
Oklahoma Municipal Retirement Fund

ACTUARIAL VALUATIONS UNDER GASB STATEMENT 68

For Fiscal Years Ending on or Before July 1, 2016

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GASB Statement 68

Introduction

One Year After Implementation

Valuation Results

Introduction

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, 2015

One Year After Implementation

Reports generated for all cities last year

Results generated for all cities this year

- reports only for cities on accrual basis accounting (79 / 133)

Inquiries from member city auditors

- additional information requested for 9 cities
- no follow-up questions on information provided
- no requests for cashflow projections

Valuation Results

Summary for all OkMRF plans combined

Sample Exhibits

- Eufaula
- Calera

**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 6/30/2013	<u>\$ 502,833,058</u>	<u>\$ 474,118,089</u>	<u>\$ 28,714,969</u>
Changes for the Year:			
Service cost	14,688,606		14,688,606
Interest cost	37,980,825		37,980,825
Difference between expected and actual experience	(4,820,927)		(4,820,927)
Contributions -- Employer		21,496,652	(21,496,652)
Contributions -- Employee		5,980,012	(5,980,012)
Net investment income		13,368,757	(13,368,757)
Benefit payments, including ee contributions refunds	(26,000,946)	(26,000,946)	0
Benefit changes due to plan amendments	419,430		419,430
Administrative expense		(988,085)	988,085
Other changes			0
Net changes	<u>22,266,987</u>	<u>13,856,390</u>	<u>8,410,597</u>
Balance at 6/30/2014	<u><u>\$ 525,100,046</u></u>	<u><u>\$ 487,974,479</u></u>	<u><u>\$ 37,125,567</u></u>

SENSITIVITY OF NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

	1% Decrease 6.75%	Current Disc Rate 7.75%	1% Increase 8.75%
	Net Pension Liability	\$ 102,167,663	\$ 37,125,567

**Oklahoma Municipal Retirement Fund
All Plans Combined**

PENSION EXPENSE

Service Cost	\$ 14,688,606
Interest Cost	37,980,825
Expected Return on Plan Investments	(35,692,400)
Administrative Expenses	988,085
Employee Contributions	(5,980,012)
Amortization of Deferred Outflows and Inflows	
Actuarial gains and losses	(114,154)
Changes in assumptions	0
Investment gains and losses	(2,687,997)
Benefit Changes Due to Plan Amendments	<u>419,430</u>
Pension Expense for Fiscal 2015	\$ 9,602,382

**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						
	2015	\$ 0	N/A	\$ 0	\$ 0	0
	2016	(4,760,431)	0.00-9.64	(4,760,431)	(1,011,173)	(3,749,258)
Total current recognition				\$	(1,011,173)	
Remaining deferred (inflows)					\$	(3,749,258)
Remaining deferred outflows					\$	0
Changes in assumptions						
	N/A					
Total current recognition				\$	0	
Remaining deferred (inflows)					\$	0
Remaining deferred outflows					\$	0
Investment (gains)/losses						
	2015	\$ (35,763,634)	5	\$ (28,610,908)	\$ (7,152,726)	\$ (21,458,182)
	2016	22,323,643	5	22,323,643	4,464,729	17,858,914
Total current recognition				\$	(2,687,997)	
Remaining deferred (inflows)					\$	(21,458,182)
Remaining deferred outflows					\$	17,858,914

**Oklahoma Municipal Retirement Fund
Employee Retirement System of Eufaula, Oklahoma**

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Net Fiduciary Position	Net Pension Liability
Balance at 7/1/2014	\$ 1,110,436	\$ 1,233,817	\$ (123,381)
Changes for the Year:			
Service cost	47,964		47,964
Interest cost	83,737		83,737
Difference between expected and actual experience	19,979		19,979
Contributions -- Employer		34,917	(34,917)
Contributions -- Employee		20,713	(20,713)
Net investment income		34,580	(34,580)
Benefit payments, including refunds of employee contributions	(61,044)	(61,044)	0
Benefit changes due to plan amendments	99,560		99,560
Administrative expense		(2,567)	2,567
Other changes			0
Net changes	190,197	26,598	163,598
Balance at 7/1/2015	\$ 1,300,633	\$ 1,260,415	\$ 40,217

SENSITIVITY OF NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Total Pension Liability	\$ 1,472,970	\$ 1,300,633	\$ 1,160,132
Plan Net Fiduciary Position	1,260,415	1,260,415	1,260,415
Net Pension Liability	\$ 212,554	\$ 40,217	\$ (100,283)

The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.75% (see Exhibit 10), as prescribed by paragraph 26 of GASB 68 when the plan's net fiduciary position is projected to be sufficient to make projected benefit payments.

