TULSA COUNTY EMPLOYEES' RETIREMENT SYSTEM

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2016 and June 30 , 2015
Pension Trust Fund of Tulsa County, Oklahoma

Tulsa County, Oklahoma

Tulsa County Employees' Retirement System (TCERS)

COMPREHENSIVE ANNUAL FINANCIAL REPORT
A PENSION TRUST FUND OF TULSA COUNTY, OKLAHOMA
FOR THE FISCAL YEARS ENDED
JUNE 30, 2016 AND JUNE 30, 2015

Prepared and issued by:
Pat Key
Tulsa County Clerk

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INTRODUCTORY SECTION

TULSA COUNTY EMPLOYEES' RETIREMENT SYSTEM

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Tulsa, Oklahoma 74103-3832

Phone: 918.596.5854
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October 25, 2016

Dear Fellow Participants:

On behalf of the Tulsa County Retirement System Board of Trustees, it is an honor to present to the members the Comprehensive Annual Financial Report of the Employees' Retirement System of Tulsa County, Oklahoma for the Fiscal year ended June 30, 2016.

This report contains details which you are encouraged to review regarding the financial, actuarial, and investment outlooks of our retirement plan.

This was an up and down year for investments. The year ended with only a 0.57% return on our investments, net of expenses. Our unfunded status of $59,606,139.00 was $20,848,007.00 more than the previous year. This was due to a number of factors over the last Fiscal Year including a recent decision by the Board to reduce our investment assumption rate from 7.75% to 7.25%.

I wish to express my sincere appreciation to each Board member for their service on the Board of Trustees, and especially to Tulsa County Clerk employee, Traci Scullawl for her efforts throughout the year as secretary to the Board and her efforts in preparing the report on our behalf.

I also wish to thank you as a fellow employee for your support of the Board.

Sincerely,

Richard Bales, Chair
Board of Trustees

Letter of Transmittal

Tulsa County Employees' Retirement System
500 South Denver
Tulsa, Oklahoma 74103-3832

November 22, 2016

To the Board of Trustees and Members of the Tulsa County Employees' Retirement System:

State law requires, that after July 1 and before December 1 of each year, the Tulsa County Employees' Retirement System (TCERS) publish an annual report that covers the operation of TCERS during the past fiscal year, including income, disbursements and the financial condition at the fiscal year. This report is published, in part, to fulfill that requirement for the fiscal year end June 30, 2016.

The letter of transmittal contains the following four sections: formal transmittal of the Comprehensive Annual Financial Report, profile of the government, information useful in assessing the government's economic condition, and awards and acknowledgements.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Financial Information

The responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures rests with the Board of Trustees. The current responsibility for the fund's accounting and investment control has been delegated to the Tulsa County Treasurer, who serves as an Ex-Officio member to the Board of Trustees. The responsibility for financial statement preparation rests with the Tulsa County Clerk, who serves as an Ex-Officio Member and Clerk to the Board of Trustees. All financial disclosures necessary to enable the reader to gain an understanding of the TCERS's financial activities have been included.

The financial statements of the TCERS are presented in accordance with the generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB).

This financial report also complies with the provisions of Title 19 OSA 953.1A of the Oklahoma Statutes. The accompanying financial statements (Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position) are reported on an accrual basis of accounting and in conformity with generally accepted accounting principles. Under the accrual basis of accounting, revenues are recognized when earned instead of when actually received and expenses are recognized when incurred instead of when actually paid.

Internal Control and Independent Audit

Internal controls are currently in place, which are designed to provide reasonable, but not absolute, assurance that (1) assets are safeguarded from theft or misuse, (2) accounting data is accurate and reliable, and (3) compliance with managerial policies is encouraged. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived from it, and (2) the valuation of costs and benefits requires estimates and judgment by management. In accordance with Title 19 OSA 171 of the Oklahoma Statutes, the State Auditor and Inspector is to perform an annual audit of all books and records of Tulsa County. The public accounting firm of Stanfield & O'Dell PC was selected by the Trustees of TCERS to audit the financial statements of TCERS. Since the retirement system has been classified as a "pension trust fund" of Tulsa County, these financial statements and related note disclosures are also incorporated into Tulsa County's Comprehensive Annual Financial Report.

Profile of the TCERS

The TCERS is governed by Title 19 OSA 951 through 965 of the Oklahoma Statutes and is operated to provide retirement, survivor and disability benefits to general employees of Tulsa County and certain other organizations as permitted by law. The other entities and departments included within the TCERS are not necessarily considered "component units" of the TCERS for financial reporting purposes. The management of TCERS does not prepare or adopt a separate annual budget for TCERS's operations.

TCERS is a single-employer, defined benefit pension plan. The employee and employer contribution rates for each member are established by the Tulsa County Board of County Commissioners after recommendation by the TCERS Board of Trustees based on an actuarial calculation which is performed to determine the adequacy of such contribution rates.

Members qualify for full retirement benefits at the specified normal retirement age of 62, or when the sum of the member's age and years of credited service equals 80. Members may start drawing early at age 55 at an actuarial reduced rate.

The Board of Trustees approves the benefit payment amount for each employee who retires. Employees must submit the required paperwork at least 15 days prior to the effective date of retirement. The investment and administrative expenses and refunds to terminated employees are listed as an agenda item for the Board of Trustees' monthly meeting and approved prior to disbursement.

Information Useful in Assessing the Government's Economic Condition

Revenues - Additions to Plan Fiduciary Net Assets

The funds needed to finance retirement benefits are accumulated through the collection of employer and employee contributions and through income from investments. Contributions and investment income for fiscal years 2016 and 2015 are shown for comparison purposes.

	2016	2015	Amount Increase (Decrease)	Percentage Increase (Decrease)
Contributions:				
Employer	$10,892,672	$10,459,118	$433,554	4.15%
Employee	968,954	743,760	225,194	30.28%
Net investment Income	221,600	523,062	(301,462)	(57.63%)
Total additions	$12,083,226	$11,725,940	$357,286	3.05%

Letter of Transmittal – continued

Expenses - Deductions from Plan Fiduciary Net Assets

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. Expenses of the retirement system for fiscal years 2016 and 2015 are shown for comparison purposes.

	2016	2015	Amount Increase	Percentage Increase
Benefits	$18,158,915	$17,200,098	$958,817	5.57%
Administration	120,026	128,153	(8,127)	-6.34%
Refunds	6,280	8,339	(2,059)	-24.69%
Total deductions	$18,285,221	$17,336,590	$948,631	5.47%

Investment Activities

Investments of the TCERS funds are governed by Title 19 OSA 953.1A, as amended, of the Oklahoma Statutes. The Board of Trustees has retained a select number of outside investment management firms to provide for investment of the monies of the retirement system except for certain judgments against Oklahoma government entities and a small amount of cash. Bank of Oklahoma is the custodian of all cash and investments. A complete listing of the fees and commissions paid to investment managers retained by the Board of Trustees can be found on page 52, Schedule of Fees and Commissions and on page 46 in the Schedule of Investment Expenses, a supporting schedule for the **Financial Section** of this report.

The Board of Trustees adopted an Investment Policy which provides a framework for the management of the TCERS's investments. This Policy establishes the TCERS's investment policies and objectives.

TCERS experienced an unfavorable performance with a total fund return of .57% for the fiscal year. The three-year annualized return is 6.05%. The five-year annualized return is 6.56%.

Additional information on the TCERS's investments is contained in the **Investment Section** of this report.

Net Position Restricted for Pensions

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 in the financial section of this report. The total pension liability is not disclosed in the financial statements but is disclosed in the required supplementary information schedules immediately following the notes to the financial statements. These schedules show the fair value of assets wherein the excess or shortfall of investment income over or under the expected rate of return of 7.25% is recognized over a five-year period.

Two actuarial valuations are prepared by an actuarial firm: one for *funding* purposes and the other for *accounting* purposes. The actuarial valuation done for *funding* purposes measures the present value of Actuarial Accrued Liabilities (AAL) estimated to be payable in the future to current retirees, beneficiaries, and employees for service earned to date. As of June 30, 2016, the retirement system has an Unfunded Actuarial Accrued Liability (UAAL) of $59,606,139. This June 30, 2016 funding valuation determined the funding ratio to be 83%. The actuarially determined Annual Contribution Rate (ADC) as of June 30, 2016 was set equal to 6.82% of payroll for the amortization of the UAAL over 30 years, plus the normal cost rate of 9.34% for a total contribution rate of 16.16% of payroll.

Letter of Transmittal – continued

The actuarial valuation performed as of June 30, 2015, for *accounting* purposes was done in accordance with GASB 67. This valuation was used to determine the Total Pension Liability (TPL) wth 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. 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 the same as the expected long-term rate of return or 7.25%. 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, both the AAL and the TPL were the same amount as of June 30, 2016. 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 a required supplementary Schedule of Changes in Fiduciary Net Pension Liability located following the notes to the financial statements. 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. The main difference relates to the way plan assets are valued. For *accounting* purposes, plan assets are valued at fair market 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 $77,449,142, while the unfunded actuarial accrued liability (UAAL) was $59,606,139. At June 30, 2016, the NPL was greater than the UAAL.

Professional Services-Professional Consultants

Professional consultants perform services essential to the efficient operation of the TCERS. The public accounting firm of Stanfield & O'Dell PC currently audits the financial statements of the TCERS. The independent auditor's report on the financial statements is included in the beginning part of the **Financial Section** of this report. Milliman conducts an actuarial valuation for the TCERS as of the last day of the fiscal year for the subsequent fiscal year. The actuary's certification letter is included in the beginning part of the **Actuarial Section** of this report.

Major Initiatives

The Board of Trustees of the Retirement System and the Board of County Commissioners of Tulsa County approved the following adjustments to the TCERS:

Effective May 29, 2007, the Board of County Commissioners and the Board of Trustees 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 sixteen and one-half percent (16.5%) of the monthly compensation of each member, as permitted by 19 O.S. 2007, Section 956, as amended.

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

Effective July 1, 2010, the elected official service credit was repealed.

Letter of Transmittal – continued

Effective July 1, 2010, the Board of County Commissioners and the Board of Trustees approved a resolution to reduce the percentage of benefit schedule used to calculate benefits for persons who were not vested as of June 30, 2010 or hired after June 30, 2010. The spousal benefit percentage was reduced from 70% to 67% and the disability benefit percentages were reduced for the same persons.

On March 6, 2014, the Internal Revenue Service issued a favorable determination letter on the plan. The letter expires on January 31, 2019.

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

In October, 2015, the Board of County Commissioners and the Board of Trustees approved a resolution changing the employee-member contribution rate, effective January 1, 2016 from 1% to 1.5% and effective July 1, 2016 from 1.5% to 2% of the employee's base salary.

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

Effective July 1, 2017, the employee contribution amount will increase to 2.5% of the monthly base salary.

Awards and Acknowledgements

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Tulsa County Employees' Retirement System for its comprehensive annual financial report for the fiscal year ended June 30, 2015. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose content conforms to program standards. Such financial reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. TCERS has received a Certificate of Achievement for each consecutive year, since 1996. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

We wish to extend special thanks to Rachael Johnson in the Tulsa County Treasurer's Office and Robert E. Hyer, Jr. for their help in preparing the **Investment Section** of this report. We also wish to extend special thanks to Traci Scullawl, Retirement Payroll Director/Acting Secretary, TCERS for preparing this CAFR.

