2,117.62	2,117.62	777.25	777.25
Group Indemnity Plans (alternate)				
Retiree Only	472.45	472.45	197.15	197.15
Retiree + Spouse	911.83	911.83	374.13	374.13
Retiree + Child	670.88	670.88	276.79	276.79
Retiree + Children	869.31	869.31	356.43	356.43
Retiree + Family	1,242.55	1,242.55	507.08	507.08
Dental Plans (high plan)				
Retiree Only	34.07	33.08	34.07	33.08
Retiree + 1 or more	68.12	66.14	68.12	66.14
Retiree + 2 or more	109.00	105.83	109.00	105.83
Dental Plans (low plan)				
Retiree Only	23.10	22.43	23.10	22.43
Retiree + 1 or more	46.24	44.89	46.24	44.89
Retiree + 2 or more	73.95	71.80	73.95	71.80
Group Life				
Basic Life (\$10,000)	16.43	14.80	16.43	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

(continued)

Retiree Rates (continued)

	COTPA Retirees			
	Retirees Under 65		Retirees Over 64	
	1/1/2022	1/1/2021	1/1/2022	1/1/2021
HMO Plans				
10-14 Years of Service				
Retiree Only	\$1,310.94	\$1,310.94	\$258.98	\$258.98
Retiree + Spouse	3,183.35	3,183.35	658.76	658.76
Retiree + Child	2,434.22	2,434.22	658.76	658.76
Retiree + Children	3,033.46	3,033.46	1,058.54	1,058.54
Retiree + Family	4,456.43	4,456.43	1,058.54	1,058.54
HMO Plans				
15-19 Years of Service				
Retiree Only	1,222.94	1,222.94	192.98	192.98
Retiree + Spouse	3,095.35	3,095.35	576.26	576.26
Retiree + Child	2,346.22	2,346.22	576.26	576.26
Retiree + Children	2,945.46	2,945.46	958.39	958.39
Retiree + Family	4,368.43	4,368.43	958.39	958.39
HMO Plans				
20-24 Years of Service				
Retiree Only	1,123.94	1,123.94	119.28	119.28
Retiree + Spouse	2,996.35	2,996.35	519.06	519.06
Retiree + Child	2,247.22	2,247.22	519.06	519.06
Retiree + Children	2,846.46	2,846.46	918.84	918.84
Retiree + Family	4,269.43	4,269.43	918.84	918.84
HMO Plans				
25+ Years of Service				
Retiree Only	1,035.94	1,035.94	53.28	53.28
Retiree + Spouse	2,908.35	2,908.35	453.06	453.06
Retiree + Child	2,159.22	2,159.22	453.06	453.06
Retiree + Children	2,758.46	2,758.46	852.84	852.84
Retiree + Family	4,181.43	4,181.43	852.84	852.84
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>2022</u>	<u>2021</u>
Total OPEB liability	\$386,007,694	\$517,984,980
Fiduciary net position	<u>(85,862,987)</u>	<u>(97,467,482)</u>
Net OPEB liability	<u>\$300,144,707</u>	<u>\$420,517,498</u>
Plan fiduciary net position as a percentage of the total OPEB liability	22.24%	18.82%

	<u>2022</u>		<u>2022</u>		<u>2022</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	\$515,680,046	\$2,304,934	\$96,359,796	\$1,107,686	\$419,320,250	\$1,197,248
Service cost	15,669,032	206,758	-	-	15,669,032	206,758
Interest	17,611,584	83,280	-	-	17,611,584	83,280
Differences between expected and actual experience	(50,388,946)	(20,792)	-	-	(50,388,946)	(20,792)
Changes of assumptions	(103,272,546)	(459,959)	-	-	(103,272,546)	(459,959)
Contributions - employer	-	-	13,314,341	130,000	(13,314,341)	(130,000)
Net investment income	-	-	(13,147,235)	(106,469)	13,147,235	106,469
Benefit payments and refunds	(11,353,820)	(51,877)	(11,353,820)	(51,877)	-	-
Administrative expense	-	-	<u>(381,843)</u>	<u>(7,592)</u>	<u>381,843</u>	<u>7,592</u>
Net changes	<u>(131,734,696)</u>	<u>(242,590)</u>	<u>(11,568,557)</u>	<u>(35,938)</u>	<u>(120,166,139)</u>	<u>(206,652)</u>
	<u>\$383,945,350</u>	<u>\$2,062,344</u>	<u>\$84,791,239</u>	<u>\$1,071,748</u>	<u>\$299,154,111</u>	<u>\$990,596</u>

	<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>

IV. C. RATE OF RETURN AND DISCOUNT RATE

Rate of Return

For the year ended June 30, 2022 and 2021, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense was 9.12% and 13.09%, 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>2022</u>	<u>2021</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 5.04% on June 30, 2022 and 3.35% on June 30, 2021. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the net position is exhausted are discounted at the 20-year municipal bond rate. Therefore, the long-term expected rate of return on OPEB investments (7.50%) was applied to years 2022 through 2030 of projected benefit payments and the 20-year municipal bond rate based on a range of indices from 3.54%-4.09% was applied to projected benefit payments after 2030 to determine the total OPEB liability.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

	2022							
	City			COTPA			Total	
	Total	Net		Total	Net		Total	Net
	OPEB	OPEB		OPEB	OPEB		OPEB	OPEB
<u>Rate</u>	<u>Liability</u>	<u>Liability</u>	<u>Rate</u>	<u>Liability</u>	<u>Liability</u>	<u>Liability</u>	<u>Liability</u>	
1% decrease	4.04%	\$448,999,301	\$364,208,062	4.04%	\$2,317,772	\$1,246,024	\$451,317,073	\$365,454,086
Current single discount rate	5.04	383,945,350	299,154,111	5.04	2,062,344	990,596	386,007,694	300,144,707
1% increase	6.04	332,346,473	247,555,234	6.04	1,846,880	775,132	334,193,353	248,330,366

	2021							
	City			COTPA			Total	
	Total	Net		Total	Net		Total	Net
	OPEB	OPEB		OPEB	OPEB		OPEB	OPEB
<u>Rate</u>	<u>Liability</u>	<u>Liability</u>	<u>Rate</u>	<u>Liability</u>	<u>Liability</u>	<u>Liability</u>	<u>Liability</u>	
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

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

	2022							
	City			COTPA			Total	
	Total	Net		Total	Net		Total	Net
	OPEB	OPEB		OPEB	OPEB		OPEB	OPEB
<u>Rate</u>	<u>Liability</u>	<u>Liability</u>	<u>Rate</u>	<u>Liability</u>	<u>Liability</u>	<u>Liability</u>	<u>Liability</u>	
1% decrease	6.50%	\$327,879,087	\$243,087,848	6.50%	\$2,057,777	\$986,029	\$329,936,864	\$244,073,877
Current single discount rate	7.50	383,945,350	299,154,111	7.50	2,062,344	990,596	386,007,694	300,144,707
1% increase	8.50	455,785,719	370,994,480	8.50	2,067,754	996,006	457,853,473	371,990,486

	2021							
	City			COTPA			Total	
	Total	Net		Total	Net		Total	Net
	OPEB	OPEB		OPEB	OPEB		OPEB	OPEB
<u>Rate</u>	<u>Liability</u>	<u>Liability</u>	<u>Rate</u>	<u>Liability</u>	<u>Liability</u>	<u>Liability</u>	<u>Liability</u>	
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

V. ADDITIONS AND DEDUCTIONS

Administrative Costs

	<u>2022</u>	<u>2021</u>
Actuarial	\$18,000	\$19,500
Audit	23,371	21,232
Professional Svc - Medical	309,645	299,524
Bank fees	685	581
Postage	9,376	6,778
Other services	12,466	19,172
Print shop	<u>15,891</u>	<u>23,518</u>
	<u>\$389,434</u>	<u>\$390,305</u>

Benefits Paid

	<u>2022</u>	<u>2021</u>
Health indemnity plan	\$15,872,407	\$14,620,158
Health HMO	6,945,114	6,858,131
Dental	939,225	838,788
Life	297,231	283,698
Vision	<u>110,507</u>	<u>96,557</u>
	<u>\$24,164,484</u>	<u>\$22,697,332</u>

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 \$685 and \$581 in 2022 and 2021, respectively.