The employer has adopted a funding method 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. Thus, in accordance with paragraph 29, the evaluations required by paragraph 27 to determine the sufficiency pension plan assets can be made without a separate projection of cashflows.

**Oklahoma Municipal Retirement Fund
Employee Retirement System of Eufaula, Oklahoma**

PENSION EXPENSE

Service Cost	\$	47,964
Interest Cost		83,737
Expected Return on Plan Investments		(90,351)
Administrative Expenses		2,567
Contributions -- Employee		(20,713)
Amortization of Deferred (Inflows) and Outflows		
Actuarial (gains) and losses		3,530
Changes in assumptions		0
Investment (gains) and losses		(6,931)
Benefit Changes Due to Plan Amendments		<u>99,560</u>
Pension Expense for Fiscal 2015	<u>\$</u>	<u>119,364</u>

**Oklahoma Municipal Retirement Fund
Employee Retirement System of Eufaula, Oklahoma**

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						
	2015	\$ 0	N/A	\$ 0	\$ 0	\$ 0
	2016	19,979	5.66	19,979	3,530	16,450
Total current recognition					<u>\$ 3,530</u>	
Remaining deferred (inflows)						\$ 0
Remaining deferred outflows						\$ 16,450
 Changes in assumptions						
	N/A					
Total current recognition						
Remaining deferred (inflows)						\$ 0
Remaining deferred outflows						\$ 0
 Investment (gains)/losses						
	2015	\$ (90,427)	5	\$ (72,342)	\$ (18,085)	\$ (54,257)
	2016	55,771	5	55,771	11,154	44,617
Total current recognition					<u>\$ (6,931)</u>	
Remaining deferred (inflows)						\$ (54,257)
Remaining deferred outflows						\$ 44,617

Amounts reported as deferred (inflows) of resources and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal 2017	\$ (3,401)
Fiscal 2018	(3,401)
Fiscal 2019	(3,401)
Fiscal 2020	14,682
Fiscal 2021	2,330
Thereafter	0

**Oklahoma Municipal Retirement Fund
Employee Retirement System of Eufaula, Oklahoma**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
SINCE INITIAL APPLICATION**

	Fiscal Year 2016	Fiscal Year 2015
Total Pension Liability		
Service cost	\$ 47,964	\$ 42,436
Interest cost	83,737	81,204
Benefit changes due to plan amendments	99,560	0
Difference between expected and actual experience	19,979	0
Changes of assumptions	0	0
Benefit payments, including refunds of employee contributions	(61,044)	(36,432)
Net change in total pension liability	<u>190,197</u>	<u>87,208</u>
Total pension liability -- beginning	<u>1,110,436</u>	<u>1,023,228</u>
Total pension liability -- ending	<u><u>\$ 1,300,633</u></u>	<u><u>\$ 1,110,436</u></u>
Plan Net Fiduciary Position		
Contributions -- Employer	\$ 34,917	\$ 33,200
Contributions -- Employee	20,713	22,965
Net investment income	34,580	173,373
Benefit payments, including refunds of employee contributions	(61,044)	(36,432)
Administrative expense	(2,567)	(2,569)
Other	0	0
Net change in total pension liability	<u>26,598</u>	<u>190,538</u>
Plan net fiduciary position -- beginning	<u>1,233,817</u>	<u>1,043,280</u>
Plan net fiduciary position -- ending	<u><u>\$ 1,260,415</u></u>	<u><u>\$ 1,233,817</u></u>
Net pension liability -- ending	<u><u>\$ 40,217</u></u>	<u><u>\$ (123,382)</u></u>
Plan net fiduciary position as percentage of total pension liability	96.91%	111.11%
Covered employee payroll	\$ 482,735	\$ 620,999
Net pension liability position as percentage of covered employee payroll	8.33%	-19.87%

**Oklahoma Municipal Retirement Fund
Employee Retirement System of Calera, Oklahoma**

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Net Fiduciary Position	Net Pension Liability
Balance at 7/1/2014	\$ 859,360	\$ 675,206	\$ 184,154
Changes for the Year:			
Service cost	32,666		32,666
Interest cost	66,082		66,082
Difference between expected and actual experience	(3,780)		(3,780)
Contributions -- Employer		44,366	(44,366)
Contributions -- Employee		19,068	(19,068)
Net investment income		19,614	(19,614)
Benefit payments, including refunds of employee contributions	(13,620)	(13,620)	0
Benefit changes due to plan amendments	0		0
Administrative expense		(1,437)	1,437
Other changes			0
Net changes	81,348	67,990	13,358
Balance at 7/1/2015	\$ 940,708	\$ 743,196	\$ 197,512

