Employees' Retirement System of Tulsa County, Oklahoma
(A Component Unit of Tulsa County)
Tulsa, Oklahoma

Financial Statements
with Independent Auditor's Report

June 30, 2024

HINKLE & COMPANY PC
Strategic Business Advisors

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(A Component Unit of Tulsa County)
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Strategic Business Advisors

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Employees' Retirement System of Tulsa County, Oklahoma (the System), a component unit of Tulsa County, Oklahoma, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the System as of June 30, 2024 and 2023, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit 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*, 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 System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The System's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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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 System'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 opinions. 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 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, 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 System'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 System'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 Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards* Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2024 on our consideration of the System'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 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 Employees' Retirement System of Tulsa County, Oklahoma's internal control over financial reporting and compliance.

Hinkle & Company, PC

Tulsa, Oklahoma
December 11, 2024

Management's Discussion and Analysis

Management's Discussion and Analysis (MD&A) of the Employees' Retirement System of Tulsa County's (TCERS) financial performance provides an overview of the financial activities and funding condition for the fiscal years ending June 30, 2024, 2023, and 2022.

TCERS is classified as a Pension Trust Fund and is reported as a component unit of Tulsa County. The Pension Trust Fund accounts for the activities of the TCERS, which accumulates resources for pension benefit payments to qualified retirees, beneficiaries, and future retirees. The accompanying basic financial statements of TCERS are reported on an accrual basis of accounting and are reported in conformity with generally accepted accounting principles. Under the accrual basis of accounting, revenues are recognized when earned instead of when received and expenses are recognized when incurred instead of when paid.

Please review the MD&A in conjunction with the transmittal letter and the basic financial statements.

Financial Highlights

- The fiduciary net position restricted for pensions for fiscal year 2024 increased by $20,201,441 (6.22%).
- The fiduciary net position restricted for pensions for fiscal year 2023 increased by $27,546,523 (9.27%). All the fiduciary net position restricted for pension benefits is available to meet TCERS's ongoing obligations to plan members and their beneficiaries.

- Employer contributions for fiscal year 2024 increased by $1,379,523 (9.94%) compared to 2023.
- Employer contributions for fiscal year 2023 increased by $771,051 (5.88%) compared to 2022.

- Employee contributions for fiscal year 2024 increased by $327,154 (10.12%) compared to 2023.
- Employee contributions for fiscal year 2023 increased by $173,706 (5.68%) compared to 2022.

- The net investment income for fiscal year 2024 decreased by $8,008,187 (-21.63%) compared to 2023, mainly due to the net appreciation in the fair value of investments that occurred during fiscal year ended June 30, 2024, at a slower rate than the previous fiscal year.
- The net investment income for fiscal year 2023 increased by $75,153,474 (197.07%) compared to 2022, mainly due to the net appreciation in the fair value of investments that occurred during fiscal year ended June 30, 2023.

- Benefit payments increased by $1,077,488 (4.1%) during fiscal year ended June 30, 2024.
- Benefit payments increased by $786,343 (3.08%) during fiscal year ended June 30, 2023.

Using the Annual Comprehensive Financial Report

The basic financial statements reflect the activities of TCERS and are reported in the Statements of Fiduciary Net Position, the Statements of Changes in Fiduciary Net Position, and the Notes to Financial Statements. All activities are recorded using an accrual basis of accounting and the economic resource measurement focus. The accrual basis of accounting recognizes increases and decreases in economic resources as soon as the underlying event or transaction occurs. Transactions are recognized when earned and incurred regardless of the timing of cash flows.

The operating statement of the TCERS focuses on changes in economic resources during the period. Net position (total assets and total deferred outflows less total liabilities and total deferred inflows) is used as a practical measure of economic resources. Accordingly, the TCERS operating statement includes all transactions and events that increase or decrease net position, such as additions and deductions.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

A discussion of the actual components of this annual comprehensive financial report, including the basic financial statements, is presented in the transmittal letter.

Statements of Fiduciary Net Position

The Statements of Fiduciary Net Position shows the financial position of plan assets and liabilities by investment and accounting categories. The excess of assets and deferred outflows over liabilities and deferred inflows is reported as Net position restricted for pensions. Over time, increases or decreases in net position restricted for pensions may serve as a useful indicator of whether the financial position of the TCERS is improving or deteriorating. The following condensed comparative summary of the Statements of Fiduciary Net Position as of June 30, 2024, 2023, and 2022, demonstrates that the TCERS is primarily focused on the cash, receivables, investments, liabilities, and net position restricted for pensions.

	2024	2023	2022
Cash	$ 288,883	$ 480,699	$ 481,823
Receivables	2,622,536	2,333,201	2,127,471
Investments	342,161,680	322,792,092	295,367,952
Total assets	345,073,099	325,605,992	297,977,246
Total liabilities	250,420	984,754	902,531
Net position restricted for pensions	$344,822,679	$324,621,238	$297,074,715

During each fiscal year, the average daily balance of cash on hand typically varies within a range of $150,000 to $1,000,000. The cash balance for all three fiscal years was within the range of the projected average daily cash balance. Total receivables increased by $289,335 (12.4%) during fiscal year ended June 30, 2024, mainly due to the increase in interest and dividends and employer/employee contributions.

Investments at fair value increased by $19,369,588 (6%) during the fiscal year ended June 30, 2024. Investments at fair value increased by $27,424,140 (9.28%) during the fiscal year ended June 30, 2023.

The average return on investments of 3.31% for the past three fiscal years is more than the expected portfolio returns of 6.75%. During the last fiscal year, the intermediate fixed income portfolio outperformed the benchmark Bloomberg Barclay's Intermediate U.S. Govt/Credit Index rate of 4.19% and finished the year with a return of 4.63%. The core fixed income portfolio outperformed the benchmark Bloomberg Barclay's U.S. Aggregate Index rate of 2.63% and finished the year with a return of 3.56%. The high yield fixed income portfolio underperformed the benchmark ICE BofA High Yield Index rate of 10.45% and finished the year with a return of 10.31%. The active duration fixed income portfolio underperformed the benchmark Bloomberg U.S. Aggregate Index rate of 2.63% and finished the year with a return of -8.85%. The S&P 500 index fund mirrored the benchmark S&P 500 Index rate of 24.56% and finished the year with a return of 24.54%. The small/mid (smid) cap equity portfolio underperformed the benchmark Russell MidCap Index rate of 12.88% and finished the year with a return of 8.66%. The international equity portfolio underperformed the benchmark MSCI EAFE (net) Index rate of 11.54% and finished the year with a return of 3.44%. The Master Limited portfolio outperformed the benchmark Alerian MLP Index rate of 35.79% and finished the year with a return of 39.76%. The real estate portfolio outperformed the benchmark NCREIF Fund Index rate of -9.25% and finished the year with a return of -8.97%.

Liabilities decreased by $734,334 (-74.57%) during the fiscal year ended June 30, 2024, due primarily to the decrease in the amount due to brokers for unsettled trades. Liabilities increased by $82,223 (9.11%) during the fiscal year ended June 30, 2023, due primarily to the increase in the amount due to brokers for unsettled trades. The net position restricted for pensions increased by $20,201,441 (6.22%) mainly due to the net appreciation in the fair value of investments, for the year ending June 30, 2024.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The net position restricted for pensions increased by $27,546,523 (9.27%) mainly due to the net appreciation in the fair value of investments, for the year ending June 30, 2023.

Statements of Changes in Fiduciary Net Position

The Statements of Changes in Fiduciary Net Position itemizes additions, deductions and net position restricted for pensions. The Statement of Changes in Fiduciary Net Position demonstrates how the TCERS assets have increased (decreased) during the fiscal years ended June 30, 2024, 2023, and 2022. The following condensed comparative summary of the Statements of Changes in Fiduciary Net Position reflects the activities of the TCERS regarding employer and employee contributions, net investment income, benefits paid, administration expenses, refunds, and the net increase (decrease) in net position restricted for pension benefits.