Required Supplementary Information

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Total OPEB Liability</u>			
Service cost	\$15,875,790	\$17,989,445	\$15,753,760
Interest	17,694,864	17,773,523	20,361,128
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total OPEB liability	(50,409,738)	(49,368,098)	(61,192,926)
Assumption changes	(103,732,505)	24,081,443	60,089,771
Benefits payments, including refunds	(11,405,697)	(10,027,015)	(8,844,615)
Net change in total OPEB liability	(131,977,286)	449,298	26,167,118
OPEB liability, beginning	517,984,980	517,535,682	491,368,564
OPEB liability, ending	<u>386,007,694</u>	<u>517,984,980</u>	<u>517,535,682</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - employer	13,444,341	13,444,341	14,692,836
Net investment income	(13,253,704)	22,363,640	1,781,701
Benefits payments, including refunds	(11,405,697)	(10,027,015)	(8,844,615)
Administrative expense	(389,435)	(390,305)	(443,145)
Net change in fiduciary net position	(11,604,495)	25,390,661	7,186,777
Plan fiduciary net position, beginning	97,467,482	72,076,821	64,890,044
Plan fiduciary net position, ending	<u>85,862,987</u>	<u>97,467,482</u>	<u>72,076,821</u>
Net OPEB liability, ending	<u>\$300,144,707</u>	<u>\$420,517,498</u>	<u>\$445,458,861</u>
Plan fiduciary net position as a percentage of total OPEB liability	22.24%	18.82%	13.93%
<u>Actuarial assumptions</u>			
Valuation date	6/30/22	6/30/21	6/30/20
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Amortization period	30 years, closed	30 years, closed	30 years, closed
Actuarial asset valuation method	4-year smoothed market	4-year smoothed market	4-year smoothed market
Investment rate of return	7.5%	7.5%	7.5%
Health care trend rate			
Initial	7.50% (6.50% for Medicare Age)	8.0% (6.00% for Medicare Age)	8.0% (6.00% for Medicare Age)
Ultimate	4.50%	4.50%	4.50%
Inflation	3.00%	3.00%	3.25%
Projected salary increases	3.00%	3.00%	3.25%
Mortality table	RPH-2014 Blue Collar Headcount-weighted Mortality Table fully generational using Scale MP-2016	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	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>
10,956,565	(92,140,120)	(25,626,546)
480,411,999	572,552,119	598,178,665
<u>491,368,564</u>	<u>480,411,999</u>	<u>572,552,119</u>
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)
<u>(74,904)</u>	<u>(47,929)</u>	<u>(69,068)</u>
6,771,998	8,986,838	6,897,991
<u>58,118,046</u>	<u>49,131,208</u>	<u>42,233,216</u>
<u>64,890,044</u>	<u>58,118,046</u>	<u>49,131,208</u>
<u>\$426,478,520</u>	<u>\$422,293,953</u>	<u>\$523,420,911</u>
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)
2022	\$16,069,940	\$13,444,341	\$2,625,599
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

III. SCHEDULE OF INVESTMENT RETURNS (1)

	<u>2022</u>	<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	9.12%	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.

Actuarial Section



GASB 74/75 ACTUARIAL VALUATION

Fiscal Year Ending June 30, 2022

CITY OF OKLAHOMA CITY

CONTACT

John Mallows, FSA, MAAA
john.mallows@nyhart.com

PHONE

General (317) 845-3500
Toll-Free (800) 428-7106
Fax (317) 845-3654

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October 19, 2022

**Ronda Dugone
City of Oklahoma City
100 North Walker, 4th Floor
Oklahoma City, OK 73102**

This report summarizes the GASB actuarial valuation for the City of Oklahoma City 2021/22 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.

John Mallows, FSA, MAAA
Actuary

Cody Kocher, ASA, MAAA
Actuary

Executive Summary

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Summary of Results

Presented below is the summary of GASB 74/75 results for the fiscal year ending June 30, 2022 compared to the prior fiscal year.

	As of June 30, 2021		As of June 30, 2022	
	City	COTPA	City	COTPA
Total OPEB Liability	\$ 515,680,046	\$ 2,304,934	\$ 383,945,350	\$ 2,062,344
Plan Fiduciary Net Position	\$ (96,359,796)	\$ (1,107,686)	\$ (84,791,239)	\$ (1,071,748)
Net OPEB Liability	\$ 419,320,250	\$ 1,197,248	\$ 299,154,111	\$ 990,596
Funded Ratio	18.7%	48.1%	22.1%	52.0%

	As of June 30, 2021		As of June 30, 2022	
	City	COTPA	City	COTPA
OPEB Expense	\$ (3,763,341)	\$ 147,579	\$ (34,071,063)	\$ 86,943
Annual Employer Contribution	\$ 13,314,341	\$ 130,000	\$ 13,314,341	\$ 130,000

	As of June 30, 2021	As of June 30, 2022
Discount Rate	3.35%	5.04%
Expected Return on Assets	7.50%	7.50%

	As of June 30, 2021	As of June 30, 2022
Total Active Participants	3,671	3,374
Total Retiree Participants	2,161	2,143

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, 2022

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, 2021		As of June 30, 2022	
	City	COTPA	City	COTPA
Active Employees	\$ 443,106,790	\$ 4,018,377	\$ 269,738,881	\$ 3,296,416
Retired Employees	246,870,832	697,513	198,305,419	576,653
Total Present Value of Future Benefits	\$ 689,977,622	\$ 4,715,890	\$ 468,044,300	\$ 3,873,069
Total OPEB Liability				
Active Pre-Medicare	\$ 96,351,436	\$ 144,076	\$ 76,235,980	\$ 143,224
Active Post-Medicare	172,457,778	1,463,345	109,403,951	1,342,467
Active Liability	\$ 268,809,214	\$ 1,607,421	\$ 185,639,931	\$ 1,485,691
Retiree Pre-Medicare	\$ 39,608,860	\$ 19,696	\$ 34,519,601	\$ 13,001
Retiree Post-Medicare	207,261,972	677,817	163,785,818	563,652
Retiree Liability	\$ 246,870,832	\$ 697,513	\$ 198,305,419	\$ 576,653
Total OPEB Liability	\$ 515,680,046	\$ 2,304,934	\$ 383,945,350	\$ 2,062,344

	As of June 30, 2021	As of June 30, 2022
Discount Rate	3.35%	5.04%

Present Value of Future Benefits (PVFB) is the amount needed as of June 30, 2021 and June 30, 2022 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, 2021 and June 30, 2022. 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, 2022

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

OPEB Liability	FY 2021/22	FY 2020/21	FY 2019/20	FY 2018/19	FY 2017/18
Total OPEB Liability					
Total OPEB liability - beginning of year	\$ 515,680,046	\$ 515,129,852	\$ 489,504,645	\$ 478,478,223	\$ 570,691,262
Service cost	15,669,032	17,801,244	15,607,464	15,984,135	20,334,929
Interest	17,611,584	17,687,435	20,280,372	20,771,885	21,960,203
Changes of benefit terms	0	0	0	0	0
Changes in assumptions	(103,272,546)	24,019,878	59,900,745	20,547,220	(30,863,912)
Differences between expected and actual experience	(50,388,946)	(48,980,243)	(61,351,558)	(34,732,472)	(92,701,991)
Benefit payments	(11,353,820)	(9,978,120)	(8,811,816)	(11,544,346)	(10,942,268)
Net change in total OPEB liability	\$ (131,734,696)	\$ 550,194	\$ 25,625,207	\$ 11,026,422	\$ (92,213,039)
Total OPEB liability - end of year	\$ 383,945,350	\$ 515,680,046	\$ 515,129,852	\$ 489,504,645	\$ 478,478,223
Plan Fiduciary Net Position					
Plan fiduciary net position - beginning of year	\$ 96,359,796	\$ 71,270,372	\$ 64,244,853	\$ 57,638,077	\$ 48,763,398
Contributions - employer	13,314,341	13,314,341	14,562,836	14,562,836	14,562,836
Contributions - active employees	0	0	0	0	0
Net investment income	(13,147,235)	22,137,258	1,713,212	3,662,441	5,297,821
Benefit payments	(11,353,820)	(9,978,120)	(8,811,816)	(11,544,346)	(10,942,268)
Trust administrative expenses	(381,843)	(384,055)	(438,713)	(74,155)	(43,710)
Net change in plan fiduciary net position	\$ (11,568,557)	\$ 25,089,424	\$ 7,025,519	\$ 6,606,776	\$ 8,874,679
Plan fiduciary net position - end of year	\$ 84,791,239	\$ 96,359,796	\$ 71,270,372	\$ 64,244,853	\$ 57,638,077
Net OPEB Liability - end of year	\$ 299,154,111	\$ 419,320,250	\$ 443,859,480	\$ 425,259,792	\$ 420,840,146
Plan fiduciary net position as % of total OPEB liability	22.1%	18.7%	13.8%	13.1%	12.0%
Covered employee payroll	\$ 239,039,174	\$ 230,724,282	\$ 234,099,322	\$ 231,394,742	\$ 209,791,182
Net OPEB liability as % of covered payroll	125.1%	181.7%	189.6%	183.8%	200.6%

GASB Disclosures

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Schedule of Changes in Net OPEB Liability and Related Ratios – CITY

OPEB Liability	FY 2016/17
Total OPEB Liability	
Total OPEB liability – beginning of year	\$ 596,737,157
Service cost	24,740,136
Interest	18,750,100
Changes of benefit terms	(11,788,937)
Changes in assumptions	(47,713,842)
Differences between expected and actual experience	4,301,651
Benefit payments	(14,335,003)
Net change in total OPEB liability	\$ (26,045,895)
Total OPEB liability – end of year	\$ 570,691,262
Plan Fiduciary Net Position	
Plan fiduciary net position – beginning of year	\$ 42,233,211
Contributions – employer	15,817,181
Contributions – active employees	0
Net investment income	5,117,077
Benefit payments	(14,335,003)
Trust administrative expenses	(69,068)
Net change in plan fiduciary net position	\$ 6,530,187
Plan fiduciary net position – end of year	\$ 48,763,398
Net OPEB Liability – end of year	\$ 521,927,864
Plan fiduciary net position as % of total OPEB liability	8.5%
Covered employee payroll	\$ 224,808,000
Net OPEB liability as % of covered payroll	232.2%