Respectfully submitted,

Pat Key, Secretary
Board of Trustees - TCERS County Clerk

Front row, left to right: Karen Keith, Heather Little, Sherril Williams, Pat Key (photo courtesy of Nicole Vance)
Back row, left to right: Stephen A. Schuller, Richard Bales, John Baker, Dennis Semler
Not pictured: John Smaligo, Barry West

Sherril L. Williams, Chairman joined the County Clerk's office in November 1992 after working six years for Tulsa County Social Services. She was elected to the Board of Trustees in 1997. She has served as Chairman, Vice-Chairman and Investment Committee Chairman.

Richard Bales, Vice-Chairman joined Tulsa County in September 1972. Bales is the Director of the Parks department. He was elected to the Board of Trustees in August, 2013. He has served as Chairman, Vice-Chairman and Investment Committee Chairman.

Heather Little, Member joined Tulsa County in May, 2011. Little is an Internal Auditor in the Treasurer's office. She was elected to the Board of Trustees in May, 2015. She has served as Chairman, Vice-Chairman and Investment Committee Chairman.

John Baker, Member was elected to the Board effective July 1, 2011, as the retiree member. He worked in the City-County Health Department for 39 years serving the citizens of Tulsa County before he retired.

Stephen A. Schuller, Appointed Member was appointed by the Board of County Commissioners in December, 1989. He serves on the Board's Investment Committee. Schuller is a lawyer whose practice is concentrated in business, real estate and international transactions.

Barry West, Appointed Member was appointed by the Board of County Commissioners in February, 1991. He serves on the Board's Investment Committee. West is a lawyer and a Certified Public Accountant.

John Smaligo was elected **County Commissioner for District 1** in 2006 and took office January 1, 2007. He served on the Board of Trustees from July 1, 2015 to December 31, 2015.

Karen Keith was elected **County Commissioner for District 2**, in November 2008. She served on the Board of Trustees from January 1, 2016 to June 30, 2016.

Pat Key was elected **County Clerk** in November, 2012 and took office January 1, 2013. She serves as Clerk to the Board of Trustees.

Dennis Semler was elected **County Treasurer** in January, 1995. He serves as Treasurer to the Board of Trustees. Semler also serves on the Board's Investment Committee. He is admitted to practice law by the State Supreme Court.

(photo courtesy of Toni Kizer)

Traci Scullawl has served as the Retirement Payroll Director/Acting Secretary to the Board of Trustees since September 2001. Traci may be reached at 918 596-5854 Monday through Friday, 8:30-5:00.

Summary of Plan Provisions

History

The Tulsa County Employees' Retirement System (TCERS) was established by Resolution of the Tulsa County Board of County Commissioners effective July 1, 1965. This action was permitted by Title 19 OSA 951 through 965 of the Oklahoma Statutes to encourage continuity of employment service with Tulsa County and to promote public efficiency.

Administration

The TCERS is a single-employer defined benefit plan that is governed by 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.

The Board of Trustees is given the authority to establish policy and procedures as necessary to ensure proper administration and the integrity of the TCERS. Trustees usually meet the last Tuesday of each month at 10:30 a.m. in Room 338 of the Ray Jordan Tulsa County Administration 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.

Contributions

In accordance with Title 19 OSA 954 of the Oklahoma Statutes, contribution rates as set by the Board are applied to all full-time base salaries and wages and the resulting contributions are credited to the pension fund monthly. During the fiscal year ended June 30, 2003, the County contributed 8½% (the legal maximum was 10%) of the employee's base salary while the employees contributed $1 per year. On July 1, 2003, the County's contribution rate increased to 10%.

Beginning July 1, 2007, the total employer and employee contributions shall not exceed 16.5% of the monthly compensation of each member. On July 1, 2007, the County's contribution rate increased to 12%.

On July 1, 2010, the County's contribution rate increased to 14%, and the employee contribution rate increased to 0.05% of the base salary.

Effective July 1, 2012, the Board of County Commissioners and the Board of Trustees approved a Resolution changing the employee contribution to a pre-tax basis. On July 1, 2012, the employee's contribution rate increased to 0.25% of the base salary.

On July 1, 2013, the employee's contribution rate increased to 1% of the base salary. Effective January 1, 2016, the employee's contribution rate increased to 1.50% of the base salary. Effective July 1, 2016, the employee's contribution rate increased from 1.50% to 2% of the base salary. Effective July 1, 2017, the employee's contribution rate will increase from 2% to 2.5% of the base salary.

Employee Membership

Membership is mandatory for all regular, full-time County employees, including those paid in whole or in part from the Court Fund, Law Library, and Election Board. In 1965, the employees covered by

Summary of Plan Provisions – continued

the TCERS were allowed to count all their full-time regular employment service and were required to pay into the TCERS three percent (3%) of their base salary up to a maximum of $600 per month for at least 18 months before anyone could retire with benefits. The past service time was not funded and resulted in the start of the unfunded liability of the fund. A Board of County Commissioners Resolution dated April 10, 1974 limited service credit prior to establishment of the fund to those employees who were contributing to the fund on March 6, 1974. The comparison of the TCERS membership for the past two fiscal years is a required disclosure in the notes to the financial statements and is also analyzed in the Management Discussion and Analysis.

Entities and Departments

Entities and departments, which currently participate in the TCERS, are:

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)

These entities and departments are not necessarily considered component units of the TCERS as determined by GASB Statement No. 14, as amended by GASB Statement No. 61.

Retirement Benefits

To be eligible for retirement benefits, a "regular" retiree must be at least 62 years of age and have a minimum of five year's participation in the TCERS. The five years is not required to be continuous. Participants of the TCERS who take an unpaid leave of absence for personal illness (unless it meets the requirements of the Family and Medical Leave Act) for a period of one year or less will not be given credit toward retirement for this time off. This leave of absence will not affect consecutive employment with the County.

A member may also qualify for the "Rule of 80" retirement if his/her age in years and months added to his/her years and months of participation in the TCERS equal the sum of 80 years or more. There is no reduction of benefits for retirees in this category and there are no age requirements beyond those mentioned in the preceding sentence.

As of November 1, 2000, employees who are vested can retire as early as age 55 at a reduced benefit that is based on a specific percentage reduction table provided by the actuary. The percentages used to calculate normal retirement benefits are as follow:

	Percentage of Benefit			Percentage of Benefit	
Years of Credited Service	If Vested as of June 30, 2010	If Vested after June 30, 2010	Years of Credited Service	If Vested as of June 30, 2010	If Vested after June 30, 2010
5	12.5%	10.0%	13	34.0%	26.0%
6	15.0%	12.0%	14	37.0%	28.0%
7	17.5%	14.0%	15	40.0%	30.0%
8	20.0%	16.0%	16	42.0%	34.0%
9	22.5%	18.0%	17	44.0%	38.0%
10	25.0%	20.0%	18	46.0%	42.0%
11	28.0%	22.0%	19	48.0%	46.0%
12	31.0%	24.0%	20	50.0%	50.0%

21+ All vested employees: For each additional year of credited service beyond the 20th, the benefit percentage increases by 1.5%, to a maximum of 100%. (If the total of all credited service results in a fractional year of 183 days of more, the employee/member will receive credit for a full year.)

Summary of Plan Provisions – continued

Under "normal" retirement, the monthly annuity payable to the employee is based on the above percentages applied to the average compensation of the highest paid three years of employment. Benefits are calculated on the average base payroll earnings of the employee and do not include overtime, allowances, et cetera.

Disability Benefits

Disability benefits are available to participants who have become totally and permanently disabled as a direct result of County employment. The employee must have the required eight years participation in the retirement system to receive benefits. Medical proof of disability, as well as a written statement of condition and cause from the employee's supervisor must accompany applications for disability. The TCERS's Board of Trustees may require additional medical proof and makes the final determination of eligibility. There are no age requirements.

The percentage and base salary used to calculate benefits for employees who qualify for disability retirement is the same as that used in calculating "regular" retirement benefits except that the maximum percentage which may be applied is 40% (for a disability retiree having 15 or more credited years of service), if vested as of June 30, 2010. Anyone vested after June 30, 2010 or hired after June 30, 2010 the maximum percentage is 40% (for a disability retiree having 18 years or more credited years of service.

A review of all disability retirees is conducted by the TCERS Board of Trustees each August, at which time disability retirees must submit medical proof that they remain disabled. This requirement for the annual disability review ends when the retiree reaches age 62.

Surviving Spouse

As of November 1, 2000, a surviving spouse is eligible to receive 70% of the retirement benefit of a vested, deceased employee who was retired, or who had reached the Rule of 80. If the vested employee had not reached the age of 62 or attained the Rule of 80, the surviving spouse can either start receiving full retirement benefits when their spouse would have reached the age of 62 or attained the Rule of 80, or start receiving retirement benefits at a reduced percentage calculated by an actuarial formula when their spouse would have reached the age of 55.

As of July 1, 2010, a surviving spouse of a member who was not vested as of June 30, 2010 or was hired after June 30, 2010 is eligible to receive 67% of the retirement benefit to which the employee/retiree was entitled.

Military Service Credit

For all employees hired on or after July 1, 2000, a new military service policy became effective. Military service credit is provided to those TCERS members who submit acceptable documentation of honorable discharge from full-time active military duty in the Armed Services of the United States (Air Force, Army, Navy, Marine Corps, or Coast Guard).

The following provisions apply in crediting the employee's active military service prior to employment: TCERS members may qualify for up to four years of credit for active military service (less any time credited in another retirement system). Military service credit allowed under this provision will not be considered in lieu of the two years of consecutive employment required as a prerequisite to receiving regular retirement benefits, nor may it be counted toward vesting in the retirement system under the regular five-year service requirement or under the "Rule of 80". Military retirees and those eligible to become military retirees are ineligible for the TCERS military service credit unless documentation is presented to confirm that either the Armed Forces or the Veterans Administration of the United States has found the employee to have a 20% or greater service-related disability.

Summary of Plan Provisions – continued

Persons employed prior to July 1, 2000 have an additional option for calculating military service credit. Please refer to the TCERS Handbook for more details about military service credit.

Effective July 1, 2006, the Board of Trustees repealed the military service credit previously created by TCERS and left in effect only the military service credit created by State Statute pursuant to 19 O.S. Section 956.

Return of Vested or Non-Vested Employee

In the event a **vested** or **non-vested** former employee returns to work as a regular employee in a TCERS participating department or division, the employee may acquire additional service credit to apply toward vesting and retirement, if: (1) the employee must have left prior contributions to TCERS intact.

Income Tax - Retirees

Effective with the year 1989, a portion of benefits from the TCERS is not subject to Oklahoma state income tax. However, for federal income tax purposes, the greater portion of your benefit will be taxable each month. The Tax Reform Act of 1986 changed the way the taxable amount of benefits is computed for those retiring after July 1, 1986. The new regulations spread the non-taxable portion (that which employees paid in) of their retirement benefit over the actuarially forecasted lifetime (and the surviving spouse, if applicable). A 1099-R statement will be mailed at the end of each January. It will show (1) the gross amount of retirement benefits for the previous calendar year, (2) the amount withheld from retirement benefits, and (3) the taxable amount of retirement benefits for the year.

INTRODUCTORY SECTION
List of Professional Consultants

Actuary
Milliman

Auditors
Stanfield & O'Dell, PC

Custodian Bank
Bank of Oklahoma, NA

Investment Consultants
The Bogdahn Group

Investment Managers
Aberdeen Asset Management
Barrow, Hanley, Mewhinney & Strauss, LLC
Chickasaw Capital Management
Denver Investment
Loomis Sayles
Pinnacle Investment Advisors
State Street Global Advisors
Tocqueville Asset Management
Wasatch Hoisington

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Tulsa County

Employees' Retirement System

Oklahoma

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

FINANCIAL SECTION

Independent Auditors' Report

The Board of Trustees
Tulsa County Employees' Retirement System

Report on the Financial Statements

We have audited the accompanying financial statements of Tulsa County Employees' Retirement System (the System), a component unit of Tulsa County, Oklahoma, which comprise the statements of fiduciary net position as of June 30, 2016 and 2015, the related statements of changes in fiduciary net position for the years ended June 30, 2016 and 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the System as of June 30, 2016 and 2015, and the respective changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 22 to 28, as well as the schedule of changes in net pension liability and related ratios, contributions from employer and investment returns on pages 43 through 45, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The accompanying schedules of administrative expenses, investment expenses and payments to consultants on page 46 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2016 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 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 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 System's internal control over financial reporting and compliance.