	2024	**2023**	**2022**
Additions:			
Contributions:			
Members	$ 3,559,184	$ 3,232,030	$ 3,058,324
Employer	15,261,311	13,881,788	13,110,737
Net Investment income	29,009,265	37,017,452	(38,136,022)
Total additions/(deductions)	47,829,760	54,131,270	(21,966,961)
Deductions:			
Benefits	27,377,620	26,300,132	25,513,789
Administration expense	142,647	78,645	93,154
Refunds	108,052	205,970	206,343
Total deductions	27,628,319	26,584,747	25,813,286
Net increase (decrease) in net position restricted for pensions	$ 20,201,441	$ 27,546,523	$(47,780,247)
Net position restricted for pensions, beginning	$324,621,238	$297,074,715	$344,854,962
Net position restricted for pensions, ending	$344,822,679	$324,621,238	$297,074,715

The ending net position restricted for pensions for fiscal year ending June 30, 2024, was $344,822,679 compared to $324,621,238 for fiscal year ending June 30, 2023.

Collections of employer and employee retirement contributions, as well as earnings from investments and dividends, provide the reserves necessary to finance retirement benefits and cover administrative expenses. Contributions and net investment income totaled $47,829,760 during the fiscal year ending June 30, 2024, which is a $6,301,510 (-11.64%) decrease in total additions from what was reported the previous fiscal year. Contributions and net investment income increased $76,098,231 (346.42%) from fiscal year ended June 30, 2022, to June 30, 2023.

Employer contributions are based on a percentage of an employee's pay and increased $1,379,523 (9.94%) in 2024 as compared to 2023. Employee contributions increased $327,154 (10.12%) when comparing fiscal year 2024 to 2023.

Net investment income was $29,009,265 for fiscal year 2024, which represents a $8,008,187 decrease from fiscal year 2024 compared to fiscal year 2023, due mainly to the decrease in the net appreciation in fair value of investments of $8,992,474. When comparing fiscal year ended June 30, 2022, to June 30, 2023, there was a $74,795,723 net appreciation in the fair value of investments in 2023. Comparing fiscal year 2024 to 2023, the fair value of the U.S. Government & Agency obligations and treasury bond mutual funds increased by $2,495,773. The fair value of domestic corporate bonds and bond mutual funds and foreign bonds and obligations decreased by $116,917. The fair value of domestic equities and international equities increased by $18,439,465 and by $2,009,999, respectively. The money market mutual funds portfolio decreased by $1,495,627. The real estate portfolio decreased by $2,007,421 and the judgments increased by $44,316.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Investments during the fiscal year ended June 30, 2024, outperformed the expected rate of return. Interest received was $368,420 (22.32%) higher during fiscal year 2024. Dividends received were $768,662 (15.46%) higher during fiscal year 2024.

The primary deductions of a retirement system include the payment of benefits to retirees and beneficiaries, the refund of contributions to former members, and the cost of administering the retirement system. The benefits paid increased by $1,077,488 (4.10%) during fiscal year 2024, and by $786,343 (3.08%) during fiscal year 2023, due to an increase in the number of employees retiring and the amount of benefits paid to those new retirees. Administration expenses, as of June 30, 2024, were $29,407 (37.39%) higher when compared to the previous fiscal year, due to increases in actuarial, audit, and software maintenance expenses. Refunds represent a return of a nonvested portion of the employees' contribution made to the retirement system which varies from year to year and remains a relatively small expense. The refund of contributions was $63,323 (-30.74%) lower when compared to the previous fiscal year.

Analysis of Financial Position and Results of Operations

To analyze the TCERS financial position and results of operations during the reporting periods, the following topics are presented: plan membership, funding and reserves, actuarial assumptions and methods, and asset allocation.

Plan Membership

As of June 30, 2024, 2023, and 2022, the TCERS members are as follows:

	2024	2023	2022
Retirees and beneficiaries receiving benefits	1,510	1,480	1,439
Terminated employees entitled to benefits not yet received	775	776	734
Current active employees:			
Fully vested	890	863	882
Nonvested	1,019	923	852
Total members	4,194	4,042	3,907

Funding and Reserves

Funds are derived from the excess of additions over deductions and are accumulated to meet future benefit obligations to retirees and beneficiaries. This accumulated balance is referred to as the net position restricted for pensions in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position presented in the financial section of this report. In addition to the basic financial statements and various note disclosures, defined benefit plans are also required to provide three schedules of long-term actuarial data. The three required supplementary information schedules are the Schedule of Changes in Fiduciary Net Pension Liability and Related Ratios, Schedule of Employer Contributions, and the Schedule of Investment Returns, all of which are presented in the Required Supplementary Information immediately following the notes to the financial statements.

The Schedule of Changes in Fiduciary Net Pension Liability and Related Ratios presents detailed information about the pension liabilities for which the pension plan's assets are held and managed. The detailed information shows various components of changes in the net pension liability. This schedule also reports a ratio of Fiduciary Net Position as a percentage of the total pension liability. This percentage is an indication of the funding status of the TCERS and, generally, the greater the percentage, the stronger the retirement system. A high level of funding gives plan members more assurance that their pension benefits are secure. The ratio of plan Fiduciary Net Position to the total pension liability is 67.06% on June 30, 2024. This schedule includes ten years of information and is included in the RSI schedule in accordance with GASB 67, *Financial Reporting for Pension Plans,* only nine fiscal years information is reported.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The Schedule of Employer Contributions shows the actuarially determined contributions for TCERS and the actual contributions made by TCERS. For the fiscal year ended June 30, 2024, management of TCERS contributed approximately $2,346,000 less than the actuarially determined contribution, which amounted to 15.09% of covered payroll. Additionally, the significant actuarial assumptions and methods used to develop the contribution rate are listed.

The Schedule of Investment Returns shows the money-weighted rate of return (net of investment expense) to be 9.1% for fiscal year 2024. When compared to the expected rate of return of 6.0%, the actual return was higher during fiscal year 2024. This helps to understand the investment performance of TCERS.

Actuarial Assumptions and Methods
An actuarial firm prepares two actuarial valuations: one for funding purposes and the other for *accounting* purposes.

The June 30, 2024, funding actuarial valuation is used to determine the level of annual required contributions (ARC) based on actuarial assumptions approved by the TCERS Board of Trustees. The Plan's Actuary utilized the Entry Age Normal Cost Method to calculate the plan's Actuarial Accrued Liability (AAL). The actuarial value of assets is compared to the actuarial accrued liability, resulting in either an unfunded actuarial accrued liability or a surplus. The June 30, 2024, funding valuation determined the funding ratio to be 73%, leaving an unfunded actuarial accrued liability (UAAL) of 27%. The UAAL is allocated on a level basis over the future earnings of members who are still employed as of the valuation date. Actuarial gains and losses are reflected in the actuarially determined contribution rate. The main funding actuarial assumptions and methods include:

- The assumed rate of return on investment is 6.75%. Prior to July 1, 2023, the assumed rate of return was 7.25%. Prior to July 1, 2016, the assumed rate of return on investment was 7.75%.
- The Healthy Participants mortality assumption is the Pub-2010 General Amount-Weighted Mortality Tables, male and female rates, set forward 2 years, projected generationally from 2010 using the MP-2021 Improvement Scale, also set forward 2 years. For the previous evaluation, the assumption was the RP-2014 mortality tables, male and female rates, projected generationally from 2006 using the MP-2017 Improvement scale. The Disabled Participants mortality assumption is the Pub-2010 Disability Mortality Table, male and female rates. For the previous evaluation, the assumption was the RP-2014 mortality tables, male and female rates.
- A salary scale is used to estimate salaries for plan members. The salary scale has different percentage increases based on the employee's current age. There is a separate, defined inflation and merit/promotion component for each projected salary increase. Effective July 1, 2012, the salary scale was decreased by 1% at all ages.
- No provision has been made for automatic post-retirement cost of living adjustments. (This is consistent with plan provisions, which do not provide automatic post-retirement cost of living adjustments).
- The actuarial value of assets is based on the five-year expected return method which employs a technique known as "smoothing."
- Effective July 1, 2018, each year's change in unfunded accrued liability is amortized as a separate layer on a closed basis over 20 years as a level percent of pay. The unfunded accrued liability that existed prior to July 1, 2018, will continue to be amortized on a closed basis over 30 years from July 1, 2003, as a level percent of pay.