GASB Disclosures

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

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

OPEB Liability	FY 2021/22	FY 2020/21	FY 2019/20	FY 2018/19	FY 2017/18
Total OPEB Liability					
Total OPEB liability - beginning of year	\$ 2,304,934	\$ 2,405,830	\$ 1,863,919	\$ 1,933,776	\$ 1,860,857
Service cost	206,758	188,201	146,296	130,490	118,039
Interest	83,280	86,088	80,756	86,936	73,300
Changes of benefit terms	0	0	0	0	0
Changes in assumptions	(459,959)	61,565	189,026	71,429	(115,695)
Differences between expected and actual experience	(20,792)	(387,855)	158,632	(320,880)	46,202
Benefit payments	(51,877)	(48,895)	(32,799)	(37,832)	(48,927)
Net change in total OPEB liability	\$ (242,590)	\$ (100,896)	\$ 541,911	\$ (69,857)	\$ 72,919
Total OPEB liability - end of year	\$ 2,062,344	\$ 2,304,934	\$ 2,405,830	\$ 1,863,919	\$ 1,933,776
Plan Fiduciary Net Position					
Plan fiduciary net position - beginning of year	\$ 1,107,686	\$ 806,449	\$ 645,191	\$ 479,969	\$ 367,809
Contributions - employer	130,000	130,000	130,000	130,000	130,000
Contributions - active employees	0	0	0	0	0
Net investment income	(106,469)	226,382	68,489	73,803	35,305
Benefit payments	(51,877)	(48,895)	(32,799)	(37,832)	(48,927)
Trust administrative expenses	(7,592)	(6,250)	(4,432)	(749)	(4,218)
Net change in plan fiduciary net position	\$ (35,938)	\$ 301,237	\$ 161,258	\$ 165,222	\$ 112,160
Plan fiduciary net position - end of year	\$ 1,071,748	\$ 1,107,686	\$ 806,449	\$ 645,191	\$ 479,969
Net OPEB Liability - end of year	\$ 990,596	\$ 1,197,248	\$ 1,599,381	\$ 1,218,728	\$ 1,453,807
Plan fiduciary net position as % of total OPEB liability	52.0%	48.1%	33.5%	34.6%	24.8%
Covered employee payroll	\$ 12,343,180	\$ 11,983,670	\$ 11,492,787	\$ 11,131,028	\$ 9,014,084
Net OPEB liability as % of covered payroll	8.0%	10.0%	13.9%	10.9%	16.1%

GASB Disclosures

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Schedule of Changes in Net OPEB Liability and Related Ratios – COTPA

OPEB Liability	FY 2016/17
Total OPEB Liability	
Total OPEB liability – beginning of year	\$ 1,441,508
Service cost	91,462
Interest	45,349
Changes of benefit terms	0
Changes in assumptions	(136,644)
Differences between expected and actual experience	450,263
Benefit payments	(31,081)
Net change in total OPEB liability	\$ 419,349
Total OPEB liability – end of year	\$ 1,860,857
Plan Fiduciary Net Position	
Plan fiduciary net position – beginning of year	\$ 0
Contributions – employer	374,116
Contributions – active employees	0
Net investment income	24,774
Benefit payments	(31,081)
Trust administrative expenses	0
Net change in plan fiduciary net position	\$ 367,809
Plan fiduciary net position – end of year	\$ 367,809
Net OPEB Liability – end of year	\$ 1,493,048
Plan fiduciary net position as % of total OPEB liability	19.8%
Covered employee payroll	\$ 9,500,000
Net OPEB liability as % of covered payroll	15.7%

GASB Disclosures

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

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 2021/22	FY 2020/21	FY 2019/20	FY 2018/19	FY 2017/18
Actuarially Determined Contribution (ADC)	\$ 15,944,548	\$ 18,289,026	\$ 20,006,381	\$ 21,678,740	\$ 25,163,926
Contributions in relation to the ADC	(13,314,341)	(13,314,341)	(14,562,836)	(14,562,836)	(14,562,836)
Contribution deficiency / (excess)	\$ 2,630,207	\$ 4,974,685	\$ 5,443,545	\$ 7,115,904	\$ 10,601,090
Covered employee payroll	\$ 239,039,174	\$ 230,724,282	\$ 234,099,322	\$ 231,394,742	\$ 209,791,182
Contribution as a % of covered employee payroll	5.6%	5.8%	6.2%	6.3%	6.9%
Actuarially Determined Contribution (ADC)	\$ 34,082,757	\$ 33,371,058	\$ 35,920,317	\$ 33,975,672	\$ 32,881,008
Contributions in relation to the ADC	(15,817,181)	(17,811,341)	(18,815,545)	(19,619,034)	(19,904,516)
Contribution deficiency / (excess)	\$ 18,265,576	\$ 15,559,718	\$ 17,104,772	\$ 14,356,638	\$ 12,976,492
Covered employee payroll	\$ 224,808,000	\$ 219,484,135	\$ 213,091,393	\$ 203,859,835	\$ 197,922,710
Contribution as a % of covered employee payroll	7.0%	8.1%	8.8%	9.6%	10.1%

GASB Disclosures

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

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 2021/22	FY 2020/21	FY 2019/20	FY 2018/19	FY 2017/18
Actuarially Determined Contribution (ADC)	\$ 125,392	\$ 138,743	\$ 123,057	\$ 131,904	\$ 111,934
Contributions in relation to the ADC	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)
Contribution deficiency / (excess)	\$ (4,608)	\$ 8,743	\$ (6,943)	\$ 1,904	\$ (18,066)
Covered employee payroll	\$ 12,343,180	\$ 11,983,670	\$ 11,492,787	\$ 11,131,028	\$ 9,014,084
Contribution as a % of covered employee payroll	1.1%	1.1%	1.1%	1.2%	1.4%

	FY 2016/17	FY 2015/16 ¹
Actuarially Determined Contribution (ADC)	\$ 169,203	88,559
Contributions in relation to the ADC	(374,116)	(24,638)
Contribution deficiency / (excess)	\$ (204,913)	63,921
Covered employee payroll	\$ 9,500,000	9,274,579
Contribution as a % of covered employee payroll	3.9%	0.3%

¹ 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, 2022

OPEB Expense - CITY

OPEB Expense	FY 2021/22	FY 2020/21
Discount rate as of beginning of fiscal year	3.35%	3.35%
Discount rate as of end of fiscal year	5.04%	3.35%
Service cost	\$ 15,669,032	\$ 17,801,244
Interest	17,611,584	17,687,435
Changes of benefit terms	0	0
Projected earnings on OPEB plan investments	(7,285,115)	(5,453,983)
Reduction for contributions from active employees	0	0
OPEB plan administrative expenses	381,843	384,055
Current period recognition of deferred outflows / (inflows) of resources		
Differences between expected and actual experience	\$ (49,347,029)	\$ (39,269,240)
Changes in assumptions	(12,363,340)	8,291,169
Net difference between projected and actual earnings on OPEB plan investments	1,261,962	(3,204,021)
Total current period recognition	\$ (60,448,407)	\$ (34,182,092)
Total OPEB expense	\$ (34,071,063)	\$ (3,763,341)

GASB Disclosures

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

OPEB Expense - COTPA

OPEB Expense	FY 2021/22	FY 2020/21
Discount rate as of beginning of fiscal year	3.35%	3.35%
Discount rate as of end of fiscal year	5.04%	3.35%
Service cost	\$ 206,758	\$ 188,201
Interest	83,280	86,088
Changes of benefit terms	0	0
Projected earnings on OPEB plan investments	(85,674)	(63,240)
Reduction for contributions from active employees	0	0
OPEB plan administrative expenses	7,592	6,250
Current period recognition of deferred outflows / (inflows) of resources		
Differences between expected and actual experience	\$ (50,620)	\$ (46,462)
Changes in assumptions	(68,992)	23,000
Net difference between projected and actual earnings on OPEB plan investments	(5,401)	(46,258)
Total current period recognition	\$ (125,013)	\$ (69,720)
Total OPEB expense	\$ 86,943	\$ 147,579

GASB Disclosures

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

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.

	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2022
Differences between expected and actual experience for FYE				
June 30, 2017	\$ 4,301,651	12	\$ 358,471	\$ 2,150,825
June 30, 2018	\$ (92,701,991)	6	\$ (15,450,332)	\$ (15,450,331)
June 30, 2019	\$ (34,732,472)	6	\$ (5,788,745)	\$ (11,577,492)
June 30, 2020	\$ (61,351,558)	6	\$ (10,225,260)	\$ (30,675,778)
June 30, 2021	\$ (48,980,243)	6	\$ (8,163,374)	\$ (32,653,495)
June 30, 2022	\$ (50,388,946)	5	\$ (10,077,789)	\$ (40,311,157)

	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2022
Changes in assumptions for FYE				
June 30, 2017	\$ (47,713,842)	12	\$ (3,976,154)	\$ (23,856,918)
June 30, 2018	\$ (30,863,912)	6	\$ (5,143,985)	\$ (5,143,987)
June 30, 2019	\$ 20,547,220	6	\$ 3,424,537	\$ 6,849,072
June 30, 2020	\$ 59,900,745	6	\$ 9,983,458	\$ 29,950,371
June 30, 2021	\$ 24,019,878	6	\$ 4,003,313	\$ 16,013,252
June 30, 2022	\$ (103,272,546)	5	\$ (20,654,509)	\$ (82,618,037)

GASB Disclosures

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

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, 2022
June 30, 2018	\$ (1,508,859)	5	\$ (301,771)	\$ 0
June 30, 2019	\$ 768,831	5	\$ 153,766	\$ 153,767
June 30, 2020	\$ 3,300,762	5	\$ 660,152	\$ 1,320,306
June 30, 2021	\$ (16,683,275)	5	\$ (3,336,655)	\$ (10,009,965)
June 30, 2022	\$ 20,432,350	5	\$ 4,086,470	\$ 16,345,880

As of fiscal year ending June 30, 2022

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 2,150,825	\$ (130,668,253)
Changes in assumptions	52,812,695	(111,618,942)
Net difference between projected and actual earnings in OPEB plan investments	7,809,988	0
Total	\$ 62,773,508	\$ (242,287,195)

Annual Amortization of Deferred Outflows / (Inflows)

The balances as of June 30, 2022 of the deferred outflows / (inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below.