Stanfield & O'Dell P.C.

Tulsa, Oklahoma
November 10, 2016

Management's Discussion and Analysis
(Unaudited)

Management's Discussion and Analysis (MD&A) of the Tulsa County Employees' Retirement System's (TCERS) financial performance provides an overview of the financial activities and funding condition for the fiscal years ending June 30, 2016, 2015 and 2014.

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. Since the TCERS is also reported as a component unit of Tulsa County, the financial statements and related note disclosures are also incorporated into Tulsa County's Comprehensive Annual Financial Report. 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 2016 decreased by $6,201,995 (or 2.27%). The fiduciary net position restricted for pensions for fiscal year 2015 decreased by $5,610,650 (or 2.02%). 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 2016 increased by $433,554 (or 4.15%) compared to 2015. Employer contributions for fiscal year 2015 increased by $780,862 (or 8.07%) compared to 2014.

- Employee contributions for fiscal year 2016 increased by $225,194 (or 30.28%) compared to 2015. Employee contributions for fiscal year 2015 increased by $56,210 (or 8.18%) compared to 2014.

- The net investment income for fiscal year 2016 decreased by $301,462 (or 57.63%) compared to 2015 due to the net depreciation in the fair value of investments that occurred during fiscal year ended June 30, 2016. The net investment income for fiscal year 2015 decreased by $40,948,225 (or 98.74%) compared to 2014 due to the net depreciation in the fair value of investments that occurred during fiscal year ended June 30, 2015.

- Benefit payments increased by $958,817 (or 5.57%) during fiscal year ended June 30, 2016. Benefit payments increased by $950,084 (or 5.85%) during fiscal year ended June 30, 2015.

Using the Comprehensive Annual Financial Report

The basic financial statements reflect the activities of TCERS and are reported in the Statement of Fiduciary Net Position, the Statement 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 (Unaudited)

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

Statement of Fiduciary Net Position

The Statement 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 Statement of Fiduciary Net Position as of June 30, 2016, 2015 and 2014, demonstrates that the TCERS is primarily focused on the cash, receivables, investments, liabilities and net position restricted for pensions.

	2016	2015	2014
Cash	$ 259,358	$ 183,741	$ 467,136
Receivables	2,979,588	3,092,528	3,081,252
Investments	265,948,740	272,305,468	276,993,793
Total assets	269,187,686	275,581,737	280,542,181
Total liabilities	2,559,437	2,751,493	2,101,287
Net position restricted for pensions	$266,628,249	$272,830,244	$278,440,894

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 decreased by $112,940 during fiscal year ended June 30, 2016, due mostly to the decrease in payments from brokers for unsettled trades.

Investments at fair value decreased by $6,356,728 (or 2.33%) during the fiscal year ended June 30, 2016. Investments at fair value decreased by $4,688,325 (or 1.69%) during the fiscal year ended June 30, 2015. The average return on investments of 6.05% for the past three fiscal years is less than the expected portfolio return of 7.25%. During the last fiscal year, the intermediate fixed income portfolio outperformed the benchmark BarCap Intermediate Govt/Credit rate of 4.33% and finished the year with a return of 4.53%. The core fixed income portfolio outperformed the benchmark BarCap Aggregate rate of 6.00% and finished the year with a return of 6.53%. The high yield fixed income portfolio underperformed the benchmark Merrill Lynch High Yield Master II rate of 1.71% and finished the year with a return of -3.64%. The active duration fixed income portfolio outperformed the benchmark BarCap Aggregate rate of 6.00% and finished the year with a return of 21.52%. The S&P 500 index fund outperformed the benchmark S&P 500 Index rate of 3.99% and finished the year with a return of 4.00%. The small/mid (smid) cap equity portfolio underperformed the benchmark Russell Mid Cap rate of .56% and finished the year with a return of -6.32%. The international equity portfolio outperformed the benchmark MSCI EAFE rate of -10.16% and finished the year with a return of -1.73%. The Master Limited portfolio underperformed the benchmark Alerian MLP rate of -13.11% and finished the year with a return of -22.35%. In February 2016, the Pinnacle Investment Advisors portfolio was terminated and reallocated to the Chickasaw Master Limited portfolio.

Liabilities decreased by $192,056 during the fiscal year ended June 30, 2016, due to the decrease in the obligations payable to brokers for unsettled trades. Liabilities increased by $650,206 during the fiscal year ended June 30, 2015, due to the increase in the obligations payable to brokers for unsettled trades. The net position restricted for pensions decreased by $6,201,995 (or 2.27%) resulting from the decrease in total assets, mainly due to the net depreciation in fair value of investments and loss of dividends, for the year ending June 30, 2016. The net position restricted for pensions decreased by $5,610,650 (or 2.02%) resulting from the decrease in total assets, mainly due to the net depreciation in fair value of investments, for the year ending June 30, 2015.

Management's Discussion and Analysis - continued
(Unaudited)

Statement of Changes in Fiduciary Net Position

The Statement 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, 2016, 2015 and 2014. The following condensed comparative summary of the Statement of Changes in Fiduciary Net Position reflects the activities of the TCERS in regards to employer and employee contributions, net investment income, benefits paid, administration expenses, refunds and the net increase (decrease) in net position restricted for pension benefits.

	2016	**2015**	**2014**
Additions:			
Contributions:			
Members	$ 968,954	$ 743,760	$ 687,550
Employer	10,892,672	10,459,118	9,678,256
Net Investment income	221,600	523,062	41,471,287
Total additions	12,083,226	11,725,940	51,837,093
Deductions:			
Benefits	18,158,915	17,200,098	16,250,014
Administration expense	120,026	128,153	128,012
Refunds	6,280	8,339	2,296
Total deductions	18,285,221	17,336,590	16,380,322
Net increase (decrease) in net position restricted for pensions	$(6,201,995)	$(5,610,650)	$35,456,771

The ending net position restricted for pensions for fiscal year ending June 30, 2016 was $266,628,249 compared to $272,830,244 for fiscal year ending June 30, 2015.

Collections of employer and employee retirement contributions, as well as earnings from investments, provide the reserves necessary to finance retirement benefits and cover administrative expense. Contributions and net investment income totaled $12,083,226 during the fiscal year ending June 30, 2016, which is a $357,286 (or 3.05%) increase in total additions from what was reported the previous fiscal year. Contributions and net investment income decreased $40,111,153 (or 77.38%) from fiscal year ended June 30, 2014 to June 30, 2015.

Employer contributions are based on a percentage of an employee's pay and increased $433,554 (or 4.15%) in 2016 as compared to 2015. The amount of employee contributions increased $225,194 (or 30.28%) when comparing fiscal year 2016 to 2015, due to an increase in the employee contribution percentage at January 1, 2016.

Net investment income was $221,600 for fiscal year 2016, or a $301,462 loss in fiscal year 2016 compared to fiscal year 2015 due mainly to the net depreciation in fair value of investments of ($5,750,255). When comparing fiscal year ended June 30, 2014 to June 30, 2015, there was a ($5,719,075) net depreciation in the fair value of investments in 2015. Comparing fiscal year 2016 to 2015, the fair value of the U.S. Government & Agency obligations and treasury bond mutual funds increased by $6,293,641 and the fair value of domestic corporate bonds and bond mutual funds decreased by $2,178,122, while the fair value of domestic equities and international equities decreased by $5,416,318 and by $772,288, respectively. The money market mutual funds portfolio decreased by $2,745,430 and the judgments increased by $64,163. Investments during the fiscal year ended June 30, 2016, underperformed well below the expected rate of return. Interest received was $88,375 (or 2.59%) higher during fiscal year 2016. Dividends received were $446,156 (or 11.17%) lower during fiscal year 2016.

Management's Discussion and Analysis - continued (Unaudited)

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 $958,817 (or 5.57%) during fiscal year 2016, and by $950,084 (or 5.85%) during fiscal year 2015, mainly due to an increased number of retirees receiving benefits. Administration expenses, as of June 30, 2016 were $120,026, or $8,127 lower when compared to the previous fiscal year. Refunds typically represent a return of a nonvested portion of the employee's contribution made to the retirement system which varies little from year to year and remains a relatively small expense. The refund of contributions was $6,280 or $2,059 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, 2016, 2015 and 2014 the TCERS members are as follows:

	2016	**2015**	**2014**
Retirees and beneficiaries receiving benefits	1,153	1,076	1,024
Terminated employees entitled to benefits not yet received	571	547	512
Current active employees:			
Fully vested	974	1,020	1,071
Nonvested	848	865	685
Total members	3,546	3,508	3,292

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 77.49% at June 30, 2016. This schedule will ultimately include ten years of information once such data becomes available. Since this is the third year to include this RSI schedule in accordance with GASB 67, *Financial Reporting for Pension Plans,* only three fiscal year's information is reported.

Management's Discussion and Analysis - continued
(Unaudited)

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, 2016, management of TCERS contributed $1.9 million more than the actuarially determined contribution, which amounted to 14.23% of covered payroll. This schedule will ultimately report ten years of information once such data becomes available. 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 .08% for fiscal year 2016. When compared to the expected rate of return of 7.25%, the actual return was much lower during fiscal year 2016. This helps to understand the investment performance of TCERS. As with the other schedules above, ten-year information about the money-weighted rate of return will be reported once that data becomes available.

Actuarial Assumptions and Methods

Two actuarial valuations are prepared by an actuarial firm: one for *funding* purposes and the other for *accounting* purposes.

The June 30, 2016 *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 Entry Age Normal Cost Method was utilized by the Plan's Actuary 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, 2016 funding valuation determined the funding ratio to be 83%, leaving an unfunded actuarial accrued liability (UAAL) of 17%. 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 7.25%. Prior to July 1, 2016, the assumed rate of return on investment was 7.75%.
- The healthy mortality rates incorporate a general projection based on Scale AA.
- 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".
- Subsequent to June 30, 2003, the amortization period for actuarial gains and losses was changed from 15 years and benefit enhancements were changed from 20 years; both actuarial gains and losses and benefit enhancements are now amortized on a closed basis over 30 years from July 1, 2003.

The actuarial valuation performed as of June 30, 2016, 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. 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 the same as the expected long-term rate of return or 7.25%. 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, both the AAL and the TPL were the same amount as of June 30, 2016. 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 market* 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 $77,449,142, while the unfunded actuarial accrued liability (UAAL) was $59,606,139. At June 30, 2016, 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 2016 is: 2.9% in money market mutual funds, 27.9% in corporate bonds, 26.2% in U.S. Government & Agency issues, 13.3% in core domestic equities, 21% in small/mid (smid) cap equity securities, 8.6% in international stocks and .1% in judgments. The portfolio mix based on the total fair value of investments at the end of fiscal year 2015 is: 3.9% in money market mutual funds, 28.9% in corporate bonds, 23.3% in U.S. Government & Agency issues, 15.5% in core domestic equities, 19.9% in small/mid (smid) cap equity securities, 8.5% in international stocks and 0% in judgments. The targeted portfolio mix is 46.5% equity and 53.5% fixed income. The retirement system's portfolio is currently 39% equity, 10% master limited partnerships and 51% fixed income.

