Oklahoma Municipal Retirement Fund

ACTUARIAL VALUATIONS UNDER GASB STATEMENT 68

For Fiscal Years Ending on or Before July 1, 2025

April 25, 2025

Prepared by

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Overview

Determines pension expense and balance sheet recognition for government entities on accrual method accounting

Effective for fiscal years beginning after June 15, 2014

Balance sheet entries determined on a measurement date no earlier than the end of the prior fiscal year

Pension expense determined over the 12-month period ending on the measurement date

Measurement date: July 1, 2024

Overview

127 plans with active participants
- Accrual method entities: 77
- Cash and modified cash method entities: 50

6 plans with no active participants
- Accrual method entities: 3
- Cash and modified cash method entities: 3

3 retiree health plans
- Accrual method entities: 2
- Cash and modified cash method entities: 1

Discount Rate

A single blended discount rate reflecting

- the expected long term rate of return to the extent assets are expected to be sufficient to meet benefit payments
- the yield on 20-year, tax exempt general obligation municipal bonds rated AA/Aa or higher on payments due after assets are depleted

Benefit payments are for all current participants, including expected future accruals

Assets include anticipated future contributions on behalf of current participants, and other contributions expected to be applied to the current unfunded liability

Discount Rate under OkMRF Funding Policy

The funding policy is designed to fund all participants' benefits over their working lifetimes

Unfunded liabilities may arise from:
- granting of past service upon joining OkMRF
- benefit improvements applied to past service
- actual experience less favorable than assumed

Unfunded liabilities funded over a fixed period not to exceed 30 years

General conclusion: member cities that faithfully contribute their actuarially determined contribution will not face a projected depletion date

Possible Exceptions

Plans with large unfunded liabilities relative to payroll
- Braman: 251%
- Mountain Park MCD: 212%
- Shawnee: 160%

Plans with an unusually high average employee age
- Braman: 61.8
- Mountain Park MCD: 54.9
- Yukon: 52.7

Plans with a high ratio of retirees to active employees
- Shawnee: 469%
- Yukon: 343%
- Bartlesville: 261%

Plans with no active participants reviewed for individual circumstances

DEAN ACTUARIES, LLC

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April 18, 2025

Ms. Jodi Cox
CEO/ Executive Director
Oklahoma Municipal Retirement Fund
1001 NW 63rd Street
Suite 260
Oklahoma City, OK 73116

Re: Discount Rate for Member Cities under GASB 68 at the July 1, 2024 Measurement Date

Dear Jodi:

As you know, GASB 68 prescribes a discount rate that reflects the long-term expected rate of return on pension plan investments to the extent that plan assets are projected to be sufficient to make projected benefit payments, and the yield on high quality 20-year tax-exempt general obligation municipal bonds on any payments due after plan assets are projected to be depleted. This determination is generally made by a projection of future trust cashflows: benefit payments to current participants and beneficiaries, contributions from current participants, employer contributions on behalf of current participants, employer contributions on behalf of future participants in excess of their projected service costs, trust investment earnings, and administrative expenses. GASB 68 paragraph 29 also provides, however, that if plan assets can be shown to be sufficient without a separate projection of cashflows, the expected return on plan assets is used for the discount rate.

OkMRF has adopted a funding policy for its members that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Because the assumptions prescribed for the cashflow projection are the same as those used to determine funding requirements (while the funding assumes a net 7.25% return, the cashflow projection uses a 7.50% return with 0.25% assumed administrative expenses), and because the cashflow projection assumes no demographic or investment gains or losses in the future, to the extent that members make their actuarially determined contributions, they will not have a depletion date which would trigger the municipal bond rate for subsequent cashflows.

This conclusion is a mathematical certainty for any plan that does not have an unfunded liability (new plans that did not grant past service credit, and plans in a surplus position). Thus, the only risk for other plans is that the amortization period would defer contributions beyond the time they were needed to pay benefits. While this presents no risk to most plans as benefits to current participants are still being paid 50-75 years into the future (versus a fixed amortization period of 30 years), we ran a number of sample cashflow projections for cities most at risk. These included:

- plans with large unfunded liabilities relative to payroll
- plans with an unusually high average employee age
- plans with a high ratio of retirees to active employees
- plans with no active participants.

In all these cashflow projections, the plans had no depletion date.

In conclusion, in accordance with our analysis, all OkMRF members reporting on an accrual basis who consistently make their actuarially determined contributions should use the long-term expected rate of return (7.50%) as their discount rate as of the July 1, 2024 measurement date, as none of these members have a depletion date which would trigger the municipal bond rate for subsequent cashflows.