FYE	Balance
2023	\$ (60,146,636)
2024	\$ (39,706,087)
2025	\$ (38,002,030)
2026	\$ (34,423,573)
2027	\$ (3,617,683)
Thereafter	\$ (3,617,678)

GASB Disclosures

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

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.

	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2022
Differences between expected and actual experience for FYE				
June 30, 2017	\$ 450,263	12	\$ 37,522	\$ 225,131
June 30, 2018	\$ 46,202	6	\$ 7,700	\$ 7,702
June 30, 2019	\$ (320,880)	6	\$ (53,480)	\$ (106,960)
June 30, 2020	\$ 158,632	6	\$ 26,439	\$ 79,315
June 30, 2021	\$ (387,855)	6	\$ (64,643)	\$ (258,569)
June 30, 2022	\$ (20,792)	5	\$ (4,158)	\$ (16,634)

	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2022
Changes in assumptions for FYE				
June 30, 2017	\$ (136,644)	12	\$ (11,387)	\$ (68,322)
June 30, 2018	\$ (115,695)	6	\$ (19,283)	\$ (19,280)
June 30, 2019	\$ 71,429	6	\$ 11,905	\$ 23,809
June 30, 2020	\$ 189,026	6	\$ 31,504	\$ 94,514
June 30, 2021	\$ 61,565	6	\$ 10,261	\$ 41,043
June 30, 2022	\$ (459,959)	5	\$ (91,992)	\$ (367,967)

GASB Disclosures

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

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, 2022
June 30, 2018	\$ (4,889)	5	\$ (977)	\$ 0
June 30, 2019	\$ (34,439)	5	\$ (6,888)	\$ (6,887)
June 30, 2020	\$ (16,684)	5	\$ (3,337)	\$ (6,673)
June 30, 2021	\$ (163,142)	5	\$ (32,628)	\$ (97,886)
June 30, 2022	\$ 192,143	5	\$ 38,429	\$ 153,714

As of fiscal year ending June 30, 2022	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 312,148	\$ (382,163)
Changes in assumptions	159,366	(455,569)
Net difference between projected and actual earnings in OPEB plan investments	42,268	0
Total	\$ 513,782	\$ (837,732)

Annual Amortization of Deferred Outflows / (Inflows)

The balances as of June 30, 2022 of the deferred outflows / (inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below.

FYE	Balance
2023	\$ (124,030)
2024	\$ (105,565)
2025	\$ (60,655)
2026	\$ (85,969)
2027	\$ 26,135
Thereafter	\$ 26,134

GASB Disclosures

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Sensitivity Results - CITY

The following presents the net OPEB liability as of June 30, 2022, 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 5.04%.
- The 1% decrease in discount rate would be 4.04%.
- The 1% increase in discount rate would be 6.04%.

As of June 30, 2022	Net OPEB Liability
1% Decrease	\$ 364,208,062
Current Discount Rate	\$ 299,154,111
1% Increase	\$ 247,555,234

The following presents the net OPEB liability as of June 30, 2022, 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 7.5%/6.5% 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 6.5%/5.5% 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 8.5%/7.5% for pre-/post-Medicare benefits decreasing by 0.50%/0.25% annually to an ultimate rate of 5.5%.

As of June 30, 2022	Net OPEB Liability
1% Decrease	\$ 243,087,848
Current Health Care Trend Rates	\$ 299,154,111
1% Increase	\$ 370,994,480

GASB Disclosures

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Sensitivity Results - COTPA

The following presents the net OPEB liability as of June 30, 2022, 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 5.04%.
- The 1% decrease in discount rate would be 4.04%.
- The 1% increase in discount rate would be 6.04%.

As of June 30, 2022	Net OPEB Liability
1% Decrease	\$ 1,246,024
Current Discount Rate	\$ 990,596
1% Increase	\$ 775,132

The following presents the net OPEB liability as of June 30, 2022, 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 7.50%/5.75% 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 6.50%/4.75% 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 8.50%/6.75% for pre-/post-Medicare benefits decreasing by 0.50%/0.25% annually to an ultimate rate of 5.5%.

As of June 30, 2022	Net OPEB Liability
1% Decrease	\$ 986,029
Current Health Care Trend Rates	\$ 990,596
1% Increase	\$ 996,006

Asset Information - CITY

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Asset Breakdown

	FY 2020/21	FY 2021/22
Assets		
Cash and cash equivalents	\$ 579,410	\$ 171,123
Securities lending cash collateral	0	0
Total cash	\$ 579,410	\$ 171,123
Receivables		
Contributions	\$ 479,638	\$ 480,124
Accrued interest	55,723	45,367
Accounts receivable	170,844	149,711
Total receivables	\$ 706,205	\$ 675,202
Investments		
Domestic Common Stock	\$ 20,228,186	\$ 16,832,665
Passive Domestic Stock Funds	39,564,016	35,043,735
Passive Bond Fund	25,241,179	22,511,344
International Stock	10,053,720	8,634,127
Treasury Money Market Fund	2,648,436	3,252,241
OKC OPEBT Judgements	0	0
Total investments	\$ 97,735,537	\$ 86,274,112
Total assets	\$ 99,021,152	\$ 87,120,437
Liabilities		
Payables		
Accounts Payable	\$ 1,219,567	\$ 917,927
Unearned revenue	1,627	6,886
Estimated Claims Payable	1,440,162	1,404,385
Transfer to COTPA account	0	0
Total liabilities	\$ 2,661,356	\$ 2,329,198
Net position restricted to OPEB	\$ 96,359,796	\$ 84,791,239

Asset Information - CITY

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Reconciliation of Assets

	FY 2020/21	FY 2021/22
Additions		
Contributions received		
Employer	\$ 13,314,341	\$ 13,314,341
Employee	0	0
Total contributions	\$ 13,314,341	\$ 13,314,341
Investment income		
Net increase in fair value of investments	\$ 22,147,395	\$ (13,125,393)
Allocation of Investment Income	(10,137)	(21,842)
Investment expense, other than from securities lending	0	0
Securities lending income	0	0
Securities lending expense	0	0
Net investment income	\$ 22,137,258	\$ (13,147,235)
Total additions	\$ 35,451,599	\$ 167,106
Deductions		
Benefit payments	\$ (9,978,120)	\$ (11,353,820)
Administrative expenses	(384,055)	(381,843)
Other	0	0
Total deductions	\$ (10,362,175)	\$ (11,735,663)
Net increase in net position	\$ 25,089,424	\$ (11,568,557)
Net position restricted to OPEB		
Beginning of year	\$ 71,270,372	\$ 96,359,796
End of year	\$ 96,359,796	\$ 84,791,239

Asset Information - COTPA

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Asset Breakdown

Asset Breakdown	FY 2020/21	FY 2021/22
Assets		
Cash and cash equivalents	\$ 164,799	\$ 238,529
Securities lending cash collateral	0	0
Total cash	\$ 164,799	\$ 238,529
Receivables		
Contributions	\$ 2,334	\$ 2,654
Accrued interest	544	443
Accounts receivable	120	1,462
Total receivables	\$ 2,998	\$ 4,559
Investments		
Domestic Common Stock	\$ 197,506	\$ 164,352
Passive Domestic Stock Funds	386,299	342,164
Passive Bond Fund	246,453	219,799
International Stock	98,164	84,303
Treasury Money Market Fund	25,859	31,754
OKC OPEBT Judgements	0	0
Total investments	\$ 954,281	\$ 842,372
Total assets	\$ 1,122,078	\$ 1,085,460
Liabilities		
Payables		
Accounts Payable	\$ 330	\$ 0
Unearned revenue	0	0
Estimated Claims Payable	14,062	13,712
Transfer to City account	0	0
Total liabilities	\$ 14,392	\$ 13,712
Net position restricted to OPEB	\$ 1,107,686	\$ 1,071,748

Asset Information - COTPA

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Reconciliation of Assets

	FY 2020/21	FY 2021/22
Additions		
Contributions received		
Employer	\$ 130,000	\$ 130,000
Employee	0	0
Total contributions	\$ 130,000	\$ 130,000
Investment income		
Net increase in fair value of investments	\$ 216,245	\$ (128,311)
Allocation of Investment Income	10,137	21,842
Investment expense, other than from securities lending	0	0
Securities lending income	0	0
Securities lending expense	0	0
Net investment income	\$ 226,382	\$ (106,469)
Total additions	\$ 356,382	\$ 23,531
Deductions		
Benefit payments	\$ (48,895)	\$ (51,877)
Administrative expenses	(6,250)	(7,592)
Other	0	0
Total deductions	\$ (55,145)	\$ (59,469)
Net increase in net position	\$ 301,237	\$ (35,938)
Net position restricted to OPEB		
Beginning of year	\$ 806,449	\$ 1,107,686
End of year	\$ 1,107,686	\$ 1,071,748