At fiscal year end, the Fund was allocated 30.2% to domestic equity, 9.2% to international equity, 19.5% to core fixed income, 19.2% to intermediate fixed income, 9% to high yield fixed income, 6.9% to active duration fixed income, 4.7% to Master Limited Partnerships and 1.3% to cash. Since the target portfolio has no targeted value for either cash or judgments, the actual asset allocation of stocks, bonds, and cash will likely vary from the targeted portfolio percentages.

Net investment income amounted to $221,600 during fiscal year 2016, while total contributions added $11,861,626. The net depreciation in fair value of investments as of June 30, 2016, was ($5,750,255). Net investment income compared to total investments as of June 30, 2016, is .08%.

Market environment and results

Investment market conditions continued to fluctuate during the fiscal year ended June 30, 2016. The net position restricted for pensions of the TCERS decreased from $273 million to $267 million (or -2.27%) from July 1, 2015 to June 30, 2016. Over the ten-year period ended June 30, 2016, the funding ratio has varied from a low of 67% to a high of 90%; the current funding ratio of 82.68% reflects the effects of the stock market as it continues to fluctuate in 2016, as well as a change in the actuarial investment rate of return from 7.75% to 7.25%.

Major Initiatives

Effective July 1, 2006, the Board of County Commissioners and the Board of Trustees 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 Board of County Commissioners and the Board of Trustees 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.

Management's Discussion and Analysis - continued
(Unaudited)

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%.

On April 26, 2010, the Board of County Commissioners and the Board of Trustees adopted a new Schedule of Benefit Percentage by Years of Credited Service and set the spousal benefits at 67% for employees who are not vested as of June 30, 2010 and for employees who are hired after June 30, 2010.

Effective July 1, 2010, the Board of County Commissioners and the Board of Trustees approved a resolution changing the employer contribution rate to 14% and the employee-member contribution rate to five basis points (.05%) of the employee's base salary.

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

Effective July 1, 2012, the Board of County Commissioners and the Board of Trustees approved a resolution to make the employee contribution a pre-tax basis.

Effective July 1, 2013, the Board of County Commissioners and the Board of Trustees 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 expires on January 31, 2019.

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

On October 19, 2015, the Board of County Commissioners and the Board of Trustees 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 increase from 1.50% to 2% of the employee's base salary, effective July 1, 2016.

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 employee-member contribution rate will increase from 2% to 2.5% of the employee's base salary.

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, Tulsa County Employees' Retirement System, 500 South Denver, Tulsa, Oklahoma 74103.

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Statements of Fiduciary Net Position

June 30, 2016 and 2015

	2016	2015
Assets:		
Cash	$ 259,358	$ 183,741
Receivables:		
Interest and dividends	947,611	922,133
Due from brokers for unsettled trades	1,038,313	1,213,715
Contributions from employer/employees	993,664	956,680
Total receivables	2,979,588	3,092,528
Investments, at fair value:		
Money market mutual funds	7,780,425	10,525,855
U.S. Government and Agency obligations and Treasury bond mutual funds	69,709,318	63,415,677
Domestic corporate bonds and bond mutual funds	72,193,643	74,371,765
Foreign bonds and obligations	2,058,819	3,661,193
Domestic equities	93,070,970	98,487,288
International equities	20,950,033	21,722,321
Judgments	185,532	121,369
Total investments	265,948,740	272,305,468
Total assets	269,187,686	275,581,737
Liabilities:		
Accounts payable and accrued expenses	171,917	168,874
Due to brokers for unsettled trades	2,387,520	2,582,619
Total liabilities	2,559,437	2,751,493
Net position restricted for pensions	$ 266,628,249	$ 272,830,244

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

Statements of Changes in Fiduciary Net Position

June 30, 2016 and 2015

	2016	2015
Additions:		
Member contributions	$ 968,954	$ 743,760
Employer contributions	10,892,672	10,459,118
Total contributions	11,861,626	11,202,878
Investment Income:		
Interest	3,503,243	3,414,868
Dividends	3,546,312	3,992,468
Net depreciation in fair value of investments	(5,750,255)	(5,719,075)
	1,299,300	1,688,261
Less investment expense:	1,077,700	1,165,199
	1,077,700	1,165,199
Net investment income	221,600	523,062
Total additions	12,083,226	11,725,940
Deductions		
Benefits	18,158,915	17,200,098
Administrative expense	120,026	128,153
Refunds of contributions	6,280	8,339
Total deductions	18,285,221	17,336,590
Net decrease	(6,201,995)	(5,610,650)
Net position restricted for pension		
Beginning of Year (June 30, 2015)	272,830,244	278,440,894
End of Year (June 30, 2016)	$ 266,628,249	$ 272,830,244

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

1. PLAN DESCRIPTION
A. Administration

The Tulsa County Employees' Retirement System (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 provide members with survivor and disability protection during employment and financial security after retirement.

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 usually meet the last Tuesday of each month at 10:30 a.m. in Room 338 of the Ray Jordan Tulsa County Administration 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, 2016 and 2015, the TCERS members are as follows:	**2016**	**2015**
Retirees and beneficiaries receiving benefits	1,153	1,076
Terminated employees entitled to benefits not yet received	571	547
Current active employees:		
Fully vested	974	1,020
Nonvested	848	865
Total members	3,546	3,508

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. A member may also be eligible for full benefits under the "Rule of 80" in which the total service time and employee's age at least equals 80 years. 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. 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 November 10, 2016.

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 19% and 16% of the net position restricted for pensions for both June 30, 2016 and 2015 was invested in U.S. Government and Agency obligations. The TCERS has no investments in stocks and bonds of any commercial or industrial organization whose market 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). TCERS adopted the provisions of Government Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application,* during fiscal year 2016. The adoption expanded footnote disclosures regarding investments; however, it had no effect on TCER's accounting for investments.

The TCERS is considered a pension trust fund in Tulsa County's Comprehensive Annual Financial Report and is a blended component unit of Tulsa County. Copies of Tulsa County's Comprehensive Annual 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.

F. Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation. The reclassifications had no effect on the previously reported total net position restricted for pensions or the previously reported decrease in net position restricted for pensions.

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, 2007, the total employer and employee contributions shall not exceed 16.5% 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 2015, the County's contribution rate was 14% of the employee's base salary and the employee contribution rate was 1% of the employee's base salary, per month. For 2016, the County's contribution rate was 14% of the employee's base salary, per month. The Board of Trustees approved a resolution to increase the employee contribution to 1.5%, effective January 1, 2016 and to 2%, effective July 1, 2016. The Board of Trustees approved a resolution to increase the employee contribution to 2.5%, effective July 1, 2017.

There are no legally required reserve accounts as of June 30, 2016 or 2015.

4. DEPOSITS AND INVESTMENTS

A. Deposits

As of June 30, 2016 and 2015, the cash balance is $259,358 and $183,741, respectively, and is maintained at the Bank of Oklahoma in a demand account in the Retirement System's name.

Custodial credit risk for deposits is the risk that in the event of bank failure, the retirement system'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. The Bank of Oklahoma has placed the required collateral securities in a restricted account at a Federal Reserve Bank which serves Oklahoma. The market 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 market 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 nine outside investment management firms to manage nine different portfolios for the TCERS except for certain judgments against Oklahoma government entities and a small amount of cash. Bank of Oklahoma Trust Services 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.

As of June 30, 2016 and June 30, 2015, the composition of the retirement system's investments is shown in the following tables:

June 30, 2016	Fair Value	Cost	Average Credit Quality/ Rating (1)	Weighted Average Number of Years to Maturity (2)
Money Market Mutual Funds	$ 7,780,425	$ 7,780,425	AAA	-
U.S. Treasuries	48,804,767	43,030,388	AAA	6.6
U.S. Agency Obligations				
FHLMC (Freddie Mac)	3,132,524	3,072,501	AAA	3.8
FNMA (Fannie Mae)	13,859,193	13,653,509	AAA	4.0
GNMA (Ginnie Mae)	3,912,834	3,859,882	AAA	4.3
Total U.S. Agency Obligations	20,904,551	20,585,892		4.0
Corporate Bonds & Bond Mutual Funds	74,252,462	74,023,020	BB	6.8
Domestic stocks	93,070,970	64,551,039	N/A	N/A
International stocks	20,950,033	19,014,062	N/A	N/A
Judgments	185,532	185,532	N/A	N/A
Total Investments	$265,948,740	$229,170,358		

June 30, 2015	Fair Value	Cost	Average Credit Quality/ Rating (1)	Weighted Average Number of Years to Maturity (2)
Money Market Mutual Fund	$ 10,525,855	$ 10,525,855	AAA	-
U.S. Treasuries	44,581,692	42,290,822	TSY	4.4
U.S. Agency Obligations				
FHLMC (Freddie Mac)	3,280,595	3,311,835	AAA	3.7
FNMA (Fannie Mae)	10,503,264	10,483,403	AAA	4.7
GNMA (Ginnie Mae)	5,050,126	5,044,656	AAA	5.1
Total U.S. Agency Obligations	18,833,985	18,839,894		4.4
Corporate Bonds & Bond Mutual Funds	78,032,958	76,652,421	BBB	5.5
Domestic stocks	98,487,288	61,141,748	N/A	N/A
International stocks	21,722,321	17,928,498	N/A	N/A
Judgments	121,369	121,369	N/A	N/A
Total Investments	$272,305,468	$227,500,607		

(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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

As of June 30, 2016 and 2015, the retirement system had the following fixed income investments and maturities:

		Investment Maturities (in Years)			
June 30, 2016	Fair Value	Less than 1	1-5	6-10	More than 10
U.S. Treasuries and Treasury Bonds	$ 48,804,767	.83%	6.94%	10.62%	4.06%
U.S. Agencies (1)	20,904,551	.54%	16.53%	.07%	0.14%
Corporate Bonds & Bond Mutual Funds	74,252,462	5.19%	29.2%	17.35%	8.50%
Totals	$143,961,780	6.56%	52.7%	28.04%	12.70%

		Investment Maturities (in Years)			
June 30, 2015	Fair Value	Less than 1	1-5	6-10	More than 10
U.S. Treasuries and Treasury Bonds	$ 44,581,692	9%	3%	13%	4%
U.S. Agencies (1)	18,833,985	0%	9%	5%	0%
Corporate Bonds & Bond Mutual Funds	78,032,958	3%	31%	19%	5%
Totals	$141,448,635	12%	43%	36%	9%

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

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.