Sincerely,

Sean M. Sullivan, FSA
Consulting Actuary

Valuation Results

Summary for all OkMRF plans combined

Oklahoma Municipal Retirement Fund
All Plans Combined

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance at 7/1/2023	$ 742,454,141	$ 689,052,915	$ 53,401,226
Changes for the Year:			
Service cost	18,765,363		18,765,363
Interest cost	54,083,720		54,083,720
Difference between expected and actual	6,856,506		6,856,507
Assumption changes	0		0
Contributions -- Employer		19,005,472	(19,005,472)
Contributions -- Employee		9,273,203	(9,273,203)
Net investment income		77,169,664	(77,169,664)
Benefit payments, including ee contributions refunds	(43,461,389)	(43,461,389)	0
Benefit changes due to plan amendments	2,871,791		2,871,790
Administrative expense		(1,518,805)	1,518,805
Other changes		(41,567)	41,567
Net changes	39,115,991	60,426,578	(21,310,587)
Balance at 7/1/2024	$ 781,570,132	$ 749,479,493	$ 32,090,639

SENSITIVITY OF NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

	1% Decrease 6.50%	**Current Disc Rate 7.50%**	**1% Increase 8.50%**
Net Pension Liability	$ 123,794,997	$ 32,090,639	$ (44,457,477)

Oklahoma Municipal Retirement Fund
All Plans Combined

PENSION EXPENSE

Service Cost	$	18,765,363
Interest Cost		54,083,722
Expected Return on Plan Investments		(51,063,984)
Administrative Expenses		1,518,805
Employee Contributions		(9,273,203)
Amortization of Deferred Outflows and Inflows		
Actuarial gains and losses		1,476,620
Changes in assumptions		(3,344,983)
Investment gains and losses		2,314,560
Benefit Changes Due to Plan Amendments		2,871,790
Pension Expense for Fiscal Years Ending on or before 7/1/2025	$	17,348,690

Oklahoma Municipal Retirement Fund
All Plans Combined

AMORTIZATION OF DEFERRED (INFLOWS) AND OUTFLOWS

	Fiscal Year Established	Deferred (Inflow)/Outflow	Amortization Years	Balance before Current Recognition	Current Recognition	Balance after Current Recognition
Actuarial (gains)/losses						
	2016	$ (4,771,490)	0.00-9.64	$ (574)	$ (574)	$ 0
	2017	(6,603,760)	0.00-9.19	(5,174)	(5,058)	(116)
	2018	(3,969,410)	0.00-8.40	(376)	79	(455)
	2019	(6,014,848)	0.00-7.97	9,262	8,875	387
	2020	(2,817,230)	0.00-7.46	22,998	28,556	(5,558)
	2021	(3,066,736)	0.00-7.24	(3,691)	(23,871)	20,180
	2022	(8,141,308)	0.00-7.58	(1,778,931)	(1,088,225)	(690,706)
	2023	(3,530,467)	0.00-6.58	(1,611,399)	(675,749)	(935,650)
	2024	7,197,764	0.00-6.88	6,108,878	1,375,160	4,733,718
	2025	6,856,506	0.00-7.19	6,856,506	1,857,427	4,999,079
Total current recognition					$ 1,476,620	
Remaining deferred (inflows)						$ (7,424,143)
Remaining deferred outflows						$ 15,545,022
Changes in assumptions						
	2018	$ 11,550,291	0.00-8.40	$ 5,629	$ 4,704	$ 925
	2020	14,581,577	0.00-7.46	260,065	250,960	9,105
	2023	(18,812,698)	0.00-6.58	(6,769,983)	(3,600,647)	(3,169,336)
Total current recognition					$ (3,344,983)	
Remaining deferred (inflows)						$ (3,329,364)
Remaining deferred outflows						$ 170,058
Investment (gains)/losses						
	2021	$ 19,540,909	5	$ 3,908,128	$ 3,908,128	$ 0
	2022	(119,741,170)	5	(47,896,471)	(23,948,287)	(23,948,184)
	2023	148,281,144	5	88,968,658	29,656,198	59,312,460
	2024	(10,401,593)	5	(8,321,277)	(2,080,343)	(6,240,934)
	2025	(26,105,681)	5	(26,105,681)	(5,221,136)	(20,884,545)
Total current recognition					$ 2,314,560	
Remaining deferred (inflows)						$ (51,074,427)
Remaining deferred outflows						$ 59,313,224