The actuarial valuation performed for plan year beginning July 1, 2024, for accounting purposes was done in accordance with GASB 67. This valuation was used to determine the Total Pension Liability (TPL) with pension expense to be recognized by Tulsa County and its component units. The Total Pension Liability (TPL) differs somewhat from the Actuarial Accrued Liability (AAL) in that it measures the present value of projected benefit payments attributed to past periods of member service in accordance with specific requirements of GASB 67.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

One of those requirements relates to the determination of the discount rate. The discount rate for TCERS, as determined in accordance with GASB 67, was 6.00%. Another requirement in determining the Total Pension Liability (TPL) is the use of the Entry Age Normal Cost Method which is the same method that is used for funding purposes. Consequently, the AAL was $470,992,321 and the TPL was $514,182,883 as of June 30, 2024. However, the determination of annual pension expense in accordance with GASB 67 differs significantly from the amount of actual employer contributions. Each component of pension expense is detailed in the required supplementary Schedule of Changes in Net Pension Liability described in the previous section. In addition, the Net Pension Liability (NPL), as determined in accordance with GASB 67, differs from the Unfunded Actuarial Accrued Liability (UAAL) that was determined by the funding valuation described in the paragraph above. The main difference relates to the way plan assets are valued. For accounting purposes, plan assets are valued at fair value and not valued using the actuarial method (which employs a technique known as smoothing) that is used for funding. Consequently, the net pension liability (NPL) used for accounting purposes was $169,360,204 while the unfunded actuarial accrued liability (UAAL) was $126,088,681. On June 30, 2024, the NPL was greater than the UAAL.

Asset Allocation
The portfolio mix based on the total fair value of investments at the end of fiscal year 2024 is: 3.95% in money market mutual funds, 12.46% in Domestic corporate bonds and bond mutual funds, 15.67% in U.S. Government & Agency Obligations and Treasury Bond Mutual Funds, 27.79% in core domestic equities, 24.30% in small/mid (smid) cap equity securities, 11.08% in international equities, 4.68% in real estate and 0.07% in judgments. The portfolio mix based on the total fair value of investments at the end of fiscal year 2023 is: 4.65% in money market mutual funds, 13.24% in Domestic corporate bonds and bond mutual funds, 15.84% in U.S. Government & Agency Obligations and Treasury Bond Mutual Funds, 24.35% in core domestic equities, 25.16% in small/mid (smid) cap equity securities, 11.12% in international equities, 5.58% in real estate and 0.06% in judgments. The retirement system's portfolio is currently 58.4% equity, 6.5% master limited partnerships, 4.6% real estate, and 30.5% fixed income.

In January 2022, the Board amended the investment policy to shift the asset allocation to 55% for Equities, 5% for Master Limited Partnerships, 35% for Fixed Income and 5% for real estate.

June 30, 2022 target allocation	Minimum	Target	Maximum
Core Equity	7.50%	17.50%	27.50%
SMid Capitalization Equity	15.00%	25.00%	35.00%
International Equity	2.50%	12.50%	17.50%
MLPs	0.00%	5.00%	15.00%
Core Fixed Income	0.00%	8.75%	18.75%
Intermediate Fixed Income	0.00%	8.75%	18.75%
High Yield Fixed Income	0.00%	7.50%	17.50%
Active Duration Fixed Income	0.00%	10.00%	20.00%
Real Estate	0.00%	5.00%	15.00%
Cash and Equivalents	0.00%	0.00%	5.00%

Net investment income amounted to $29,009,265 during fiscal year 2024, while total contributions added $18,820,495. The net appreciation in fair value of investments as of June 30, 2024, was $22,526,202. Net investment income compared to total investments as of June 30, 2024, is 8.48%.

Market Environment and Results
High inflation along with other elements both domestic and abroad including the conflicts in Ukraine and Isreal contributed to an uncertain economic environment and volatility in the financial markets. The impact on the fund will depend on the duration of the economic environment as our Investment Consultant continues to monitor the environment.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The net position restricted for pensions of the TCERS increased from $325 million to $345 million (6.22%) from July 1, 2023, to June 30, 2024. Over the ten-year period ended June 30, 2024, the funding ratio has varied from a low of 74% to a high of 88%; the current funding ratio of 73% reflects the effects of the continuous market volatility.

Major Initiatives
Effective July 1, 2006, the Board of County Commissioners (BOCC) and the Board of Trustees (Board) repealed the military service credit previously created by the Employees' Retirement System of Tulsa County and left in force the military service credit created by State Statute pursuant to 19 O.S. Section 956.

Effective May 29, 2007, the BOCC and the Board approved a resolution allowing retirees to return to work for Tulsa County on a part-time basis after the first month of retirement and remain eligible for retirement benefits, as permitted by 19 O.S. 2007, Section 956, as amended.

Beginning July 1, 2007, the total employer and employee contributions shall not exceed 16.5% of the monthly compensation of each member, as permitted by 19 O.S. 2007, Section 954, as amended.

Effective July 1, 2008, the actuarial assumption of the effective rate of return on investments was reduced from 8% to 7.75%.

Effective July 1, 2010, the BOCC and the Board approved a resolution changing the employer contribution rate to 14% and the employee-member contribution rate to five basis points (0.05%) of the employee's base salary.

Effective July 1, 2012, the BOCC and the Board approved a resolution changing the employee-member contribution rate from five basis points (0.05%) to 25 basis points (0.25%) of the employee's base salary.

Effective July 1, 2012, the BOCC and the Board approved a resolution making the employee contribution a pre-tax basis.

Effective July 1, 2013, the BOCC and the Board approved a resolution changing the employee-member contribution rate from twenty-five basis points (0.25%) to one percent (1%) of the employee's base salary.

On March 6, 2014, the Internal Revenue Service issued a favorable determination letter on the plan. The letter expired on January 31, 2019. The IRS has since discontinued the renewal of the determination letters.

In October 2014, the Board implemented a Funding Policy to ensure the Fund is fully funded.

On October 19, 2015, the BOCC and the Board approved a resolution changing the employee-member contribution rate from one percent 1% to 1.50% of the employee's base salary, effective January 1, 2016, and effective July 1, 2016, an increase from 1.50% to 2% of the employee's base salary. Effective July 1, 2017, the employee-member contribution rate increased from 2% to 2.5% of the employee's base salary.

Effective with the July 1, 2016, actuarial study, the actuarial assumption of the effective rate of return on investments was reduced from 7.75% to 7.25%.

Effective July 1, 2017, the BOCC and the Board approved a resolution to change the current retirement age from 62 to age 65, to replace the Rule of 80 with Rule of 90, and the early drawing percentages were decreased for employees hired after June 30, 2017.