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, 2016 and 2015:

Investments Measured at Fair Value as of **June 30, 2016**	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	$ 7,780,425	$ 7,780,425	$ 0	$ 0
Debt Securities:				
Treasury Bonds	28,285,523	28,285,523	0	0
Mortgage Backed Securities	20,904,551	2,184,575	18,719,976	0
Municipal Bonds	2,313,563	0	2,313,563	0
Corporate Bonds	48,181,589	0	48,181,589	0
Sovereign Debt	180,247	0	180,247	0
Foreign Corporate Bonds	1,878,572	0	1,878,572	0
Registered Investment Companies	42,217,735	42,217,735	0	0
Total Debt Securities	143,961,780	72,687,833	71,273,947	0
Equity Securities:				
Common stock	79,507,293	79,507,293	0	0
Preferred stock	401,375	401,375	0	0
Miscellaneous equities	577,702	577,702	0	0
Common Collective Trusts	25,467,986	0	25,467,986	0
Alternative Investments - Infrastructure	8,066,647	8,066,647	0	0
Total Equity Securities	114,021,003	88,553,017	25,467,986	0
Judgments	185,532	0	0	185,532
Total Investments	$265,948,740	$169,021,275	$96,741,933	$185,532

Investments Measured at Fair Value as of **June 30, 2015**	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	$ 10,525,855	$ 10,525,855	$ 0	$ 0
Debt Securities:				
Treasury Bonds	23,373,646	23,373,646	0	0
Mortgage Backed Securities	18,814,127	1,929,750	16,884,377	0
Municipal Bonds	1,886,189	0	1,886,189	0
Corporate Bonds	49,453,625	0	49,453,625	0
Foreign Corporate Bonds	3,661,193	0	3,661,193	0
Registered Investment Companies	44,259,855	44,259,855	0	0
Total Debt Securities	141,448,635	69,563,251	71,885,384	0
Equity Securities:				
Common stock	81,493,722	81,493,722	0	0
Preferred stock	556,750	556,750	0	0
Miscellaneous equities	478,998	478,998	0	0
Common collective trusts	25,697,403	0	25,697,403	0
Alternative Investments- Infrastructure	11,982,736	11,982,736	0	0
Total Equity Securities	120,209,609	94,512,206	25,697,403	0
Judgments	121,369	0	0	121,369
Total Investments	$272,305,468	$174,601,312	$97,582,787	$121,369

The investment objective of the common collective funds held by TCERS at June 30, 2016 and 2015 is to seek an investment return that approximates as closely as practical, before expenses, the performance of the S&P 500 over the long term. In seeking to accomplish this investment objective, the fund may invest directly or indirectly in securities and other instruments, including in other pooled investment vehicles sponsored or managed by, or otherwise affiliated with State Street Bank and Trust Company (SSBT). TCERS's investment in common collective funds is valued at the net asset value (NAV) of units held by TCERS at year-end. The NAV, as provided by SSBT, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. SSBT may establish procedures, including prior notice periods, for deposits to and withdrawals from the fund. SSBT reserves the right to delay the processing of a requested deposit or withdrawal from the fund to ensure that securities liquidations will be carried out in an orderly manner. There were no unfunded commitments related to TCERS investments in common collective funds as of June 30, 2016 and 2015.

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 effected 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
Domestic Equity	19.25%	29.25%	39.25%
Energy Infrastructure (MLPs)	0.00%	8.00%	18.00%
International Equity	0.00%	9.25%	19.25%
Bonds (maturity greater than 1 year)	43.50%	53.50%	63.50%
Cash (maturity less than 1 year)	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.

As of June 30, 2016, the core fixed income portfolio had an average credit rating of Aa1/Aa2, with 62.7% in AAA rated bonds, 6.5% in AA rated bonds, 21.7% in A rated bonds and 9.1% in BBB rated bonds. The intermediate fixed income portfolio had an average credit rating of A+/A1, with 40.3% to Governments and Agencies, 4.5% in AAA rated bonds, 8.1% in AA rated bonds, 18.5% in A rated bonds, 23.5% in BBB rated bonds, 4.8% in BB rated issues, .3% in B rated issues and 0% to cash.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the TCERS's investment in a single issuer. Excluding mutual 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.

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 7.9% and 8.5% of the total portfolio investments at fair value as of June 30, 2016 and 2015, 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, 2016 and 2015 follows:

June 30, 2016			**June 30, 2015**	
	Equities			**Equities**
Australian Dollar	$ 501,991		Australian Dollar	$ 495,772
Canadian Dollar	322,618		Canadian Dollar	296,654
Danish Krone	535,050		Danish Krone	533,242
Euro	7,149,153		Euro	7,582,973
British Pound	2,614,064		British Pound	1,727,180
Hong Kong Dollar	1,003,462		Hong Kong Dollar	1,664,762
Japanese Yen	4,027,912		Japanese Yen	5,750,164
Norwegian Krone	354,083		Norwegian Krone	727,145
Singapore Dollar	564,476		Singapore Dollar	408,026
	$17,072,809			$19,185,918

International equities also included $3,877,224 and $2,536,403 in US dollar denominated investments which consisted primarily of American Depositary Receipts as of June 30, 2016 and 2015, respectively.

Appreciation (Depreciation) of TCERS's Investments

During the years ended June 30, 2016 and 2015, the TCERS's investments (including investments bought, sold and held during the year) appreciated or depreciated in value follows:

	2016	**2015**
Net appreciation (depreciation) in fair value of investments:		
Corporate Bonds	($1,547,385)	($3,749,680)
U.S. Government & Agency	4,600,200	443,517
Domestic equities	(7,813,766)	(212,953)
International equities	(989,304)	(2,199,959)
Total net appreciation (depreciation) in fair value of investments	($5,750,255)	($5,719,075)

For the years ended June 30, 2016 and 2015, realized gains (losses) on the sale of investments of $2,276,223 and $10,980,864, 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 2016 and 2015 include unrealized amounts from the prior periods.

Rate of Return – For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was .08%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

5. <u>NET PENSION LIABILITY OF THE COUNTY</u>

The components of the net pension liability of the County at June 30, 2016 and June 30, 2015, follows:

	2016	2015
Total Pension Liability	$344,077,391	$313,153,419
Plan Fiduciary Net Position	(266,628,249)	(272,830,244)
County's Net Pension Liability	$ 77,449,142	$ 40,323,175
Plan Fiduciary Net Position as a percentage Of the total pension liability	77.49%	87.12%

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement. Also presented are assumptions for the fiscal year ended June 30, 2015:

Valuation Date	June 30, 2016	June 30, 2015
Inflation	2.50%	2.50%
Salary increases including inflation	Age 20-34 5.0% Age 35-49 3.5% Age 50-70 2.5%	Age 20-34 5.0% Age 35-49 3.5% Age 50-70 2.5%
Mortality	Actives: RP-2000 Employees Mortality Table, male and female rates, with generational projection based on Scale AA. Healthy Inactives: RP-2000 Healthy Annuitant Mortality Table, male and female rates, with generational projection based on Scale AA. Disabled Inactives: RP-2000 Disabled Mortality Table, male and female rates.	Actives: RP-2000 Employees Mortality Table, male and female rates, with generational projection based on Scale AA. Healthy Inactives: RP-2000 Healthy Annuitant Mortality Table, male and female rates, with generational projection based on Scale AA. Disabled Inactives: RP-2000 Disabled Mortality Table, male and female rates.
Turnover	Crocker, Sarason and Straight T-7 rates, increased by 0.2 for the first year and 0.1 for the second year	Crocker, Sarason and Straight T-7 rates, increased by 0.2 for the first year and 0.1 for the second year
Investment Rate of Return, compounded annually, includes inflation and net of investment expenses	7.25%	7.75%

Disability: Various rates based on age. Selected rates for both June 30, 2016 and June 30, 2015 are:

Age	Rate per 1,000	
	Male	Female
25	.106	.124
30	.128	.128
40	.173	.198
50	.226	.399
55	.366	.573
60	.492	.623
65	.570	.605

Retirement Rate: At the following rates upon attaining age 62 with 5 years of participation or any age with 80 points:

Age	Rate
Under 55	0%
55-59	15%
60	20%
61	25%
62-69	30%
70	100%

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

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, 2016 (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 Rate of Return	Long-Term Expected Geometric Rate of Return
US Cash	BAML 3-Mon Tbill	1.00%	2.73%	2.72%
US Core Fixed Income	Barclays Aggregate	26.00%	4.44%	4.34%
US Intermediate Bonds	Barclays IT Gvt/Credit	19.00%	4.03%	3.95%
US High Yield Bonds	BAML High Yield	9.00%	7.10%	6.64%
US Large Caps	S&P 500	10.00%	7.15%	6.00%
US Mid-Caps	Russell MidCap	21.00%	7.69%	6.15%
Foreign Developed Equity	MSCI EAFE NR	9.00%	8.17%	6.60%
Master Limited Partnerships	Alerian MLP	5.00%	6.35%	5.20%

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. 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 rates equal to the actuarially determined contribution rates. 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, calculated using the discount rate of 7.25 percent, 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
County's net pension liability	$119,547,644	$77,449,142	$42,406,211

Required Supplementary Information

(Unaudited)
June 30, 2016

Schedule of Changes in Net Pension Liability and Related Ratios ($ in 1,000s)

Year Ended June 30,	2016	2015	2014
Total pension liability			
Service cost	$ 6,073	$ 5,714	$ 5,636
Interest	24,740	23,398	22,703
Differences between expected and actual experience	438	(2,337)	(294)
Plan Changes	(470)		
Changes of assumptions	18,308	7,382	(2,894)
Benefit payments, including refunds of member contributions	(18,165)	(17,208)	(16,252)
Net change in total pension liability	30,924	16,949	8,899
Total pension liability - beginning	313,153	296,204	287,306
Total pension liability - ending (a)	$ 344,077	$ 313,153	$ 296,205
Plan fiduciary net position			
Contributions - employer	$ 10,893	$ 10,459	$ 9,678
Contributions - member	969	743	688
Net investment income	221	523	41,471
Benefit payments, including refunds of member contributions	(18,165)	(17,208)	(16,252)
Administrative expense	(120)	(128)	(128)
Net change in plan fiduciary net position	(6,202)	(5,611)	35,457
Plan fiduciary net position - beginning	272,830	278,441	242,984
Plan fiduciary net position - ending (b)	266,628	272,830	278,441
Net pension liability - ending (a) - (b)	$ 77,449	$ 40,323	$ 17,764
Plan fiduciary net position as a percentage of the total pension liability	77.49%	87.12%	94.00%
Covered employee payroll	$ 76,561	$ 76,834	$ 72,407
Net pension liability as a percentage of covered-employee payroll	101.16%	52.48%	24.53%

Notes to Schedule:

1. Only the three most recent fiscal years are presented because 10-year data is not yet available.

2. Actuarial Assumptions, Methods and Plan Provisions
   The interest rate was changed from 7.75% to 7.25%, effective July 1, 2016. The employee contribution rate was was increased from 1.00% of base pay to 1.5% of base pay, effective January 1, 2016 and to 2.00% of base pay, effective July 1, 2016. All other actuarial assumptions, methods and plan provisions remained the same as the prior year.

Required Supplementary Information

(Unaudited)

June 30, 2016

Schedule of Contributions from Employer

Year ended June 30,	2016	2015	2014
Actuarially determined contribution	$ 8,925,910	$ 8,657,780	$ 8,694,876
Contributions in relation to the actuarially determined contribution	10,892,672	10,459,118	9,678,256
Contribution deficiency (excess)	$ (1,966,762)	$ (1,801,338)	$ (983,380)
Covered employee payroll	$ 76,560,913	$ 76,834,455	$ 72,406,610
Contributions as a percentage of covered-employee payroll	14.23%	13.61%	13.37%

Notes to Schedule:

1. Only the three most recent fiscal years are presented because 10-year data is not yet available.

2. Valuation Date: July 1, 2016, 2015 and 2014

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

4. Methods and assumptions used to determine contribution rates:
   - Actuarial cost method - Entry age normal
   - Amortization method - Level percent of payroll, closed
   - Remaining amortization period at June 1, 2016 - 17 years
   - 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 - 7.25% as of July 1, 2016 and 7.75% as of July 1, 2015 and 2014

Required Supplementary Information

(Unaudited)

June 30, 2016

Schedule of Investment Returns

Year ended June 30,	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	0.08%	0.19%	17.29%

Note to Schedule:

Only the three most recent fiscal years are presented because 10-year data is not yet available.