Actuarially Determined Contributions – TOTAL

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

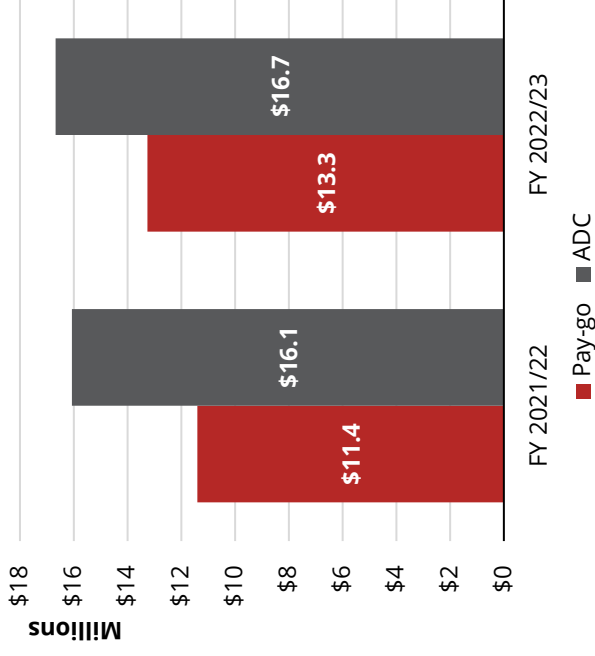
The Actuarially Determined Contributions calculated below are recommended target contributions and assumes that the Plan Sponsor has the ability to contribute these amounts on an annual basis. The Plan Sponsor has the responsibility to decide how much it should contribute after considering its other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

	FY 2021/22	FY 2022/23
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	\$ 283,183,660	\$ 287,881,758
Actuarial value of assets – beginning of year	(97,467,482)	(85,862,987)
Unfunded AAL – beginning of year	\$ 185,716,178	\$ 202,018,771
Normal Cost	\$ 5,063,137	\$ 4,756,643
Amortization of UAAL	9,885,645	10,753,430
Total normal cost plus amortization	\$ 14,948,782	\$ 15,510,073
Interest to the end of year	1,121,158	1,163,255
Actuarially Determined Contribution – Preliminary	\$ 16,069,940	\$ 16,673,328
Expected benefit payments ²	11,405,697	13,260,622
Actuarially Determined Contribution – Final³	\$ 16,069,940	\$ 16,673,328

² Actual benefit payments are shown for FY 2021/22

³ 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 - CITY

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

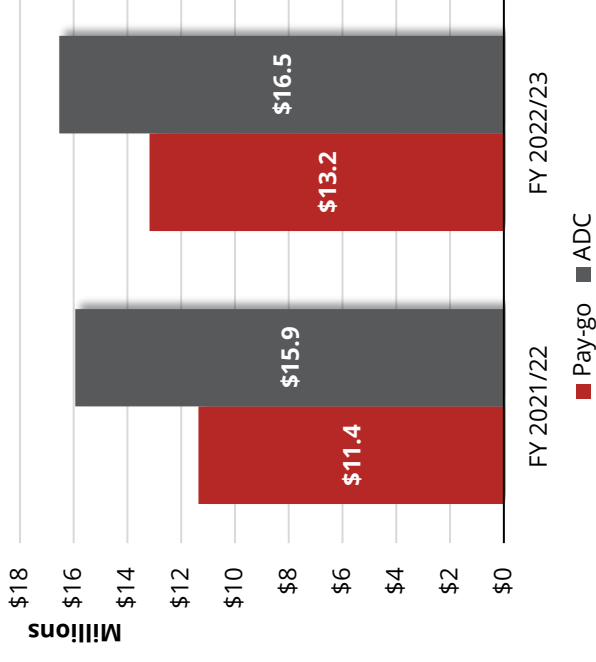
The Actuarially Determined Contributions calculated below are recommended target contributions and assumes that the Plan Sponsor has the ability to contribute these amounts on an annual basis. The Plan Sponsor has the responsibility to decide how much it should contribute after considering its other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

	FY 2021/22	FY 2022/23
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	\$ 281,735,101	\$ 286,292,956
Actuarial value of assets – beginning of year	(96,359,796)	(84,791,239)
Unfunded AAL – beginning of year	\$ 185,375,305	\$ 201,501,717
Normal Cost	\$ 4,964,638	\$ 4,655,400
Amortization of UAAL	9,867,500	10,725,907
Total normal cost plus amortization	\$ 14,832,138	\$ 15,381,307
Interest to the end of year	1,112,410	1,153,598
Actuarially Determined Contribution – Preliminary	\$ 15,944,548	\$ 16,534,905
Expected benefit payments ⁴	11,353,820	13,185,658
Actuarially Determined Contribution – Final⁵	\$ 15,944,548	\$ 16,534,905

⁴ Actual benefit payments are shown for FY 2021/22

⁵ Set to be the greater of the preliminary ADC and expected benefit payments.

Cash vs Accrual Accounting



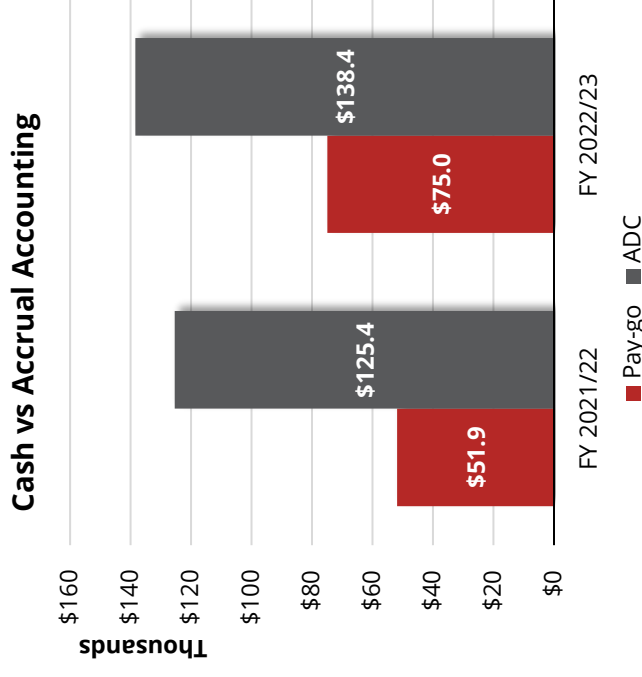
Actuarially Determined Contribution (ADC) is the target or recommended contribution to a defined benefit OPEB plan, which if paid on an ongoing basis, will provide sufficient resources to fund future costs for services to be earned and liabilities attributed to past services. This is typically higher 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, 2022

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 2021/22	FY 2022/23
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	\$ 1,448,559	\$ 1,588,802
Actuarial value of assets – beginning of year	(1,107,686)	(1,071,748)
Unfunded AAL – beginning of year	\$ 340,873	\$ 517,054
Normal Cost	\$ 98,499	\$ 101,243
Amortization of UAAL	18,145	27,523
Total normal cost plus amortization	\$ 116,644	\$ 128,766
Interest to the end of year	8,748	9,657
Actuarially Determined Contribution – Preliminary	\$ 125,392	\$ 138,423
Expected benefit payments ⁶	51,877	74,964
Actuarially Determined Contribution – Final⁷	\$ 125,392	\$ 138,423



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.

⁶ Actual benefit payments are shown for FY 2021/22

⁷ 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, 2022

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 2021/22	FY 2022/23
TOL as of beginning of year	\$ 515,680,046	\$ 383,945,350
Normal cost as of beginning of year	15,669,032	8,792,657
Exp. benefit payments during the year ⁸	(11,353,820)	(13,185,658)
Interest adjustment to end of year	17,611,584	19,465,801
Exp. TOL as of end of year	\$ 537,606,842	\$ 399,018,150
Actuarial Loss/(Gain)	(153,661,492)	TBD
Actual TOL as of end of year	\$ 383,945,350	\$ TBD

Discount rate as of beginning of year	3.35%	5.04%
Discount rate as of end of year	5.04%	TBD

Projection of Actuarial Value of Assets (AVA)	FY 2021/22	FY 2022/23
AVA as of beginning of year	\$ 96,359,796	\$ 84,791,239
Exp. employer contributions during the year	13,314,341	13,185,658
Exp. benefit payments during the year ⁸	(11,353,820)	(13,185,658)
Exp. investment income	7,285,115	6,343,123
Exp. Trust administrative expenses	(381,843)	(440,498)
Exp. AVA as of end of year	\$ 105,223,589	\$ 90,693,864
Differences between expected and actual experience	(20,432,350)	TBD
AVA as of end of year	\$ 84,791,239	\$ TBD

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

⁸ Actual benefit payments are shown for FY 2021/22.