Beginning July 1, 2019, the total employer and employee contributions shall not exceed 18.5% of the monthly compensation of each member, as permitted by 19 O.S. 2007, Section 954, as amended.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Effective July 1, 2019, the BOCC and the Board approved a resolution changing the employer contribution rate from 14% to 15%. Effective January 1, 2020, the employee-member contribution rate increased from 2.5% to 3.5% of the employee's base salary.

Effective with the July 1, 2023, actuarial study, the actuarial assumption of the effective rate of return on investments was reduced from 7.25% to 6.75%.

The Board of Trustees continues to fulfill their mission to maintain stability while earning a competitive yield on the assets of the TCERS. Of utmost importance to the Trustees is to assure that required reserves are available for payment of current and prospective retirement benefits.

Contacting the Retirement System's Financial Management
This financial report is designed to provide citizens, taxpayers, plan members and others with a general overview of the TCERS finances and to show accountability for money it receives, disburses, and is entrusted with. Questions concerning any data provided in this report or requests for additional information should be directed to Tulsa County Clerk, Employees' Retirement System of Tulsa County, 218 W. 6th St, 7th Floor, Tulsa, Oklahoma 74119.

Statements of Fiduciary Net Position

June 30,	2024	2023
Assets:		
Cash	$ 288,883	$ 480,699
Receivables:		
Interest and dividends	758,403	654,895
Due from brokers for unsettled trades	185,784	222,769
Contributions from employer/employees	1,678,349	1,455,537
Total receivables	2,622,536	2,333,201
Investments, at fair value:		
Money market mutual funds	13,530,123	15,025,750
U.S. Government and Agency obligations and Treasury bond mutual funds	53,621,867	51,126,094
Domestic corporate bonds and bond mutual funds	39,011,756	41,411,745
Foreign bonds and obligations	3,611,708	1,328,636
Domestic equities	178,237,481	159,798,016
International equities	37,903,599	35,893,600
Real Estate	16,015,313	18,022,734
Judgments	229,833	185,517
Total investments	342,161,680	322,792,092
Total assets	345,073,099	325,605,992
Liabilities:		
Accounts payable and accrued expenses	188,647	145,767
Due to brokers for unsettled trades	61,773	838,987
Total liabilities	250,420	984,754
Net position restricted for pensions	$ 344,822,679	$ 324,621,238

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Fiduciary Net Position

Years Ended June 30,	**2024**	**2023**
Additions:		
Member contributions	$ 3,559,184	$ 3,232,030
Employer contributions	15,261,311	13,881,788
Total contributions	18,820,495	17,113,818
Investment income:		
Interest	2,018,923	1,650,503
Dividends	5,739,688	4,971,026
Net appreciation (decline) in fair value of investments	22,526,202	31,518,676
	30,284,813	38,140,205
Less investment expense:	1,275,548	1,122,753
	1,275,548	1,122,753
Net investment income	29,009,265	37,017,452
Total additions (deletions)	47,829,760	54,131,270
Deductions		
Benefits	27,377,620	26,300,132
Administrative expense	108,052	78,645
Refunds of contributions	142,647	205,970
Total deductions	27,628,319	26,584,747
Net increase (decrease)	20,201,441	27,546,523
Net position restricted for pension		
Beginning of Year	324,621,238	297,074,715
End of Year	$ 344,822,679	$ 324,621,238

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

1. PLAN DESCRIPTION

A. Administration

The Employees' Retirement System of Tulsa County (TCERS) is a single employer defined benefit retirement plan. It was established July 1, 1965, by Resolution of the Tulsa County Board of County Commissioners (BOCC), as authorized by Title 19 OSA 951 through 965 of the Oklahoma Statutes. The TCERS was established to encourage continuity of dedicated service on the part of the employees and to promote public efficiency.

The operation of the TCERS is governed by the Oklahoma Statutes and the responsibility for its administration (including establishing or amending benefit provisions) rests with a nine-member Board of Trustees. Ex-Officio members include the Tulsa County Clerk, the Tulsa County Treasurer, and the Chairman of the Tulsa County Board of County Commissioners. Two members are appointed by the Chairman of the Board of County Commissioners subject to the approval of the entire Commission Board. Three members, who must be current employees, are elected at large from all participating employees. The final member, who must be retired and drawing benefits, is also elected at large from all participating employees and members. Effective July 1, 2003, retired members and beneficiaries of the system shall be allowed to vote in the election in which their representative is elected. All four are elected for three-year terms. Trustees meet the last Tuesday of each month at 10:30 a.m. in Room 131 of the Tulsa County Headquarters building, unless otherwise noted on the annual meeting notice filed in the County Clerk's office prior to December 15 and posted on the tulsacounty.org website. All meetings are open to any interested party and are conducted in accordance with the Oklahoma Open Meetings Act.

B. Participating Entities and Departments

The participating entities and departments of the TCERS are as follow:

Tulsa County	Oklahoma State University Extension Agency Center
Court Fund	Tulsa Area Emergency Management Agency (civil defense)
Drainage District #12	Tulsa City-County Health Department
Law Library	Tulsa County Public Facilities Authority (fairgrounds)

Membership in the TCERS is mandatory for all eligible employees. An employee becomes eligible on the first day of employment as a regular, full-time employee. Oklahoma Statutes include elected and appointed salaried County officials as employees for retirement system purposes. No seasonal, temporary, hourly, part-time, or contracted worker is eligible to be a member of the TCERS.

C. Number of Members

As of June 30, 2024 and 2023, the TCERS members are as follows:	**2024**	**2023**
Retirees and beneficiaries receiving benefits	1,510	1,480
Terminated employees entitled to benefits not yet received	775	776
Current active employees:		
Fully vested	890	863
Nonvested	1,019	923
Total members	4,194	4,042

D. Benefits Paid to Members

Benefits are determined by multiplying the average of the highest paid three years of annual salary times a percentage based on the years of credited service at the date of retirement. A member is fully vested after five years of full-time service as a regular employee. The five-year period is not required to be continuous. Unreduced benefits may be received at age 62.

NOTES TO THE FINANCIAL STATEMENTS (continued)

D. Benefits Paid to Members – Continued

A member may also be eligible for full benefits under the Rule of 80 in which the total service time and employee's age equals 80. The TCERS allows an employee who has attained age 55 with at least five years of credited service, the opportunity to draw retirement benefits at an actuarially reduced percentage from the normal rate at age 62. For employees hired after June 30, 2017, unreduced benefits may be received at age 65. A member may also be eligible for full benefits under the Rule of 90 in which the total service time and employee's age equals 90. The TCERS allows an employee who has attained age 55 with at least five years of credited service, the opportunity to draw retirement benefits at an actuarially reduced percentage from the normal rate at age 65. The TCERS also provides additional benefits to active members upon disability and to the surviving spouse upon death of the retiree.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accompanying financial statements are prepared using the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America. Member and employer contributions are recognized as revenues in the period in which employee services are performed and expenses are recorded when incurred regardless of when payment is made. Contributions from members are recognized when the employer makes payroll deductions from plan members. Employer contributions are recognized when due and the employer has made a formal commitment to provide the benefits. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Subsequent events have been reviewed through December 11, 2024.

B. Method Used to Value Investments

Investments are reported at fair value. The fair value of investments is based on published market prices and quotations from major investment brokers at current exchange rates, as available. Many factors are considered in arriving at that value. Corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

Approximately 16% and 16% of the net position restricted for pensions for both June 30, 2024 and 2023, respectively was invested in U.S. Government and Agency obligations and Treasury bond mutual funds. The TCERS has no investments in stocks and bonds of any commercial or industrial organization whose fair value equals 5% or more of TCERS's assets available for benefits.