Supporting Schedules for Financial Section

June 30, 2016

Schedule of Administrative Expenses
Year Ended June 30, 2016

Professional Services:				
Actuarial	$	19,500		
Audit		17,490		
Legal		5,574		
Total Professional Services				42,564
Other Administrative Expenses:				
Fiduciary Liability Insurance	$	24,057		
Printing and postage		12,774		
Travel and Training		1,731		
Software Maintenance		37,665		
Miscellaneous		1,235		
Total Other Administrative Expenses				77,462
Total Administrative Expenses			$	120,026

Schedule of Investment Expenses
Year Ended June 30, 2016

Investment Managers				
Barrow, Hanley, Mewhinney & Strauss (fixed income)	$	150,801		
Barrow, Hanley, Mewhinney & Strauss (mid-cap equity)		290,177		
Chickasaw Capital Management		95,430		
Denver Investment		135,605		
Pinnacle Investment Advisors		15,594		
State Street Global Advisors		11,009		
Tocqueville Asset Management		194,317		
Total Investment Managers				892,933
Independent Financial Consultant				
The Bogdahn Group	$	80,000		
Total Independent Financial Consultant				80,000
Other Investment Expenses				
Bank of Oklahoma bank custody fees	$	115,517		
Less Commission Recapture		(10,750)		
Total Other Investment Expenses				104,767
Total Investment Expenses			$	1,077,700

Schedule of Payments to Consultants
Year Ended June 30, 2016

Individual or firm		Commission/Fee	Nature of Service
Milliman, Inc.	$	19,500	Actuary

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

INVESTMENT SECTION

THE BOGDAHN GROUP

4901 Vineland Road, Suite 600
Orlando, FL 32811
(866) 240-7932
bogdahngroup.com

October 12, 2016

Tulsa County Retirement Board of Trustees
Tulsa County Courthouse
Administration Building
500 South Denver Avenue
Tulsa, OK 74103-3840

Annual Consultant Review

The fiscal year ended June 30, 2016 was a challenging period for investors as markets encountered substantial uncertainty. The Employees' Retirement System of Tulsa County earned a fiscal year total return of **0.6%**[1] which was close to median when compared to other public pension funds. This return trailed its custom benchmark due to mixed results among the portfolios. Bond investments outperformed most equity investments. Domestic equities outperformed foreign equities. The passive equity portfolio matched its benchmark with a gain of 4.0% while the System's small/mid cap equity portfolio suffered a loss of -6.3%. The international equity portfolio posted a loss of -1.7% but outperformed its benchmark by a wide margin. The System's higher quality bond investments provided income and stability during the past year. The core bond portfolios gained 6.5% and 4.5%, both in line with their benchmarks. The active duration bond portfolio posted a one year return of 21.5%. The high yield bond allocation fell by -3.6%. The MLP portfolio suffered losses during the fiscal year as oil and natural gas price volatility continued to trouble investors. One MLP portfolio was terminated. The remaining MLP portfolio fell -22.4% for the trailing year but showed strong signs of recovery during the February to June 2016 period. The accompanying basic financial statements and performance comparisons 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 actually received and expenses are recognized when incurred rather than paid.

During the year, we worked with the Board on a variety of projects to improve the System's investment portfolio. Some of these projects were:

- Strategic Portfolio Planning
- Investment Policy Review
- Asset Allocation Review
- Education and Review of Investment and Market Performance
- Investment Manager Monitoring and Review
- Regular Performance Reviews with the Board
- Continued Exploration of Asset Classes to Improve Performance
- Closely monitored the Master Limited Partnership Allocation
- Closely monitored the High Yield Bond Allocation

Our firm's goal is to provide valuable perspective and guidance for the System's investments. Along with the Board and the Investment Committee, we work diligently to maintain a patient, long-term focus on the System's investments, despite short term market volatility. We look forward to continuing our relationship with the Board and Staff.

Respectfully submitted,

Gregory T. Weaver
Senior Consultant

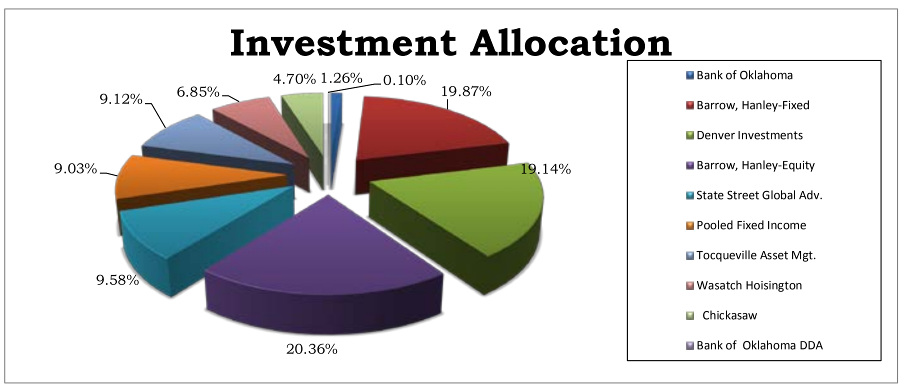
Douglas J. Anderson
Senior Consultant

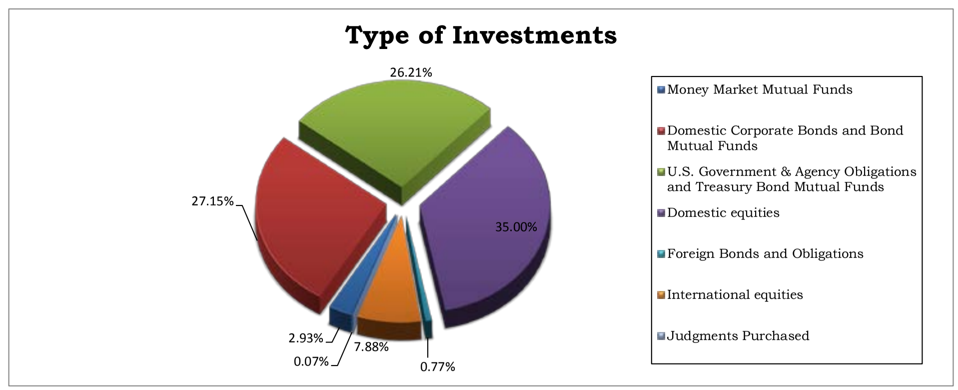
[1] *Returns shown are time-weighted rates of return based on market value of the assets.*

Type of Investments at Fair Value/Investment Allocation
For Fiscal Year Ended June 30, 2016

Types of Investments	Bank of Oklahoma	Barrow, Hanley-Fixed	Denver Investments	Barrow, Hanley-Equity	State Street Global Adv.	Pooled Fixed Income	Tocqueville Asset Mgt.	Wasatch Hoisington	Chickasaw	Bank of Oklahoma DDA	Total at Fair Value	% of total 2015-2016
Money Market Mutual Funds	$ 3,160,604	$ 1,229,338	$ 347,339	$ 1,062,798	$ 0	$ 194	$ 1,446,366	$ 5	$ 260,609	$ 273,172	$ 7,780,425	2.93%
Domestic Corporate Bonds and Bond Mutual Funds	0	22,858,506	27,381,902	0	0	21,953,235	0	0	0	0	72,193,643	27.15%
U.S. Government & Agency Obligations and Treasury Bond Mutual Funds	0	28,743,715	22,759,922	0	0	0	0	18,205,681	0	0	69,709,318	26.21%
Domestic equities	0	0	401,375	53,094,240	25,467,986	0	1,858,730	0	12,248,639	0	93,070,970	35.00%
Foreign Bonds and Obligations						2,058,819					2,058,819	0.77%
International equities	0	0	0	0	0	0	20,950,033	0	0	0	20,950,033	7.88%
Judgments Purchased	185,532	0	0	0	0	0	0	0	0	0	185,532	0.07%
Total	$ 3,346,136	$ 52,831,559	$ 50,890,538	$ 54,157,038	$ 25,467,986	$ 24,012,248	$ 24,255,129	$ 18,205,686	$ 12,509,248	273,172	$ 265,948,740	100.00%
Percent of total investments	1.26%	19.87%	19.14%	20.36%	9.58%	9.03%	9.12%	6.85%	4.70%	0.10%	100.00%	

Investment Portfolio
For Fiscal Year Ended June 30, 2016





Investment Portfolio Summary
For Fiscal Years Ended June 30, 2016 and June 30, 2015

	2016			
	Fair Value	**Percentage**	**Cost**	**Percentage**
Money Market Mutual Funds	$ 7,780,425	2.9%	$ 7,780,425	3.4%
Domestic Corporate Bonds and Bond Mutual Funds	72,193,643	27.1%	72,000,351	31.4%
Foreign Bonds and Obligations	2,058,819	0.8%	2,022,669	0.9%
U.S. Government and Agency obligations and treasury bond mutual funds	69,709,318	26.2%	63,616,280	27.8%
Domestic Equities	93,070,970	35.0%	64,551,039	28.2%
International Equities	20,950,033	7.9%	19,014,062	8.3%
Judgments Purchased	185,532	0.1%	185,532	0.1%
Total	$ 265,948,740	100.0%	$ 229,170,358	100.0%

	2015			
	Fair Value	**Percentage**	**Cost**	**Percentage**
Money Market Mutual Funds	$ 10,525,855	3.9%	$ 10,525,855	4.6%
Domestic Corporate Bonds and Bond Mutual Funds	74,371,765	27.3%	72,515,906	31.9%
Foreign Bonds and Obligations	3,661,193	1.3%	3,586,266	1.6%
U.S. Government and Agency obligations and treasury bond mutual funds	63,415,677	23.3%	61,680,965	27.1%
Domestic Equities	98,487,288	36.2%	61,141,748	26.9%
International Equities	21,722,321	8.0%	17,928,498	7.9%
Judgments Purchased	121,369	0.0%	121,369	0.1%
Total	$ 272,305,468	100.0%	$ 227,500,607	100.0%

Investment Transaction Summary
For Fiscal Year Ended June 30, 2016

	Money Market Mutual Funds	**Domestic Corporate Bonds**	**Gov't & Agency Issues**	**Domestic Equities**	**International Equities**	**Judgments**	**Total**
Balance at beginning of year, at cost	$ 10,525,855	$ 72,515,905	$ 65,267,231	$ 60,158,863	$ 18,911,383	$ 121,369	$ 227,500,606
Purchases	81,081,951	16,329,253	34,440,162	22,721,270	9,173,391	164,865	163,910,892
Reclassification	-	-	-	-	-	-	-
Sales and Maturities	(83,827,381)	(18,958,654)	(31,954,598)	(19,793,423)	(7,606,383)	(100,702)	(162,241,141)
Balance at end of year, at cost	$ 7,780,425	$ 69,886,504	$ 67,752,795	$ 63,086,710	$ 20,478,391	$ 185,532	$ 229,170,357
Fair Value	$ 7,780,425	$ 74,252,462	$ 69,709,318	$ 91,212,241	$ 22,808,762	$ 185,532	$ 265,948,740

List of Largest Assets Held

Largest Equity Holdings (By Fair Value)
June 30, 2016

	Shares	Stock	Fair Value
1)	51,966	State Street Global Advisors S&P 500 Flagship Fund	$ $ 25,467,986
2)	169,493	Vishay Intertechnology Inc	2,100,018
3)	105,200	Fairchild Semicon International	2,088,220
4)	50,300	Simpson Manufacturing Co Inc	2,010,491
5)	55,500	Polyone Corporation	1,955,820
6)	43,300	Plexus Corp	1,870,560
7)	38,100	Texas Capital Bancshares Inc	1,781,556
8)	92,700	II-VI Inc	1,739,052
9)	52,808	Comfort Systems USA Inc	1,719,957
10)	51,800	Barnes Group Inc	1,715,616

Largest Bond Holdings (By Fair Value)
June 30, 2016

	Par	Bonds	Fair Value
1)	912,565	Wasatch Hoisington U.S. Treasury FD#0029	$ $18,205,681
2)	1,904,153	Loomis Sayles Inst Hi Inc #1178	12,224,665
3)	1,460,643	Aberdeen Global High Income-I FD#5497	11,787,389
4)	3,950,000	U.S. Treasury Note 1.875% due 8-31-2017	4,011,423
5)	3,325,000	U.S. Treasury Note 2.250% due 11-15-2025	2,479,470
6)	3,295,000	U.S. Treasury Note 2.000% due 11-15-2021	3,454,610
7)	3,155,000	U.S. Treasury Note 2.3750% due 08-15-2024	3,396,705
8)	2,465,000	U.S. Treasury Note 3.125% due 11-15-2041	2,911,929
9)	2,735,000	U.S. Treasury Bond 2.000% due 02-15-2022	2,865,460
10)	1,460,000	U.S. Treasury Bond 6.750% due 08-15-2026	2,187,211

A complete list of the portfolio holdings is obtainable from the Tulsa County Treasurer's office, 500 South Denver, Tulsa, Oklahoma 74103.