Oklahoma Municipal Retirement Fund
Employee Retirement System of

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	Fiscal Year 2025	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021
Total Pension Liability					
Service cost	$ 18,765,363	$ 17,054,583	$ 17,226,857	$ 16,976,940	$ 16,100,887
Interest cost	54,083,722	51,177,559	50,582,247	48,866,589	46,958,457
Benefit changes due to plan amendments	2,871,791	5,305,511	1,729,120	1,991,714	832,308
Difference between expected and actual experience	6,856,504	7,197,764	(3,530,467)	(8,155,007)	(3,065,830)
Changes of assumptions	0	0	(18,812,698)	0	0
Benefit payments, including refunds of employee contributions	(43,461,389)	(40,564,203)	(37,997,083)	(35,655,117)	(35,122,491)
Net change in total pension liability	39,115,991	40,171,214	9,197,976	24,025,119	25,703,331
Total pension liability -- beginning	742,454,141	702,282,927	693,084,951	669,059,832	643,356,501
Total pension liability -- ending	$ 781,570,132	$ 742,454,141	$ 702,282,927	$ 693,084,951	$ 669,059,832
Plan Fiduciary Net Position					
Contributions -- Employer	$ 19,005,472	$ 19,244,084	$ 18,776,938	$ 17,906,087	$ 16,337,157
Contributions -- Employee	9,273,203	8,472,734	7,730,669	7,366,573	6,958,176
Net investment income	77,169,664	58,256,466	(92,476,838)	166,150,016	24,410,780
Benefit payments, including refunds of employee contributions	(43,461,389)	(40,564,203)	(37,997,083)	(35,655,117)	(35,122,491)
Administrative expense	(1,518,805)	(1,431,506)	(1,290,017)	(1,247,169)	(1,236,633)
Other	(41,567)	0	0	(12,450,842)	0
Net change in plan fiduciary net position	60,426,578	43,977,575	(105,256,331)	142,069,548	11,346,989
Plan fiduciary net position -- beginning	689,052,915	645,075,340	750,331,671	608,262,123	596,915,134
Plan fiduciary net position -- ending	$ 749,479,493	$ 689,052,915	$ 645,075,340	$ 750,331,671	$ 608,262,123
Net pension liability -- ending	$ 32,090,639	$ 53,401,226	$ 57,207,587	$ (57,246,720)	$ 60,797,709
Plan fiduciary net position as percentage of total pension liability	95.89%	92.81%	91.85%	108.26%	90.91%
Covered employee payroll	$ 203,116,012	$ 180,507,264	$ 166,355,961	$ 158,893,230	$ 156,643,410
Net pension liability position as percentage of covered employee payroll	15.80%	29.58%	34.39%	-36.03%	38.81%

Retiree Health Plans

3 cities fund through Master Trust

Covered by GASB Statement 75
Effective for fiscal years beginning after June 15, 2017

Due to plan provisions, very similar to Statement 68

Oklahoma Municipal Retirement Fund
All Plans Combined

CHANGES IN NET OPEB LIABILITY

	Increase (Decrease)		
	Total OPEB Liability	**Plan Fiduciary Net Position**	**Net OPEB Liability**
Balance at 7/1/2023	$ 377,142	$ 761,656	$ (384,514)
Changes for the Year:			
Service cost	8,059		8,059
Interest cost	27,415		27,415
Difference between expected and actual experience	(25,171)		(25,171)
Assumption changes	0		0
Contributions -- Employer		0	0
Contributions -- Employee		0	0
Net investment income		84,869	(84,869)
Benefit payments, including ee contributions refunds	(23,641)	(23,641)	0
Benefit changes due to plan amendments	0		0
Administrative expense		(1,665)	1,665
Other changes			0
Net changes	(13,338)	59,563	(72,901)
Balance at 7/1/2024	$ 363,804	$ 821,219	$ (457,415)

SENSITIVITY OF NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

	1% Decrease 6.50%	**Current Disc Rate 7.50%**	**1% Increase 8.50%**
Net Pension Liability	$ (440,420)	$ (457,415)	$ (466,100)

Oklahoma Municipal Retirement Fund
All Plans Combined

OPEB EXPENSE

Service Cost	$	8,059
Interest Cost		27,415
Expected Return on Plan Investments		(50,194)
Administrative Expenses		1,665
Employee Contributions		0
Amortization of Deferred Outflows and Inflows		
Actuarial gains and losses		(47,951)
Changes in assumptions		(1,683)
Investment gains and losses		(4,153)
Benefit Changes Due to Plan Amendments		0
OPEB Expense for Fiscal Years Ending on or before 7/1/2025	$	(66,842)