C. Basis of Presentation

The financial statements of the TCERS are presented in accordance with the generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The TCERS is considered a pension trust fund in Tulsa County's Annual Comprehensive Financial Report and is a blended component unit of Tulsa County. Copies of Tulsa County's Annual Comprehensive Financial Report are available from the County Clerk's office.

D. Administration Fees

Administrative expenses are paid for by the plan from contributions received and investment earnings.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and additions and deductions during the period reported. Actual results could differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. CONTRIBUTIONS

Title 19 OSA 954 of the Oklahoma Statutes provides for annual contributions to be made by Tulsa County for amortizing any net pension liability. The Board of Trustees of the TCERS recommends to the Board of County Commissioners, the percentage of the employer and employee's contribution level to be contributed to the retirement system. The Board of County Commissioners, within the limits allowed by law, establishes both the employer and employee levels of contributions to support the retirement system.

Beginning July 1, 2019, the total employer and employee contributions shall not exceed 18.5% of the monthly compensation of each member.

An actuarial study determines the contribution required to fund the retirement system. The study calculates the current contribution amount required to pay the benefits of present and future retirees. The maximum contribution rate for employees shall not exceed the contribution rate of the County.

For fiscal year 2024 and 2023, the employer contribution rate is 15% of the employee's base salary and the employee-member contribution rate is 3.5% of the employee's base salary.

There are no legally required reserve accounts as of June 30, 2024 or 2023.

4. DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2024 and 2023, the TCERS's cash balance was $288,883 and $480,699, respectively, and was maintained in a demand account in the Retirement System's name at BOK Financial.

Custodial credit risk for deposits is the risk that in the event of bank failure, TCERS's deposits may not be returned or the TCERS may not be able to recover collateral securities in the possession of an outside party. According to Title 62 OSA 517.4, Security for Local Public Deposits Act, the amount of the collateral securities or instruments to be pledged for the security of public deposits shall be established by the treasurer of the public entity. The Tulsa County Treasurer with the approval of the TCERS requires deposits to be 110% secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation (FDIC) insurance. BOK Financial has placed the required collateral securities in a restricted account at a Federal Reserve Bank which serves Oklahoma. The fair value of pledged securities shall be provided not less than quarterly to the treasurer by either the financial institution holding the deposit or the financial institution holding the collateral securities, which fair value must have been obtained from an independent, recognized, and documented source. TCERS's deposits are not exposed to custodial credit risk because the deposits are insured by FDIC insurance and are collateralized.

B. Investments

Investments of TCERS funds are governed by Title 19 OSA 953.1A, as amended, of the Oklahoma Statutes. The Oklahoma Statutes place no limitations or restrictions on the choice of investment vehicles other than those a prudent investor would select. The Board of Trustees has retained five outside investment management firms to manage seven different portfolios for the TCERS except for certain judgments against Oklahoma government entities and a small amount of cash. BOK Financial is the custodian of cash and investments. TCERS's investment securities are not exposed to custodial credit risk because all securities are held by a third-party custodian rather than a counterparty and are carried in street name.

NOTES TO THE FINANCIAL STATEMENTS (continued)

As of June 30, 2024 and 2023, the composition of the retirement system's investments is shown in the following tables:

June 30, 2024	Fair value	Cost	Average Credit Quality/ Rating (1)	Weighted Average Number of Years to Maturity (2)
Money Market Mutual Funds	$13,530,123	$13,530,123	N/A	0.08
U.S. Treasuries	35,631,257	45,375,584	AAA	14.00
U.S. Agency Obligations				
FHMS (collateralized Mtg Obligation)	887,037	931,014	N/A	3.79
FHLMC (Freddie Mac)	5,210,336	5,460,913	AAA	6.15
FNMA (Fannie Mae)	7,758,396	8,393,972	AAA	7.03
GNMA (Ginnie Mae)	2,448,327	2,671,815	AAA	3.21
Total U.S. Agency Obligations	16,304,096	17,457,714		
State and Municipal Obligations	1,686,514	1,936,247	Aa2	3.04
Corporate Bonds & Bond Mutual Funds	42,623,464	45,651,908	N/A	7.68
Domestic equities	178,237,481	95,528,922	N/A	N/A
International equities	37,903,599	32,463,030	N/A	N/A
Real Estate	16,015,313	14,964,183	N/A	N/A
Judgments	229,833	229,833	N/A	N/A
Total Investments	$342,161,680	$267,137,544		

June 30, 2023	Fair value	Cost	Average Credit Quality/ Rating (1)	Weighted Average Number of Years to Maturity (2)
Money Market Mutual Funds	$ 15,025,750	$15,025,750	N/A	0.08
U.S. Treasuries	38,146,698	46,341,511	AAA	14.28
U.S. Agency Obligations				
FHMS (collateralized Mtg Obligation)	795,308	838,567	N/A	6.50
FHLMC (Freddie Mac)	3,283,328	3,516,222	AAA	5.53
FNMA (Fannie Mae)	6,962,345	7,522,734	AAA	7.28
GNMA (Ginnie Mae)	1,938,415	2,146,469	AAA	3.14
Total U.S. Agency Obligations	12,979,396	14,023,992		
Corporate Bonds & Bond Mutual Funds	42,740,381	47,675,160	N/A	5.82
Domestic equities	159,798,016	93,522,852	N/A	N/A
International equities	35,893,600	30,318,448	N/A	N/A
Real Estate	18,022,734	14,680,388	N/A	N/A
Judgments	185,517	185,517	N/A	N/A
Total Investments	$322,792,092	$261,773,618		

(1) Ratings are provided where applicable to indicate **Credit Risk**. N/A indicates not applicable.
(2) **Interest Rate Risk** is estimated using weighted average years to maturity.

As of June 30, 2024, the retirement system had the following fixed income investments and maturities:

		Investment Maturities (in Years)			
June 30, 2024	Fair value	Less than 1	1-5	6-10	More than 10
U.S. Treasuries and Treasury Bonds	$35,631,257	3.60%	7.25%	5.63%	20.58%
U.S. Agencies (1)	16,304,096	0.64%	4.64%	11.65%	0.00%
State and Municipal	1,686,514	0.41%	1.13%	0.20%	0.00%
Corporate Bonds & Bond Mutual Funds	42,623,464	6.51%	18.10%	13.65%	6.01%
Totals	$96,245,331	11.16%	31.12%	31.13%	26.59%

NOTES TO THE FINANCIAL STATEMENTS (continued)

As of June 30, 2023, the retirement system had the following fixed income investments and maturities:

		Investment Maturities (in Years)			
June 30, 2023	Fair value	Less than 1	1-5	6-10	More than 10
U.S. Treasuries and Treasury Bonds	$38,146,698	0.72%	7.32%	2.38%	24.80%
U.S. Agencies (1)	12,979,396	1.08%	2.46%	11.66%	0.97%
Corporate Bonds & Bond Mutual Funds	42,740,381	5.26%	21.57%	17.49%	4.31%
Totals	$93,866,475	7.06%	31.35%	31.53%	30.08%

(1) Includes Government National Mortgage Association (GNMA) investments, which are explicitly guaranteed by the U.S. Government.