Investment Performance Measurements
Year Ending June 30, 2016

Portfolio Description	One Year Return	Three Year Return	Five Year Return
Total Fund	**0.57%**	**6.05%**	**6.56%**
Benchmark (Custom Allocation Index)	1.26%	5.17%	6.02%
Intermediate Fixed Income Portfolio	**4.53%**	**3.60%**	**3.69%**
Benchmark (Barclays Capital Govt/Credit Intermediate Index)	4.33%	2.95%	2.90%
Core Fixed Income Portfolio	**6.53%**	**4.31%**	**4.12%**
Benchmark (Barclays Capital Aggregate Index)	6.00%	4.06%	3.76%
High Yield Fixed Income Portfolio	**-3.64%**	**2.08%**	**7.24%**
Benchmark (Merrill Lynch High Yield II)	1.71%	4.18%	5.71%
Active Duration Fixed Income Portfolio	**21.52%**	**11.89%**	-
Benchmark (Barclays Capital Aggregate Index)	6.00%	4.06%	3.76%
Large Cap Index Fund	**4.00%**	**11.56%**	**12.04%**
Benchmark (S&P 500)	3.99%	11.66%	12.10%
Small/Mid (smid) Cap Equity Portfolio	**-6.32%**	**7.47%**	**9.42%**
Benchmark (Russell Mid Cap Value)	0.56%	10.80%	10.90%
International Value Portfolio	**-1.73%**	**7.67%**	**4.15%**
Benchmark (MSCI EAFE Index)	-10.16%	2.06%	1.68%
Master Limited Partnership Portfolio (Chickasaw)	**-22.35%**	**2.77%**	**-**
Benchmark (MSCI EAFE Index)	-13.11%	-5.38%	3.24%

Note: Investment returns shown in this schedule are time-weighted rates of return based on the market value of the assets.

Schedule of Fees and Commissions
Year Ending June 30, 2016

	Assets under Management	Fees	Basis Points
Investment manager's fees			
Fixed income managers	$ 101,977,642	$ 286,406	28
Active domestic equity managers	67,049,609	401,201	60
Active international equity managers	24,267,053	194,317	80
Passive equity manager	25,467,987	11,009	4
Total investment managers' fees		$ 892,933	
Other investment service fees:			
Custodian fees		$ 115,517	
Total other investment service fees:		$ 115,517	

TCERS's active equity managers paid brokerage commissions totaling $82,027 for the year.
The five brokers receiving the largest amounts of commissions were:

Brokerage Firm	Total Commissions
CAP Institutional Services, Inc.	$ 19,071
Wells Fargo Securities LLC	18,439
ITG/POSIT	9,310
Goldman Sachs Intl.	5,062
Investment Technology	5,058
All Others	25,087
	$ 82,027

The number of shares traded through each brokerage firm is not available. TCERS has a commission recapture agreements with CAP Institutional Services. Each month, they rebate a portion of their commissions to TCERS. Rebates, which totaled $10,750 for the year, are credited against Investment Expense.

ACTUARIAL SECTION

Milliman

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Fax +314 231 0249

milliman.com

November 4, 2016

Board of Trustees
Tulsa County Employees'
Retirement System
500 South Denver
Tulsa, OK 74103-3832

RE: Tulsa County Employees' Retirement System 2016 Actuary's Report

Dear Board of Trustees:

As part of our engagement with the Board, we performed an actuarial valuation of the Tulsa County Employees' Retirement System as of July 1, 2016 for the Plan Year ending June 30, 2017. Our findings are set forth in this actuary's report. This report reflects the benefit provision and contribution rates in effect as of July 1, 2016.

In preparing these reports, we relied, without audit, on information (some oral and some in writing) supplied by the County. This information includes, but is not limited to, statutory provisions, member census data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete, our results may be different, and our calculations may need to be revised.

All costs, liabilities, rates of interest, and other factors for the System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the System and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting the System. Further, in our opinion, each actuarial assumption used is reasonably related to the experience of the System and to reasonable expectations which, in combination, represent our best estimate of anticipated experience under the System.

This valuation report is only an estimate of the System's financial condition as of a single date. It can neither predict the System's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of System benefits, only the timing of System contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements. The Board of Trustees has the final decision regarding the appropriateness of the assumptions and actuarial cost methods, and the Board has adopted them as indicated in this report.

Actuarial computations presented in the valuation report are for purposes of determining the recommended funding amounts for the System. Actuarial computations presented in the separate disclosure report under GASB Statements No. 67 and 68 are for purposes of assisting the System and participating employers in fulfilling their financial accounting requirements. The computations prepared for these two purposes may differ as disclosed in our reports. The calculations in the enclosed valuation report have been made on a basis consistent with our understanding of the System's funding requirements and goals. The calculations in the disclosure report have been made on a basis consistent with our understanding of the plan provisions described in this report, and of GASB Statements No. 67 and 68. Determination for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Milliman's work is prepared solely for the use and benefit of Tulsa County. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exception(s):

(a) The County may provide a copy of Milliman's work, in its entirety, to the System's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the System.

(b) The County may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

Milliman, Inc. has prepared the following trend data schedules presented in the Financial Section of the Comprehensive Annual Financial Report:

- Plan Membership
- Actuarial Assumptions and Methods

- Number of Members
- Net Pension Liability of the County
- Required Supplementary Information

Milliman, Inc. has prepared the following supporting schedules presented in the Actuarial Section of the Comprehensive Annual Financial Report:

- Summary of Actuarial Assumptions and Methods
- Summary of Principal Provisions of Plan
- Solvency Test
- Number of Active Participants and Average Monthly Accrued Benefits by Age and Service
- Retirees and Beneficiaries – Added to and Removed from Retiree Payroll
- Active Members – Valuation Data
- Ratio of Recipients to Active Members – Valuation Data
- Actuarial Analysis of Financial Experience
- Schedule of Actuarially Determined Annual Required Contribution (ARC) versus Actual Contributions as a Percentage of Payroll (restated for GASB #27)
- Schedule of Funding Progress

Milliman, Inc. has prepared the following supporting schedules presented in the Statistical Section of the Comprehensive Annual Financial Report:

- Actuarial Accrued Liabilities versus Fair Value of Assets
- Number of Benefit Recipients and Average Annual Benefit Received
- Current Period Retirees and Average Monthly Benefits by Age and Years of Service

The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American

Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

We respectfully submit the following report, and we look forward to discussing it with you.

Sincerely,

Michael J. Zwiener, FSA
Consulting Actuary

Michael A. Sudduth, FSA
Consulting Actuary

MJZ/MAS/giy

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

The actuarial assumptions and methods have been adopted by the Board of Trustees of the Employees' Retirement System of Tulsa County with the recommendation of the actuary. The most recent study of plan experience is dated August 2013. The actuarial assumptions are based on that study, except for the investment rate of return, which was adopted by the Board of Trustees, effective July 1, 2016. The actuarial assumptions and methods used for funding purposes are the same as those used for financial reporting purposes.

1. **Investment rate of return and discount rate for actuarial liabilities** – Seven and one-fourth (7.25) percent per annum. Seven and three-fourths (7.75) percent per annum was assumed prior to July 1, 2016.

2. **Retirement age** - Sixty-two (62) years, or younger if total years' service and age add up to at least 80 years. Upon reaching retirement age, the following assumptions are used:

Age	Percent Retiring
55 - 59	15%
60	20%
61	25%
62 - 69	30%
70	100%

3. **Salary increase rate** - Estimated rates of salary increase are as follows:

	Percentage	Components of salary increase	
Age	Increase	Inflation	Merit/Promotion
20-34	5.0%	2.5%	2.5%
35-49	3.5%	2.5%	1.0%
50-70	2.5%	2.5%	0%

4. **Expenses** - No increases in operating expenses are expected.

5. **Return of contribution** - All employees withdrawing after five years of service are assumed to leave their contributions on deposit and receive a deferred annuitant benefit.

6. **Benefit increases after retirement** - No provisions have been made for post-retirement increases in benefits. The plan does not have an automatic cost of living adjustment.

7. **Actuarial cost method** - The Entry Age Normal Cost Method is used for calculating the plan's Actuarial Accrued Liability (as required under GASB 67 and GASB 68). Under this method, each participant's benefits are level as a percentage of salary, starting at the original participation date and continuing until the assumed retirement, termination, disability or death.

   Effective July 1, 2003 actuarial gains/losses and benefit enhancements are amortized on a 30 year closed basis as a level percentage of pay. The previous method was to amortize gains/losses over 15 years and benefit enhancements over 20 years on a level dollar basis.

8. **Asset valuation method** - Asset valuation is based on the five-year expected return method for actuarially determined assets. Prior to July 1, 2014, asset valuation was based on market value.

9. **Marital status** - Husbands are assumed to be four years older than wives and 85% of the participants are assumed to be married.

10. **Valuation compensation** - Annual rate of pay at the valuation date of June 30, 2016.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS – continued

11. **Maximum benefit** - The maximum benefit limitation in effect as of June 30, 2016, under the Internal Revenue Code, Section 415.

12. **Mortality Rates** – Active mortality is based on the RP-2000 Employees Mortality Table, male and female rates. Healthy inactive mortality is based on the RP-2000 Healthy Annuitant Mortality Table, male and female rates. Disabled inactive mortality is based on the RP-2000 Disabled Mortality Table, male and female rates. All healthy mortality rates incorporate a generational projection based on Scale AA.

13. **Terminations** - Crocker, Sarason & Straight T-7 rates, increased by 0.2 for the first year of employment and 0.1 for the second year.

14. **Disability Rates** – A Disability Table with sample rates is presented below:

Annual Disability Rates per 1000 Individuals

Age	Males	Females
25	.106	.124
30	.128	.128
35	.149	.147
40	.173	.198
45	.191	.254
50	.226	.399
55	.366	.573
60	.492	.623
65	.570	.605

15. **Changes in Actuarial Assumptions** - These actuarial assumptions and methods have been in effect since July 1, 1990, except for the following:

- The change in inflation rate from 4% to 3%, effective July 1, 1997, and from 3% to 2.5%, effective July 1, 2014.
- The change in the amortization period for actuarial gains/losses and benefit enhancements, effective July 1, 2003.
- The change in the rate of return from 8.00% to 7.75%, effective July 1, 2008 and from 7.75% to 7.25%, effective July 1, 2016.
- The change in mortality from the 1983 GAM Mortality Tables to the RP-2000 Mortality Tables, projected five years using Scale AA, effective July 1, 2008, and projected ten years using Scale AA, effective July 1, 2014 and with generational projection, effective July 1, 2015.
- The change in the retirement rates from 75% at age 62 and 50% at ages 63-69 to 40% at ages 62-69, effective July 1, 2008, and 30% at ages 62-69, effective July 1, 2014.
- The change in the turnover rates from the T-6 rates increased by 0.6 in the first year of employment and 0.3 in the second year of employment to the T-6 rates increased by 0.3 in the first year of employment and 0.1 in the second year of employment, effective July 1, 2008, and to the T-7 rates increased by 0.2 in the first year of employment and 0.1 in the second year of employment, effective July 1, 2014.
- The change in the salary scale from 6% grading down to 4% to 5% grading down to 3%, effective July 1, 2012, and 5% grading down to 2.5%, effective July 1, 2014.
- The change in the asset valuation method from market value to the five-year expected return method, effective July 1, 2014.