SENSITIVITY OF NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Total Pension Liability	\$ 1,068,791	\$ 940,708	\$ 835,751
Plan Net Fiduciary Position	743,196	743,196	743,196
Net Pension Liability	\$ 325,595	\$ 197,512	\$ 92,555

The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.75% (see Exhibit 10), as prescribed by paragraph 26 of GASB 68 when the plan's net fiduciary position is projected to be sufficient to make projected benefit payments.

The employer has adopted a funding method 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. Thus, in accordance with paragraph 29, the evaluations required by paragraph 27 to determine the sufficiency pension plan assets can be made without a separate projection of cashflows.

**Oklahoma Municipal Retirement Fund
Employee Retirement System of Calera, Oklahoma**

PENSION EXPENSE

Service Cost	\$	32,666
Interest Cost		66,082
Expected Return on Plan Investments		(63,889)
Administrative Expenses		1,437
Contributions -- Employee		(19,068)
Amortization of Deferred (Inflows) and Outflows		
Actuarial (gains) and losses		(497)
Changes in assumptions		0
Investment (gains) and losses		1,419
Benefit Changes Due to Plan Amendments		<u>0</u>
Pension Expense for Fiscal 2015	\$	<u><u>18,150</u></u>

**Oklahoma Municipal Retirement Fund
Employee Retirement System of Calera, Oklahoma**

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						
	2015	\$ 0	N/A	\$ 0	\$ 0	\$ 0
	2016	(3,780)	7.60	(3,780)	(497)	(3,283)
Total current recognition					\$ (497)	
Remaining deferred (inflows)						\$ (3,283)
Remaining deferred outflows						\$ 0
Changes in assumptions						
	N/A					
Total current recognition						
Remaining deferred (inflows)						\$ 0
Remaining deferred outflows						\$ 0
Investment (gains)/losses						
	2015	\$ (37,181)	5	\$ (29,745)	\$ (7,436)	\$ (22,309)
	2016	44,275	5	44,275	8,855	35,420
Total current recognition					\$ 1,419	
Remaining deferred (inflows)						\$ (22,309)
Remaining deferred outflows						\$ 35,420

Amounts reported as deferred (inflows) of resources and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal 2017	\$ 922
Fiscal 2018	922
Fiscal 2019	922
Fiscal 2020	8,357
Fiscal 2021	(497)
Thereafter	(796)

**Oklahoma Municipal Retirement Fund
Employee Retirement System of Calera, Oklahoma**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

SINCE INITIAL APPLICATION

	Fiscal Year 2016	Fiscal Year 2015
Total Pension Liability		
Service cost	\$ 32,666	\$ 29,438
Interest cost	66,082	62,197
Benefit changes due to plan amendments	0	0
Difference between expected and actual experience	(3,780)	0
Changes of assumptions	0	0
Benefit payments, including refunds of employee contributions	(13,620)	(10,550)
Net change in total pension liability	<u>81,348</u>	<u>81,085</u>
Total pension liability -- beginning	<u>859,360</u>	<u>778,275</u>
Total pension liability -- ending	<u><u>\$ 940,708</u></u>	<u><u>\$ 859,360</u></u>
Plan Net Fiduciary Position		
Contributions -- Employer	\$ 44,366	\$ 42,706
Contributions -- Employee	19,068	18,355
Net investment income	19,614	90,788
Benefit payments, including refunds of employee contributions	(13,620)	(10,550)
Administrative expense	(1,437)	(1,351)
Other	0	0
Net change in total pension liability	<u>67,990</u>	<u>139,948</u>
Plan net fiduciary position -- beginning	<u>675,206</u>	<u>535,258</u>
Plan net fiduciary position -- ending	<u><u>\$ 743,196</u></u>	<u><u>\$ 675,206</u></u>
Net pension liability -- ending	<u><u>\$ 197,512</u></u>	<u><u>\$ 184,153</u></u>
Plan net fiduciary position as percentage of total pension liability	79.00%	78.57%
Covered employee payroll	\$ 629,904	\$ 626,835
Net pension liability position as percentage of covered employee payroll	31.36%	29.38%