TCERS categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. TCERS has the following recurring fair value measurements as of June 30, 2024:

Investments Measured at Market value as of **June 30, 2024**	Fair value Measurements Using			
	Total Assets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Mutual Fund	$ 13,530,123	$ 13,530,123	$ -	$ -
Debt Securities:				
Treasury Bonds	15,943,305	15,943,305	-	-
Agency Bonds	16,304,096	-	16,304,096	-
Municipal Bonds	1,686,514	-	1,686,514	-
Corporate Bonds	16,891,014	-	16,891,014	-
Foreign Corporate Bonds	3,611,708	-	3,611,708	-
Registered Investment Companies	41,808,694	41,808,694	-	-
Total Debt Securities	96,245,331	57,751,999	38,493,332	-
Equity Securities:				
Common stock	133,519,625	133,519,625	-	-
Common Collective Trusts	72,734,865	-	72,734,865	-
Alternative Investments – Infrastructure	9,886,590	9,886,590	-	-
Total Equity Securities	216,141,080	143,406,215	72,734,865	-
Judgments	229,833	-	-	229,833
Investments Measured at the Net Asset Value (NAV)				
Real Estate Funds	16,015,313	-	-	-
Total Investments	$342,161,680	$214,688,337	$111,228,197	$229,833

NOTES TO THE FINANCIAL STATEMENTS (continued)

TCERS categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. TCERS has the following recurring fair value measurements as of June 30, 2023:

Investments Measured at Market value as of **June 30, 2023**	Fair value Measurements Using			
	Total Assets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Mutual Fund	$ 15,025,750	$ 15,025,750	$ -	$ -
Debt Securities:				
Treasury Bonds	14,290,158	14,290,158	-	-
Agency Bonds	12,979,396	-	12,979,396	-
Municipal Bonds	2,197,397	-	2,197,397	-
Corporate Bonds	21,359,020	-	21,359,020	-
Foreign Corporate Bonds	1,328,636	-	1,328,636	-
Registered Investment Companies	41,711,868	41,711,868	-	-
Total Debt Securities	93,866,475	56,002,026	37,864,449	-
Equity Securities:				
Common stock	124,971,157	124,971,157	-	-
Common Collective Trusts	61,334,389	-	61,334,389	-
Alternative Investments – Infrastructure	9,386,070	9,386,070	-	-
Total Equity Securities	195,691,616	134,357,227	61,334,389	-
Judgments	185,517	-	-	185,517
Investments Measured at the Net Asset Value (NAV)				
Real Estate Funds	18,022,734	-	-	-
Total Investments	$322,792,092	$205,385,003	$99,198,838	$185,517

Money market mutual funds, debt securities, equity securities, and alternative investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using one of the following: a) quoted prices for similar, but not identical, assets or liabilities in active markets, b) quoted prices for identical or similar assets or liabilities in inactive markets, c) inputs other than quoted market prices that are observable, such as interest rate and yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates, and d) other inputs derived from or corroborated by observable market inputs. Other miscellaneous investments classified in Level 3 of the fair value hierarchy are valued using unobservable inputs to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Unobservable inputs reflect TCERS own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs shall be developed based on the best information available in the circumstance, which might include TCERS own data.

Investments measured at Net Asset Value as of June 30, 2024:

	Fair value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real Estate Funds	$16,015,313	-	Quarterly	0 to 90 days

Real Estate Funds – these investments include two real estate funds that invest primarily in U.S. commercial real estate. The fair value of the investments in this type have been determined using the NAV per share (or its equivalent) of the TCERS' ownership interest in partner's capital.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Investments measured at Net Asset Value as of June 30, 2023:

	Fair value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real Estate Funds	$18,022,734	-	Quarterly	0 to 90 days

Real Estate Funds – these investments include two real estate funds that invest primarily in U.S. commercial real estate. The fair value of the investments in this type have been determined using the NAV per share (or its equivalent) of the TCERS' ownership interest in partner's capital.

TCERS Investment Guidelines

The Board of Trustees of TCERS has formally adopted investment guidelines for the investment managers. The investment managers are expected to execute all transactions as efficiently as possible. There are no specific restrictions on portfolio turnover or preference for long or short holding periods. The Board does, however, anticipate that long-term performance will be enhanced by investment strategies, not trading strategies.

All securities transactions are affected through brokerage firms. The TCERS assets may be invested in publicly traded common and preferred stocks, convertible bonds, and non-convertible fixed income securities, whether interest bearing or discount instruments, including money market instruments, subject to any restrictions specifically outlined in the Statement of Investment Policies, Guidelines, and Objectives (Policy).

The Board has adopted the following Asset Allocation among stocks, bonds, and cash to serve as a general guideline in investing the Plan's assets.

	Minimum	Target	Maximum
Core Equity	7.50%	17.50%	27.50%
SMid Capitalization Equity	15.00%	25.00%	35.00%
International Equity	2.50%	12.50%	17.50%
MLPs	0.00%	5.00%	15.00%
Core Fixed Income	0.00%	8.75%	18.75%
Intermediate Fixed Income	0.00%	8.75%	18.75%
High Yield Fixed Income	0.00%	7.50%	17.50%
Active Duration Fixed Income	0.00%	10.00%	20.00%
Real Estate	0.00%	5.00%	15.00%
Cash and Equivalents	0.00%	0.00%	5.00%

TCERS's Risk Disclosures

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the TCERS's investing activities are approved by the Board of Trustees and managed under the custody of the County Treasurer. Investing is performed in accordance with investment policies adopted by the Board of Trustees and complies with the Investment Policy adopted by the Board of County Commissioners and with State Statutes.

The TCERS Investment Policy designates a core fixed income portfolio and an intermediate fixed income portfolio. It allows, but does not require, each manager to invest up to 15% of their respective portfolios in bonds below "investment grade," but not lower than "B". Total fixed income exposure, from any single issuer except U.S. Government, its agencies, or instrumentalities, shall not exceed 7.0% of the total allocation of the portfolio, except below investment grade issuers, which shall not exceed 2.5% of the portfolio. Within the above parameters, the two fixed income managers have complete discretion as to credit rating.

NOTES TO THE FINANCIAL STATEMENTS (continued)

As of June 30, 2024, the core fixed income portfolio had an average credit rating of Aa3, with 11.3% to Governments and Agencies, 7.5% in AAA rated bonds, 58.8% in AA rated bonds, 8.0% in A rated bonds, and 25.7% in BBB rated bonds. The fixed income portfolio had an average credit rating of Aa2, with 46.0% to Governments and Agencies, 18.9% in AAA rated bonds, 3.2% in AA rated bonds, 13.0% in A rated bonds, 15.1% in BBB rated bonds, 2.9% in BB rated bonds, and 1.0% in B rated bonds.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the TCERS's investment in a single issuer. Excluding investments in common collective trust funds, the retirement system did not have any investments that exceed 5% of the total portfolio. The TCERS's investments that were below investment grade did not exceed 2.5% of the portfolio. U.S. Government securities are excluded from these restrictions. Equity fund managers are given the guideline that no single security in each manager's portfolio can constitute more than 5% of the portfolio's equity allocation at the time of purchase, nor can it be more than 7% of the equity allocation of the portfolio after accounting for price appreciation.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. TCERS's investment policy provides that to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities.

Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Board of Trustees has stated in the Policy the guidelines for the international equity portfolio manager. The constraints on the international equity portfolio manager are to diversify internationally across the global equity markets. The international equity manager invests in only non-U.S. dollar denominated equity securities. The manager is required to invest in a prudent manner and to operate under the restrictions indicated in their prospectus. These include regional constraints, diversification requirements and the type of securities held.

TCERS's international equity portfolio comprises 11% and 11% of the total portfolio investments at fair value as of June 30, 2024, and 2023, respectively. The managers of these portfolios do not hedge the foreign currency risk and the Policy does not require it.

Pension Trust investing is restricted by Oklahoma Statutes to the Prudent Investor Rule.