Oklahoma Municipal Retirement Fund
All Plans Combined

AMORTIZATION OF DEFERRED (INFLOWS) AND OUTFLOWS

	Fiscal Year Established	Deferred (Inflow)/Outflow	Amortization Years	Balance before Current Recognition	Current Recognition	Balance after Current Recognition
Actuarial (gains)/losses						
	2019	$ (85,907)	5.53-8.30	$ (4,753)	$ (3,225)	$ (1,528)
	2020	(87,785)	5.33-7.89	(9,418)	(6,492)	(2,926)
	2021	(34,660)	4.93-7.49	(3,176)	(7,206)	4,030
	2022	(89,310)	5.10-7.53	(38,610)	(16,899)	(21,711)
	2023	(45,985)	4.59-7.48	(27,381)	(9,303)	(18,078)
	2024	2,089	4.90-7.23	2,171	(81)	2,252
	2025	(25,171)	4.69-7.50	(25,171)	(4,745)	(20,426)
Total current recognition					$ (47,951)	
Remaining deferred (inflows)						$ (76,539)
Remaining deferred outflows						$ 18,152
Changes in assumptions						
	2020	$ 7,701	5.33-7.89	$ 1,279	$ 697	$ 582
	2023	(15,059)	4.59-7.48	(10,301)	(2,380)	(7,921)
Total current recognition					$ (1,683)	
Remaining deferred (inflows)						$ (7,921)
Remaining deferred outflows						$ 582
Investment (gains)/losses						
	2021	12,586	5	$ 2,516	$ 2,516	$ 0
	2022	(142,232)	5	(56,893)	(28,448)	(28,445)
	2023	162,161	5	97,297	32,432	64,865
	2024	(18,587)	5	(14,870)	(3,719)	(11,151)
	2025	(34,675)	5	(34,675)	(6,934)	(27,741)
Total current recognition					$ (4,153)	
Remaining deferred (inflows)						$ (67,337)
Remaining deferred outflows						$ 64,865

Oklahoma Municipal Retirement Fund
Employee Retirement System of

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	Fiscal Year 2025	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021
Total OPEB Liability					
Service cost	$ 8,059	$ 9,130	$ 9,152	$ 9,714	$ 9,553
Interest cost	27,415	26,675	30,540	36,156	39,067
Benefit changes due to plan amendments	0	0	0	0	0
Difference between expected and actual experience	(25,171)	2,089	(45,985)	(89,310)	(34,660)
Changes of assumptions	0	0	(15,059)	0	0
Benefit payments, including refunds of employee contributions	(23,641)	(32,256)	(28,191)	(34,553)	(70,345)
Net change in total OPEB liability	(13,338)	5,638	(49,543)	(77,993)	(56,385)
Total OPEB liability -- beginning	377,142	371,504	421,047	499,040	555,425
Total OPEB liability -- ending	$ 363,804	$ 377,142	$ 371,504	$ 421,047	$ 499,040
Plan Fiduciary Net Position					
Contributions -- Employer	$ 0	$ 3,684	$ 6,798	$ 10,131	$ 25,116
Contributions -- Employee	0	0	0	0	0
Net investment income	84,869	64,848	(104,355)	187,128	27,997
Benefit payments, including refunds of employee contributions	(23,641)	(32,256)	(28,191)	(34,553)	(70,345)
Administrative expense	(1,665)	(1,594)	(1,457)	(1,390)	(1,442)
Other	0	0	0	0	0
Net change in plan fiduciary net position	59,563	34,682	(127,205)	161,316	(18,674)
Plan fiduciary net position -- beginning	761,656	726,974	854,179	692,863	711,537
Plan fiduciary net position -- ending	$ 821,219	$ 761,656	$ 726,974	$ 854,179	$ 692,863
Net OPEB liability -- ending	$ (457,415)	$ (384,514)	$ (355,470)	$ (433,132)	$ (193,823)
Plan fiduciary net position as percentage of total OPEB liability	225.73%	201.95%	195.68%	202.87%	138.84%
Covered employee payroll	$ 10,450,714	$ 9,810,573	$ 8,771,989	$ 8,724,926	$ 8,626,760
Net OPEB liability position as percentage of covered employee payroll	-4.38%	-3.92%	-4.05%	-4.96%	-2.25%