Projection of GASB Disclosures - COTPA

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

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 2021/22	FY 2022/23
TOL as of beginning of year	\$ 2,304,934	\$ 2,062,344
Normal cost as of beginning of year	206,758	154,931
Exp. benefit payments during the year ⁹	(51,877)	(74,964)
Interest adjustment to end of year	83,280	109,885
Exp. TOL as of end of year	\$ 2,543,095	\$ 2,252,196
Actuarial Loss/(Gain)	(480,751)	TBD
Actual TOL as of end of year	\$ 2,062,344	\$ TBD

Discount rate as of beginning of year	3.35%	5.04%
Discount rate as of end of year	5.04%	TBD

Projection of Actuarial Value of Assets (AVA)	FY 2021/22	FY 2022/23
AVA as of beginning of year	\$ 1,107,686	\$ 1,071,748
Exp. employer contributions during the year	130,000	74,964
Exp. benefit payments during the year ⁹	(51,877)	(74,964)
Exp. investment income	85,674	80,176
Exp. Trust administrative expenses	(7,592)	(5,568)
Exp. AVA as of end of year	\$ 1,263,891	\$ 1,146,356
Differences between expected and actual experience	(192,143)	TBD
AVA as of end of year	\$ 1,071,748	\$ TBD

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

⁹ Actual benefit payments are shown for FY 2021/22.

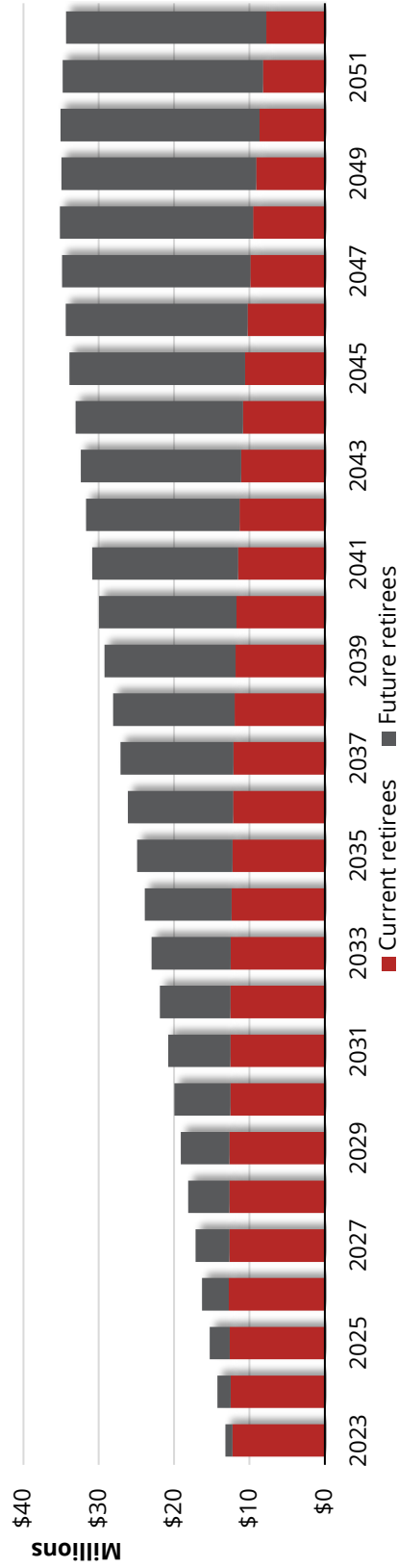
Cash Flow Projections - CITY

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

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 ¹⁰	Total	FYE	Current Retirees	Future Retirees ³	Total	FYE	Current Retirees	Future Retirees ³	Total
2023	\$ 12,265,160	\$ 920,498	\$ 13,185,658	2033	\$ 12,491,539	\$ 10,501,852	\$ 22,993,391	2043	\$ 11,123,464	\$ 21,265,322	\$ 32,388,786
2024	\$ 12,500,892	\$ 1,739,088	\$ 14,239,980	2034	\$ 12,361,749	\$ 11,528,043	\$ 23,889,792	2044	\$ 10,867,433	\$ 22,233,010	\$ 33,100,443
2025	\$ 12,645,758	\$ 2,650,385	\$ 15,296,143	2035	\$ 12,254,237	\$ 12,667,580	\$ 24,921,817	2045	\$ 10,583,541	\$ 23,329,724	\$ 33,913,265
2026	\$ 12,757,662	\$ 3,539,428	\$ 16,297,090	2036	\$ 12,195,227	\$ 13,942,542	\$ 26,137,769	2046	\$ 10,264,621	\$ 24,110,019	\$ 34,374,640
2027	\$ 12,671,939	\$ 4,495,263	\$ 17,167,202	2037	\$ 12,118,797	\$ 15,009,929	\$ 27,128,726	2047	\$ 9,883,686	\$ 24,998,081	\$ 34,881,767
2028	\$ 12,660,796	\$ 5,478,976	\$ 18,139,772	2038	\$ 11,973,264	\$ 16,118,625	\$ 28,091,889	2048	\$ 9,509,276	\$ 25,666,085	\$ 35,175,361
2029	\$ 12,667,014	\$ 6,467,524	\$ 19,134,538	2039	\$ 11,837,316	\$ 17,397,977	\$ 29,235,293	2049	\$ 9,098,191	\$ 25,879,034	\$ 34,977,225
2030	\$ 12,532,189	\$ 7,457,692	\$ 19,989,881	2040	\$ 11,744,043	\$ 18,241,783	\$ 29,985,826	2050	\$ 8,645,775	\$ 26,435,062	\$ 35,080,837
2031	\$ 12,535,069	\$ 8,267,976	\$ 20,803,045	2041	\$ 11,525,483	\$ 19,356,374	\$ 30,881,857	2051	\$ 8,205,691	\$ 26,609,434	\$ 34,815,125
2032	\$ 12,554,51	\$ 9,358,049	\$ 21,912,560	2042	\$ 11,314,483	\$ 20,370,610	\$ 31,685,093	2052	\$ 7,758,957	\$ 26,571,174	\$ 34,330,131

Projected Employer Pay-go Cost



¹⁰ Projections for future retirees do not take into account future new hires.

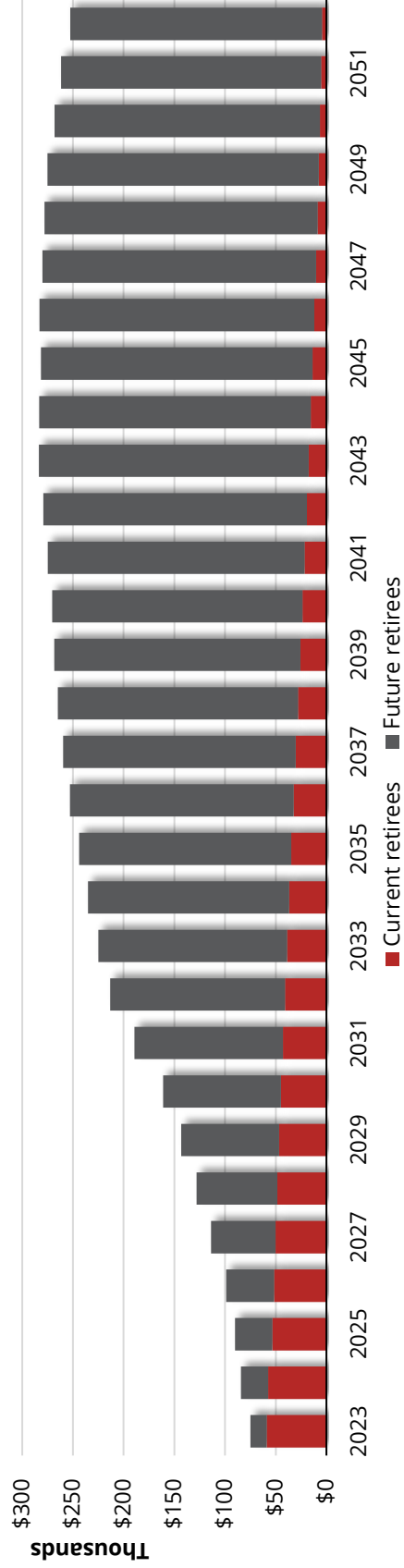
Cash Flow Projections - COTPA

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

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 ¹¹	Total	FYE	Current Retirees	Future Retirees ³	Total	FYE	Current Retirees	Future Retirees ³	Total
2023	\$ 58,819	\$ 16,145	\$ 74,964	2033	\$ 38,834	\$ 185,981	\$ 224,815	2043	\$ 17,343	\$ 266,266	\$ 283,609
2024	\$ 57,496	\$ 26,769	\$ 84,265	2034	\$ 36,730	\$ 198,336	\$ 235,066	2044	\$ 15,415	\$ 267,913	\$ 283,328
2025	\$ 53,261	\$ 36,908	\$ 90,169	2035	\$ 34,583	\$ 209,433	\$ 244,016	2045	\$ 13,591	\$ 267,970	\$ 281,561
2026	\$ 51,721	\$ 47,091	\$ 98,812	2036	\$ 32,403	\$ 220,502	\$ 252,905	2046	\$ 11,885	\$ 271,224	\$ 283,109
2027	\$ 50,104	\$ 63,627	\$ 113,731	2037	\$ 30,201	\$ 229,327	\$ 259,528	2047	\$ 10,303	\$ 269,676	\$ 279,979
2028	\$ 48,410	\$ 79,673	\$ 128,083	2038	\$ 27,989	\$ 236,836	\$ 264,825	2048	\$ 8,852	\$ 269,278	\$ 278,130
2029	\$ 46,639	\$ 96,462	\$ 143,101	2039	\$ 25,782	\$ 242,671	\$ 268,453	2049	\$ 7,533	\$ 267,468	\$ 275,001
2030	\$ 44,792	\$ 116,364	\$ 161,156	2040	\$ 23,596	\$ 246,808	\$ 270,404	2050	\$ 6,347	\$ 261,801	\$ 268,148
2031	\$ 42,872	\$ 146,383	\$ 189,255	2041	\$ 21,449	\$ 253,524	\$ 274,973	2051	\$ 5,292	\$ 256,315	\$ 261,607
2032	\$ 40,884	\$ 172,326	\$ 213,210	2042	\$ 19,359	\$ 259,728	\$ 279,087	2052	\$ 4,364	\$ 248,370	\$ 252,734