TCERS's investments in foreign equities and debt securities are shown by monetary unit to indicate possible foreign currency risk. TCERS's exposure to foreign currency risk at June 30, 2024 and 2023 follows:

June 30, 2024			**June 30, 2023**	
	Equities			**Equities**
Euro	$10,869,240		Euro	$13,596,516
British Pound	4,403,339		British Pound	3,594,180
Japanese Yen	7,374,246		Japanese Yen	7,207,629
Norwegian Krone	1,328,616		Norwegian Krone	640,488
Swiss Franc	1,030,331		Swiss Franc	-
	$25,005,772			$25,038,813

International equities also included $13,498,298 and $10,854,787 in US dollar denominated investments which consisted primarily of American Depositary Receipts as of June 30, 2024 and 2023, respectively.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the years ended June 30, 2024 and 2023, realized gains on the sale of investments of $8,520,546 and $7,649,794, respectively, have been included in net appreciation or depreciation. The calculation of realized gains and losses is independent of the calculation of the changes in the fair value of investments. Realized gains and losses for 2024 and 2023 include unrealized amounts from the prior periods. For the years 2024 and 2023, net appreciation on real estate investment includes fees of $3,407 and $14,810, respectively.

Rate of Return – For the years ended June 30, 2024 and 2023, the annual money-weighted rates of return on pension plan investments, net of pension plan investment expense, were 9.07% and 12.67%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

5. NET PENSION LIABILITY OF THE COUNTY

The components of the net pension liability of the County at June 30, 2024 and 2023, follows:

	2024	2023
Total Pension Liability	$514,182,883	$493,845,313
Plan Fiduciary Net Position	(344,822,679)	(324,621,238)
County's Net Pension Liability	$169,360,204	$169,224,075
Plan Fiduciary Net Position as a percentage Of the total pension liability	67.06%	65.73%

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation for plan year beginning July 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement. Also presented are assumptions for the fiscal year ended June 30, 2023:

Valuation Date	July 1, 2024	July 1, 2023
Inflation	2.35%	2.35%
Salary increases including inflation	Age 20-34 5.25% Age 35-49 3.75% Age 50-70 2.75%	Age 20-34 5.25% Age 35-49 3.75% Age 50-70 2.75%
Mortality	Healthy Participants: Pub-2010 General Amount-Weighted Mortality Tables, males and female rates, set forward 2 years, projected generationally from 2010 using the MP-2021 Improvement Scale, also set forward 2 years. Disabled Participants: Pub-2010 Disabled Mortality Table, male and female rates.	Healthy Participants: Pub-2010 General Amount-Weighted Mortality Tables, males and female rates, set forward 2 years, projected generationally from 2010 using the MP-2021 Improvement Scale, also set forward 2 years. Disabled Participants: Pub-2010 Disabled Mortality Table, male and female rates.
Turnover	Crocker, Sarason and Straight T-7 rates, increased by 0.23 for the first year, 0.13 for the second year and .02 thereafter.	Crocker, Sarason and Straight T-7 rates, increased by 0.23 for the first year, 0.13 for the second year and .02 thereafter.
Discount Rate, compounded annually	6.00%	6.00%

NOTES TO THE FINANCIAL STATEMENTS (continued)

Disability: Various rates based on age. Selected rates for both June 30, 2024 and 2023 are:

Age	Rate per 1,000 Male	Female
25	0.106	0.124
30	0.128	0.128
40	0.173	0.198
50	0.226	0.399
55	0.366	0.573
60	0.492	0.623
65	0.570	0.605

Retirement Rate: At the following rates upon attaining age 62 with five years of participation or any age with 80 points or age 65 with five years of participation or any age with 90 points, if hired after June 30, 2017:

Age	Rate
Under 55	0%
55-59	22.5%
60-61	30%
62-68	20%
69	30%
70	100%

Marital Status: 85% percent are assumed to be married. Males are assumed to be four years older than their spouses.

The actuarial assumptions used in the June 30, 2024, valuation was based on the results of an actuarial experience study for the period July 1, 2017, through June 30, 2022. These assumptions were effective July 1, 2023.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and portfolio standard deviation are per the Plan's independent investment consultant. Actual long-term historical results achieved by the Fund were also considered. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024, (see the discussion on the pension plan's investment policy) are summarized in the following table:

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Core Fixed Income	Barclays Aggregate	18.75%	2.52%	2.36%
US Intermediate Bonds	Barclays US Gvt/Credit	8.75%	2.10%	1.99%
US High Yield Bonds	ICE BofA US High Yield	7.50%	4.43%	3.87%
US Large Caps	S&P 500	17.50%	5.39%	3.80%
US Mid-Caps	Russell MidCap	25.00%	5.98%	3.90%
Foreign Developed Equity	MSCI EAFE NR	12.50%	6.92%	5.12%
Private Real Estate Property	NCREIF Property	5.00%	5.69%	4.31%
Master Limited Partnerships	Alerian MLP	5.00%	6.96%	3.61%

NOTES TO THE FINANCIAL STATEMENTS (continued)

Discount rate. The discount rate used to measure the total pension liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at 15%. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the County as of June 30, 2024, calculated using the discount rate of 6.00%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.00%) or 1 percentage point higher (7.00%) than the current rate:

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Total pension liability	$582,866,627	$514,182,883	$457,933,094
Fiduciary net pension	344,822,679	344,822,679	344,822,679
County's net pension liability	$238,043,948	$169,360,204	$113,110,415

The following presents the net pension liability of the County as of June 30, 2023, calculated using the discount rate of 6.00%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.00%) or 1 percentage point higher (6.00%) than the current rate:

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Total pension liability	$559,333,415	$493,845,313	$440,133,080
Fiduciary net pension	324,621,238	324,621,238	324,621,238
County's net pension liability	$234,712,177	$169,224,075	$115,511,842

Required Supplementary Information

EMPLOYEES' RETIREMENT SYSTEM TULSA COUNTY
Administered by the Tulsa County Clerk

Required Supplementary Information

(Unaudited)
For Fiscal Years Ended

Schedule of Changes in Net Pension Liability and Related Ratios

Year Ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	$ 10,847	$ 14,873	$ 9,758	$ 8,608	$ 7,949	$ 6,788	$ 6,422	$ 6,409	$ 6,073	$ 5,714
Interest	29,468	27,783	28,484	28,155	27,636	27,201	25,420	24,721	24,740	23,398
Differences between expected and actual experience	-	-	-	-	-	(1,408)	6,401	(1,046)	438	(2,337)
Plan Changes	7,543	742	6,233	(2,846)	2,438	15	-	(238)	(470)	-
Changes of assumptions	-	(106,174)	86,729	14,216	26,020	22,907	7,494	-	18,308	7,382
Benefit payments, including refunds of member contributions	(27,520)	(26,506)	(25,720)	(24,368)	(22,890)	(21,966)	(21,128)	(19,342)	(18,165)	(17,208)
Net change in total pension liability	20,338	(89,282)	105,484	23,765	41,153	33,537	24,609	10,504	30,924	16,949
Total pension liability - beginning	493,845	583,128	477,645	453,880	412,727	379,190	354,581	344,077	313,153	296,204
Total pension liability - ending (a)	$ 514,183	$ 493,845	$ 583,128	$ 477,645	$ 453,880	$ 412,727	$ 379,190	$ 354,581	$ 344,077	$ 313,153
Plan fiduciary net position										
Contributions - employer	$ 15,261	$ 13,882	$ 13,111	$ 12,673	$ 12,474	$ 11,103	$ 10,818	$ 10,847	$ 10,893	$ 10,459
Contributions - member	3,559	3,232	3,058	2,955	2,501	1,975	1,922	1,542	969	743
Net investment income	29,009	37,017	(38,136)	69,455	3,244	6,612	15,830	24,595	221	523
Benefit payments, including refunds of member contributions	(27,520)	(26,506)	(25,720)	(24,368)	(22,890)	(21,965)	(21,129)	(19,342)	(18,165)	(17,208)
Administrative expense	(108)	(79)	(93)	(151)	(119)	(96)	(140)	(119)	(120)	(128)
Net change in plan fiduciary net position	20,201	27,546	(47,780)	60,564	(4,790)	(2,371)	7,301	17,523	(6,202)	(5,611)
Plan fiduciary net position - beginning	324,621	297,075	344,855	284,291	289,081	291,452	284,151	266,628	272,830	278,441
Plan fiduciary net position - ending (b)	344,822	324,621	297,075	344,855	284,291	289,081	291,452	284,151	266,628	272,830
Net pension liability - ending (a) - (b)	$ 169,361	$ 169,224	$ 286,053	$ 132,790	$ 169,589	$ 123,646	$ 87,738	$ 70,430	$ 77,449	$ 40,323
Plan fiduciary net position as a percentage of the total pension liability	67.06%	65.73%	50.95%	72.20%	62.64%	70.04%	76.86%	80.14%	77.49%	87.12%
Covered payroll	$ 101,152	$ 90,276	$ 85,455	$ 79,247	$ 83,401	$ 80,413	$ 76,500	$ 76,796	$ 76,561	$ 76,834
Net pension liability as a percentage of covered payroll	167.43%	187.45%	334.74%	167.56%	203.34%	153.76%	114.69%	91.71%	101.16%	52.48%

Notes to Schedule:

Actuarial Assumptions, Methods and Plan Provisions

1. Methods and assumptions, prior to July 1, 2023:
    - Actuarial cost method - Entry age normal; Amortization method - Level percent of payroll, layered
    - Remaining amortization period at July 1, 2024 - 20 years (9 year closed period for unfunded accrued liability as of July 1, 2017)
    - Asset valuation method - Actuarial: Smoothing period - 5 years; Recognition method - Non-asymptotic; Corridor - 80% - 120%
    - Inflation - 2.5%; Salary increases - 5% grading down to 2.5%
    - Investment rate of return - 6.75% as of July 1, 2024, 2023, 7.25% as of July 1, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 7.75% as of July 1, 2015

2. Methods and assumptions, effective July 1, 2023:
    - Actuarial cost method - Entry age normal; Amortization method - Level percent of payroll, layered
    - Remaining amortization period at July 1, 2024 - 20 years (9 year closed period for unfunded accrued liability as of July 1, 2017)
    - Asset valuation method - Actuarial: Smoothing period - 5 years; Recognition method - Non-asymptotic; Corridor - 80% - 120%
    - Inflation - 2.35%; Salary increases - 5.25% grading down to 2.75%
    - Investment rate of return - 6.75% as of July 1, 2024, 2023, 7.25% as of July 1, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 7.75% as of July 1, 2015

Required Supplementary Information

(Unaudited)
For Fiscal Years Ended

Schedule of Contributions from Employer

Fiscal Year Ending June 30	Actuarially determined contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2024	$ 17,607,668	$ 15,261,311	$ 2,346,357	$ 101,151,833	15.09%
2023	15,324,802	13,881,788	1,443,014	90,275,948	15.38%
2022	13,781,911	13,110,737	671,174	85,455,087	15.34%
2021	14,073,262	12,673,435	1,399,827	79,247,098	15.99%
2020	13,052,158	12,474,333	577,825	83,400,750	14.96%
2019	12,161,561	11,103,394	1,058,167	80,413,486	13.81%
2018	10,568,348	10,817,651	(249,303)	76,499,726	14.14%
2017	10,839,414	10,846,636	(7,222)	76,796,017	14.12%
2016	8,925,910	10,892,672	(1,966,762)	76,560,913	14.23%
2015	$ 8,657,780	$ 10,459,118	$ (1,801,338)	$ 76,834,455	13.61%

Notes to Schedule:

1. Valuation Date: July 1, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015

2. Actuarially determined contribution rate is calculated as of June 30 prior to the end of the fiscal year in which contributions are reported

3. Methods and assumptions used to determine contribution rates, prior to July 1, 2023:
   Actuarial cost method - Entry age normal; Amortization method - Level percent of payroll, layered
   Remaining amortization period at July 1, 2024 - 20 years (9 year closed period for unfunded accrued liability as of July 1, 2017)
   Asset valuation method - Actuarial - Smoothing period - 5 years
   Recognition method - Non-asymptotic; Corridor - 80% - 120%
   Inflation - 2.5%; Salary increases - 5% grading down to 2.5%
   Investment rate of return - 6.75% as of July 1, 2024, 2023, 7.25% as of July 1, 2022, 2021, 2020, 2019 July 1, 2018, 2017, 2016 and 7.75% as of July 1, 2015

4. Methods and assumptions used to determine contribution rates, effective July 1, 2023:
   Actuarial cost method - Entry age normal; Amortization method - Level percent of payroll, layered
   Remaining amortization period at July 1, 2024 - 20 years (9 year closed period for unfunded accrued liability as of July 1, 2017)
   Asset valuation method - Actuarial - Smoothing period - 5 years
   Recognition method - Non-asymptotic; Corridor - 80% - 120%
   Inflation - 2.35%; Salary increases - 5.25% grading down to 2.75%
   Investment rate of return - 6.75% as of July 1, 2024, 2023, 7.25% as of July 1, 2022, 2021, 2020, 2019 July 1, 2018, 2017, 2016 and 7.75% as of July 1, 2015

EMPLOYEES' RETIREMENT SYSTEM OF TULSA COUNTY
Administered by the Tulsa County Clerk

Required Supplementary Information

(Unaudited)
For Fiscal Years Ended

Schedule of Investment Returns

Year ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	9.07%	12.67%	-11.23%	24.82%	1.14%	2.31%	5.66%	9.36%	0.08%	0.19%

Other Information

Supporting Schedules for Financial Section

Schedule of Administrative Expenses For Year Ended June 30, 2024				
Professional Services:				
Actuarial	$	25,500		
Audit		29,000		
Total Professional Services			$	54,500
Other Administrative Expenses:				
Fiduciary Liability Insurance	$	40,432		
Printing and postage		2,489		
Travel & Training		1,711		
Software Maintenance		7,700		
Miscellaneous		1,220		
Total Other Administrative Expenses				53,552
Total Administrative Expenses			$	108,052

Schedule of Investment Expenses For Year Ended June 30, 2024				
Investment Managers				
Barrow, Hanley, Mewhinney & Strauss (fixed income)	$	69,678		
Barrow, Hanley, Mewhinney & Strauss (mid-cap equity)		463,751		
Chickasaw Capital Management		239,928		
Segal Bryant & Hamill		62,886		
State Street Global Advisors		8,952		
Tocqueville Asset Management		302,782		
Total Investment Managers			$	1,147,977
Independent Financial Consultant				
Mariner (formerly AndCo)	$	80,000		
Total Independent Financial Consultant				80,000
Other Investment Expenses				
BOK Financial bank custody fees	$	51,608		
Less Commission Recapture		(4,037)		
Total Other Investment Expenses				47,571
Total Investment Expenses			$	1,275,548

Schedule of Payments to Consultants
For Year Ended June 30, 2024

Individual or firm		Commission/Fee	Nature of Service
Milliman	$	25,500	Actuary

For information on fees paid to investment professionals please refer to the Schedule of Investment Expenses. The payment to Milliman is also included in the Schedule of Administrative Expenses.

Reports Required by *Government Auditing Standards*

HINKLE & COMPANY PC
Strategic Business Advisors

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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Employees' Retirement System of Tulsa County, Oklahoma (the System), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Employees' Retirement System of Tulsa County, Oklahoma's basic financial statements, and have issued our report thereon dated December 11, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the System'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.

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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 may exist that have not been identified.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the System'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 System's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Employees' Retirement System of Tulsa County, Oklahoma's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hinkle & Company, pc

Tulsa, Oklahoma
December 11, 2024