Projected Employer Pay-go Cost



¹¹ 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, 2022

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, 2022 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, 2021	June 30, 2022
Bond Buyer Go 20-Bond Municipal Bond Index	2.16%	3.54%
S&P Municipal Bond 20-Year High Grade Rate Index	2.19%	4.09%
Fidelity 20-Year Go Municipal Bond Index	1.94%	3.69%
Bond Index Range	1.94% - 2.19%	3.54% - 4.09%

3. The final equivalent single discount rate used for this year's valuation is 3.35% as of July 1, 2021 and 5.04% as of June 30, 2022 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, 2022

Active Employees

Actives with coverage	Single ¹²	Non-Single	Total	Avg. Age	Avg. Svc	Salary
BCBS Indemnity	444	487	931	45.9	12.6	\$ 70,552,227
UHC (HMO / Medicare Advantage)	1,035	1,139	2,174	45.4	12.8	\$ 151,646,560
Total actives with coverage	1,479	1,626	3,105	45.5	12.7	\$ 222,198,787
Actives without coverage			Total	Avg. Age	Avg. Svc	Salary
Total actives without coverage			269	43.4	8.1	\$ 16,840,387

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 1,076 City employees (955 with health coverage and 121 without coverage) with covered payroll of \$57,454,280 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.

Counts shown above do not include COTPA employees. Updated census information as of June 30, 2022 was not provided for COTPA due to the biennial cycle that valuations are completed for the COTPA group.

¹² 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, 2022

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	40	59	1									100
25 to 29	47	185	38									270
30 to 34	39	129	173	39								380
35 to 39	37	109	118	118	62							444
40 to 44	35	81	79	88	110	50						443
45 to 49	33	72	70	67	94	129	21	1				487
50 to 54	14	65	53	56	65	83	76	29				441
55 to 59	10	43	46	49	51	69	52	75	18	1		414
60 to 64	9	30	42	41	30	39	23	30	17	15		276
65 to 69	3	8	15	15	18	12	5	9	7	6		98
70 & up		1	3	3	4	2	3	1	2	2		21
Total	267	782	638	476	434	384	180	145	44	24		3,374

Summary of Plan Participants

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Retirees

Retirees with coverage	Single ¹³	Non-Single	Total	Avg. Age
BCBS Indemnity	696	608	1,304	71.3
UHC (HMO / Medicare Advantage)	519	308	827	73.2
Total retirees with coverage	1,215	916	2,131	72.0

Inactives with coverage includes 321 surviving spouses with 218 in the BCBS Indemnity Plan and 103 in the UHC (HMO / Medicare Advantage) Plan. They have been included in the GASB valuation.

In addition to the above retirees, there are 10 retirees and 2 surviving spouses who have no coverage and are not eligible to return to the health plan. They have been excluded from the GASB valuation.

Counts shown above do not include COTPA retirees. Updated census information as of June 30, 2022 was not provided for COTPA due to the biennial cycle that valuations are completed for the COTPA group.

Retiree Age Distribution

Age	Retirees
< 45	2
45 to 49	13
50 to 54	62
55 to 59	154
60 to 64	271
65 to 69	405
70 to 74	415
75 to 79	358
80 to 84	263
85 to 89	127
90 & up	61
Total	2,131

¹³ 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, 2022

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.

Medical Benefits

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, 2021 and January 1, 2022 are as shown below.

Medical/Rx	Eff. 1/1/2021			Eff. 1/1/2022		
	Retiree	Retiree + Spouse	Retiree	Retiree	Retiree + Spouse	Retiree + Spouse
Pre-65						
BCBS Standard Indemnity	\$ 1,610.35	\$ 3,107.98	\$ 1,610.35	\$ 3,107.98	\$ 3,107.98	\$ 3,107.98
BCBS Alternate Indemnity	\$ 944.90	\$ 1,823.66	\$ 944.90	\$ 1,823.66	\$ 1,823.66	\$ 1,823.66
UHC HMO	\$ 1,497.94	\$ 3,370.35	\$ 1,524.16	\$ 3,429.35	\$ 3,429.35	\$ 3,429.35
Post-65						
BCBS Standard Indemnity	\$ 604.36	\$ 1,146.92	\$ 604.36	\$ 1,146.92	\$ 1,146.92	\$ 1,146.92
BCBS Alternate Indemnity	\$ 394.29	\$ 748.26	\$ 394.29	\$ 748.26	\$ 748.26	\$ 748.26
UHC Medicare Advantage	\$ 399.78	\$ 799.56	\$ 399.78	\$ 799.56	\$ 799.56	\$ 799.56

Substantive Plan Provisions

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

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 2022. 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, 2022

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.

The discount rate, long-term rate of return, other economic assumptions, and demographic assumptions have been selected by the City 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.

There are changes to the actuarial methods and assumptions since the last GASB valuation, which was for the fiscal year ending June 30, 2021. 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, 2023.

Measurement Date

For fiscal year ending June 30, 2022, a June 30, 2022 measurement date was used.

Actuarial Valuation Date

The City uses a June 30, 2022 actuarial valuation date with no adjustments to get to the June 30, 2022 measurement date. Liabilities as of July 1, 2021 are based on an actuarial valuation date of June 30, 2021 with no adjustments.

COTPA uses a June 30, 2021 actuarial valuation date projected to the June 30, 2022 measurement date on a "no loss / no gain" basis. Liabilities as of July 1, 2021 are based on an actuarial valuation date of June 30, 2021 with no adjustments.

Discount Rate

3.35% for accounting disclosures as of June 30, 2021

5.04% for accounting disclosures as of June 30, 2022

7.50% for funding disclosures as of June 30, 2021 and 2022

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

The discount rate was chosen by the plan sponsor based on the information provided in the "Discussion of Discount Rates" section above.

Inflation Rate

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

The inflation rate is based on the current economic environment and future expectations.

Actuarial Methods and Assumptions

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

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, 2021 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, 2021. The assumptions for these larger systems are assumed to be representative of the City's experience for OPEB valuation purposes.

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%

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 was provided by the City in July 2022. We have reviewed it for reasonableness and no material modifications were made to the census data.

Census information for COTPA is based on the same census information used for the June 30, 2021 actuarial valuation.

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).

Actuarial Methods and Assumptions

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

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%

The participation rates are based on the City's historical experience and are reviewed annually.

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. The spousal age difference is based on the observed age difference among the general population of married individuals who are of retirement age.

Actual spousal coverage and age is used for retirees.

70 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, 2021. The assumptions from this report are assumed to be representative of the City's experience for OPEB valuation purposes.

Actuarial Methods and Assumptions

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

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. The assumptions for these larger systems are assumed to be representative of the City's experience for OPEB valuation purposes.

Police rates based on Oklahoma Police Retirement System actuarial valuation as of June 30, 2021 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, 2021 are shown below:

Age	YOS	Rate
	0	27.70%
	1	14.30%
	2	6.70%
	3	6.30%
	4	4.60%
25		13.30%
30		11.40%
35	5 and more	9.03%
40		6.65%
45		4.56%
50		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, 2022

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, 2021 and rates for the general employees based on the Oklahoma City Employee Retirement System actuarial valuation as of June 30, 2021 are as shown below. The assumptions for these larger systems are assumed to be representative of the City's experience for OPEB valuation purposes.

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, 2022

Retirement Rate

Police rates based on Oklahoma Police Retirement System actuarial valuation as of June 30, 2021 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, 2021 are as shown below. The assumptions for these larger systems are assumed to be representative of the City's experience for OPEB valuation purposes.

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, 2022

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
2023	7.50%	6.50%	2028	5.00%	5.25%
2024	7.00%	6.25%	2029	4.50%	5.00%
2025	6.50%	6.00%	2030	4.50%	4.75%
2026	6.00%	5.75%	2031+	4.50%	4.50%
2027	5.50%	5.50%			

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.

COTPA trend rates are the same as their prior full valuation for fiscal year ending June 30, 2021 with adjustments made for actual premium increases from January 1, 2021 to January 1, 2022.

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, 2022

Per Capita Costs

Annual per capita costs were calculated based on the City's monthly premium rates effective on January 1, 2022 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 ¹⁴		HMO	
	Male	Female	Male	Female
<55	\$ 9,300	\$ 10,400	\$ 12,700	\$ 14,300
55 - 60	\$ 12,600	\$ 12,100	\$ 17,200	\$ 16,500
60 - 64	\$ 14,200	\$ 14,800	\$ 19,400	\$ 20,300
65 - 69	\$ 5,300	\$ 5,300	\$ 4,797	\$ 4,797
70 - 74	\$ 6,600	\$ 6,600	\$ 4,797	\$ 4,797
75+	\$ 7,600	\$ 7,600	\$ 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	\$ 1,524.16	\$ 762.08	\$ 762.08
Spouse	\$ 1,905.19	\$ 952.60	\$ 952.59

¹⁴ 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, 2022

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.

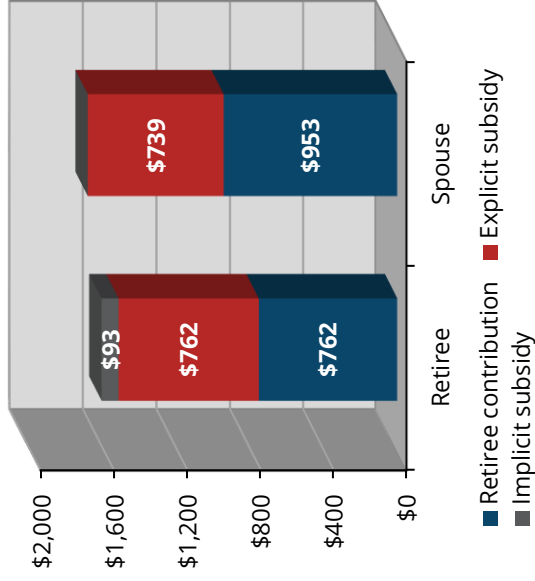
	Per Capita Cost	Funding Rate	Implicit Subsidy
	A	B	C = A - B
Retiree	\$ 1,616.67	\$ 1,524.16	\$ 92.51
Spouse	\$ 1,691.67	\$ 1,905.19	\$ 0.00 ¹⁵

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	\$ 762.08	\$ 952.60
Explicit subsidy	\$ 762.08	\$ 739.07
Implicit subsidy	\$ 92.51	\$ 0.00
Total monthly cost	\$ 1,616.67	\$ 1,691.67 ¹⁶

GASB Subsidy Breakdown



¹⁵ Limited to be no less than \$0

¹⁶ Limited to the monthly per capita cost

Actuarial Methods and Assumptions

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Models

ProVal

Valuation software developed by Winklevoss Technologies, LLC. This software is widely used for the purpose of performing postretirement medical valuations. We coded the plan provisions, assumptions, methods and participant data summarized in this report, and reviewed the liability and cost outputs for reasonableness. We are not aware of any weakness or limitations in the software and have determined it is appropriate for performing this valuation.

HealthMAPS Manual

Rating manual developed by WTW. Aging factors are used to develop per capita costs by age for plans with limited credible exposure to develop plan-specific factors. We are not aware of any weakness or limitations in the factors and have determined they are appropriate for performing this valuation.

APPENDIX

Appendix

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Comparison of Participant Demographic Information

The active participants' number below includes 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, 2022 ¹⁷	As of June 30, 2021
Active Participants	3,374	3,671
City ¹⁸	3,374	3,410
COTPA	N/A	261
Retired Participants	2,143	2,161
City	2,143	2,146
COTPA	N/A	15
Averages for Active Age		
Total	45.4	45.7
City	45.4	45.2
COTPA	N/A	51.6
Service		
Total	12.3	12.1
City	12.3	12.5
COTPA	N/A	6.3
Averages for Inactive Age		
Total	72.0	71.9
City	72.0	71.9
COTPA	N/A	71.9

¹⁷ Updated census data for COTPA employees was not provided for the June 30, 2022 valuation.

¹⁸ 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, 2022

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, 2021.

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

1. The current valuation uses a discount rate of 3.35% as of July 1, 2021 and 5.04% as of June 30, 2022 for accounting disclosure purposes, which was calculated using a discounted cash flow method. This update caused a significant decrease in liabilities for both the City and COTPA. For funding purposes, we have also used a 7.50% discount rate in calculating the Actuarially Determined Contribution. The discount rate will be updated annually to reflect market conditions as of the Measurement Date.
2. Health care trend rates for the City have been updated as shown below. This change caused an increase in the City's liabilities. COTPA trend rates were updated to reflect actual premium increases from July 1, 2021 to July 1, 2022 causing a slight decrease in liabilities.

FYE	Current			Prior		
	Pre-65	Post-65	FYE	Pre-65	Post-65	FYE
2023	7.50%	6.00%	2028	8.00%	6.50%	2028
2024	7.00%	5.75%	2029	7.50%	6.25%	2029
2025	6.50%	5.50%	2030	7.00%	6.00%	2030
2026	6.00%	5.25%	2031+	6.50%	5.75%	2031+
2027	5.50%	5.00%		6.00%	5.50%	

FYE	Current			Prior		
	Pre-65	Post-65	FYE	Pre-65	Post-65	FYE
2023	5.00%	4.75%	2028	5.50%	5.25%	2028
2024	4.50%	4.50%	2029	5.00%	5.00%	2029
2025	4.50%	4.50%	2030	4.50%	4.75%	2030
2026	4.50%	4.50%	2031+	4.50%	4.50%	2031+
2027	4.50%	4.50%		4.50%	4.50%	

Additionally, claims costs and premiums were updated for the City which caused a decrease in liabilities. The updated City census data also resulted in a decrease in liabilities.

GLOSSARY

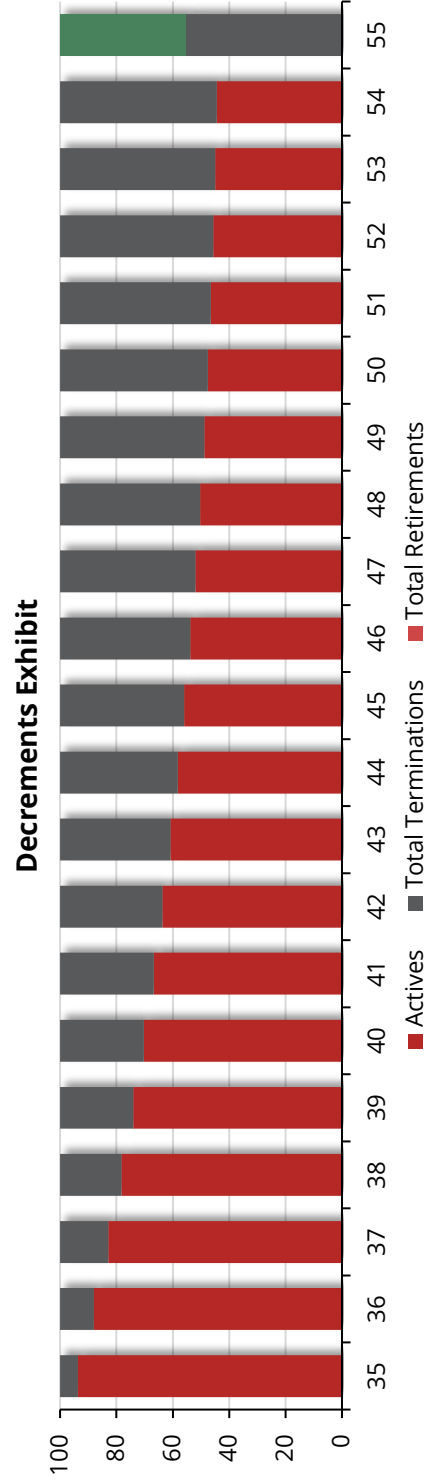
Glossary – Decrements Exhibit

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

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 ¹⁹	# 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



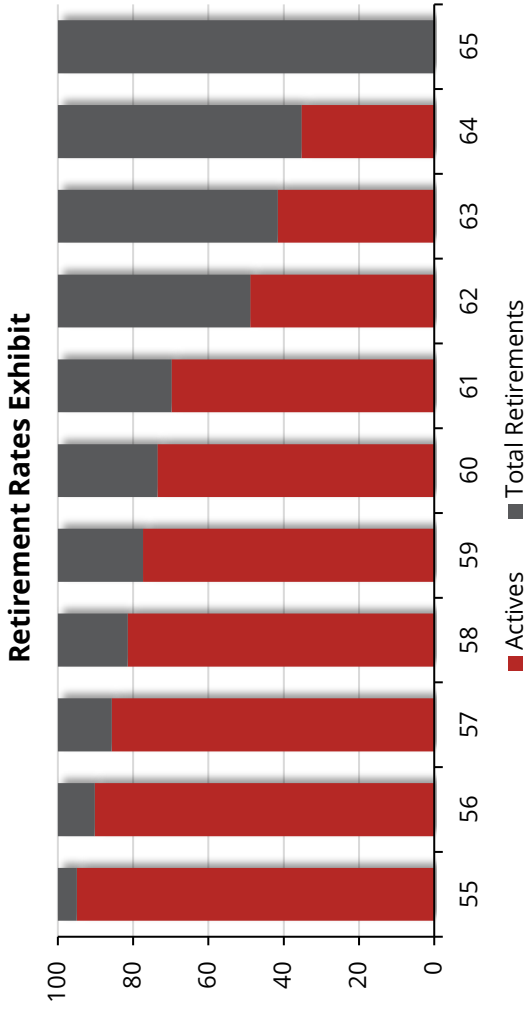
¹⁹ The above rates are illustrative rates and are not used in our GASB calculations.

Glossary – Retirement Rates Exhibit

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

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, 2022

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, 2022

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

City of Oklahoma City GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

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*

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 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, 2022 and 2021, and the related notes to financial statements, which collectively comprise the Trust's basic financial statements, and have issued our report thereon dated November 23, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests

disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

November 23, 2022
Wichita, Kansas