SUMMARY OF PRINCIPAL PROVISIONS OF PLAN

The Board of Trustees of the Employees' Retirement System of Tulsa County is responsible for establishing and maintaining a funding policy.

1. **Eligibility** - Employee membership in the Tulsa County Employees' Retirement System (TCERS) is mandatory for all eligible employees. An employee becomes eligible on the first day of employment as a full-time regular employee.

2. **Average salary -** The average salary is the average of the three highest years of annual salary.

3. **Contributions** - Members currently contribute 2% of base pay per month. The County contributes 14% of the employee's base pay per month.

4. **Normal retirement benefit** - a) After attainment of age 62 and five years of service, or any age with the completion of the Rule of 80, b) The benefit is based on the average of the highest three years of the employee's annual salary, and c) The benefit is a percentage of the average salary per year of service.

5. **Early retirement benefit** – a) As of November 1, 2000, after attainment of age 55 and five years of service, b) The benefit is equal to the normal retirement benefit actuarially reduced for early commencement.

6. **Disability benefits** – The disability must be a direct result of performance of duties to the County and the employee must have a minimum of eight years of credited service. The same salary computation will be applied to disability percentages except that the maximum percentage, which may be applied, is 40% (for a disability retiree having 15 or more credited years of service).

7. **Survivor death benefits** - Beneficiaries of participants who are vested receive benefits based on the average of the highest three years' salary received. This amount is applied to applicable percentages. For participants vested as of June 30, 2010, the calculated monthly benefit is 70% of what the participant would have been eligible to receive as of the date of the participant's death. For participants not vested as of June 30, 2010, the calculated monthly benefit is 67% of what the participant would have been eligible to receive as of the date of the participant's death. In all cases the benefit is deferred to the date the employee would have been eligible for benefits.

8. **Other separation benefits** - For nonvested participants, the employee may make a request for refund of his/her contributions excluding interest or in the case of a deceased employee, the beneficiary may make a request for refund of the deceased employee's contribution.

9. **Actuarial cost method** - The actuarial cost method used for funding purposes is the same as the actuarial cost method used for financial reporting purposes.

Solvency Test

Last Ten Years

	Actuarial Accrued Liability (1) Active Member Contributions	(2) Retired, Vested Terminations and Beneficiaries	(3) Active Member Employer Financed	(4) Total Actuarial Accrued Liabilities	Actuarial Value of Assets	Portion of Accrued Liability Covered by Actuarial Assets (1)	(2)	(3)	(4)	Market Value of Assets
6-30-16	$ 2,585,700	$ 207,678,435	$ 133,813,256	$ 344,077,391	$ 284,471,252	100%	100%	55%	83%	$ 266,628,249
6-30-15	1,939,471	186,513,868	124,700,080	313,153,419	274,395,287	100%	100%	69%	88%	272,830,244
6-30-14	1,422,614	173,099,122	121,681,954	296,203,690	255,438,010	100%	100%	66%	86%	278,440,894
6-30-13	892,029	162,104,869	124,308,817	287,305,715	242,984,123	100%	100%	56%	85%	242,984,123
6-30-12	871,451	147,662,216	127,181,491	275,715,158	220,054,747	100%	100%	64%	80%	220,054,747
6-30-11	979,910	136,480,353	131,743,799	269,204,062	221,965,809	100%	100%	49%	82%	221,965,809
6-30-10	1,084,730	124,768,660	131,999,332	257,852,722	190,225,597	100%	100%	37%	74%	190,225,597
6-30-09	1,228,488	114,281,538	130,603,426	246,113,452	164,211,114	100%	100%	62%	67%	164,211,114
6-30-08	1,340,597	107,383,187	125,849,572	234,573,356	187,248,226	100%	100%	81%	80%	187,248,226
6-30-07	1,453,250	100,035,768	123,297,438	224,786,456	201,461,893	100%	100%	73%	90%	201,461,893

Number of Active Participants and Average Monthly Accrued Benefits by Age and Service

		Service									
Age		0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	Total
Under 20		5									5
	$	10									10
20 - 24		121									121
	$	66									66
25 - 29		177	20	1							198
	$	111	336	524							136
30 - 34		133	62	20							215
	$	132	486	831							299
35 - 39		83	52	33	7						175
	$	126	504	988	1,415						453
40 - 44		79	38	46	33	9	1				206
	$	129	566	1,035	1,739	2,051	2,825				767
45 - 49		72	27	34	31	18	7				189
	$	121	499	1,099	1,809	2,707	2,715				970
50 - 54		77	33	40	27	21	14	2			214
	$	126	474	1,094	1,493	2,157	2,650	2,955			924
55 - 59		48	49	43	37	22	16	14	7		236
	$	166	505	1,027	1,596	2,194	2,973	3,315	3,104		1,271
60 - 64		37	26	43	27	16	11	5	8	2	175
	$	146	601	1,169	1,619	2,637	2,888	3,319	3,869	5,712	1,417
65 - 69		10	20	18	3	4	4		3		62
	$	171	575	1,061	1,836	1,827	3,576		4,904		1,196
70 - 74		4	2	11	2			1			20
	$	249	454	1,013	2,429			5,751			1,183
75 +		2	1	1		1			1		6
	$	224	263	448		2,064			4,853		1,346
Total		848	330	290	167	91	53	22	19	2	1,822
	$	119	$ 505	$ 1,047	$ 1,658	$ 2,333	$ 2,879	$ 3,394	$ 3,802	$ 5,712	$ 753

Average age	44.2	years
Average service	8.5	years

Note that first line of each cell is the number of participants and the second line is the average monthly accrued benefit.

Retirees and Beneficiaries - Added to and Removed from Retiree Payroll

Last Ten Years

Valuation Date	Number Added	Number Removed	Total Number	Annual Benefit Amount	Percentage Increase in Annual Allowances	Average Annual Benefit	Annual Allowances Added to the Rolls	Annual Allowances Removed from the Rolls
	Since Previous Valuation Data		On Valuation Date					
6-30-16	106	29	1153	$ 18,963,892	7.49%	$ 16,447	$ 1,674,291	$ 352,205
6-30-15	88	36	1076	17,641,806	5.63%	16,396	1,486,218	545,134
6-30-14	82	35	1024	16,700,722	6.15%	16,309	1,474,631	507,082
6-30-13	89	32	977	15,733,173	10.03%	16,104	1,750,160	316,119
6-30-12	76	31	920	14,299,132	8.53%	15,543	1,517,230	393,180
6-30-11	91	28	875	13,175,082	11.03%	15,057	1,576,460	267,352
6-30-10	67	40	812	11,865,974	8.17%	14,613	1,337,728	441,952
6-30-09	65	35	785	10,970,198	7.27%	13,975	1,187,636	443,950
6-30-08	51	30	755	10,226,512	5.36%	13,545	781,444	261,182
6-30-07	65	30	734	9,706,250	9.33%	13,224	1,140,320	312,030

Active Members - Valuation Data

Last Ten Years

Valuation Date	Number of Active Members	Annual Covered Payroll	Average Annual Earnings	Percentage Change In Average Annual Earnings
6-30-16	1,822	$ 76,560,913	$ 42,020	3.09%
6-30-15	1,885	76,834,455	40,761	-1.15%
6-30-14	1,756	72,406,610	41,234	5.87%
6-30-13	1,730	67,382,622	38,949	2.28%
6-30-12	1,762	67,099,126	38,081	0.40%
6-30-11	1,793	68,009,247	37,930	2.89%
6-30-10	1,855	68,385,214	36,865	-1.75%
6-30-09	1,891	70,954,995	37,522	2.66%
6-30-08	1,839	67,211,076	36,548	1.70%
6-30-07	1,819	65,367,653	35,936	6.81%

Ratio of Recipients to Active Members - Valuation Data

Last Ten Years

Valuation Year	Number of Recipients	Active Members	Active Members
2016	1,153	1,822	63.28%
2015	1,076	1,885	57.08%
2014	1,024	1,756	58.31%
2013	977	1,730	56.47%
2012	920	1,762	52.21%
2011	875	1,793	48.80%
2010	812	1,855	43.77%
2009	785	1,891	41.51%
2008	755	1,839	41.05%
2007	734	1,819	40.35%

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

Last Ten Years

Actuarial Analysis of Financial Experience

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Prior Valuation Unfunded Actuarial Accrued Liability (Surplus)	$ 38,758,132.00	$ 40,765,680.00	$ 44,321,592.00	$ 55,660,411.00	$ 47,238,253.00	$ 67,627,125.00	$ 81,902,338.00	$ 47,325,130.00	$ 23,324,563.00	$ 30,806,199.00
Expected Increase (Decrease) from Prior Valuation	15,542,865.00	5,069,859.00	18,856,382.00	349,633.00	577,343.00	2,429,649.00	5,094,379.00	2,099,440.00	(4,451,714.00)	791,397.00
Salary Increases Greater (Less) than Expected	52,160.00	(781,877.00)	707,817.00	(563,951.00)	(2,773,083.00)	(2,349,292.00)	(3,608,960.00)	(173,840.00)	(1,033,232.00)	3,240,144.00
Asset Return Less (Greater) than Expected	4,644,090.00	(5,398,093.00)	(22,738,932.00)	(11,352,659.00)	14,947,097.00	(19,887,215.00)	(16,330,315.00)	35,330,493.00	28,338,458.00	(14,692,754.00)
All Other Experience	1,078,628.00	(897,437.00)	(381,179.00)	228,158.00	(4,329,199.00)	1,153,618.00	569,683.00	(2,695,290.00)	1,141,590.00	3,174,328.00
Change in Benefits	(469,736.00)	-	-	-	-	(1,735,632.00)	-	16,405.00	5,465.00	5,249.00
Ending Unfunded Actuarial Accrued Liability (Surplus)	$ 59,606,139.00	$ 38,758,132.00	$ 40,765,680.00	$ 44,321,592.00	$ 55,660,411.00	$ 47,238,253.00	$ 67,627,125.00	$ 81,902,338.00	$ 47,325,130.00	$ 23,324,563.00

Schedule of Actuarially Determined Annual Required Contributions (ARC) versus Actual Contributions as a Percentage of Payroll (restated for GASB #27)

Last Ten Years

Plan Year	Actuarial Valuation	Employer Plus Employee Contribution Rate
2016 - 2017	16.2%	16.00%
2015 - 2016	12.6%	15.00%
2014 - 2015	13.0%	15.00%
2013 - 2014	13.9%	15.00%
2012 - 2013	15.2%	14.25%
2011 - 2012	14.6%	14.05%
2010 - 2011	16.9%	14.05%
2009 - 2010	17.9%	12.00%
2008 - 2009	14.7%	12.00%
2007 - 2008	10.0%	12.00%

Required Supplementary Information

Schedule of Funding Progress Last Ten Years

Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2)-(1)	(4) Excess of Assets over AAL (1)-(2)	(5) Funding Ratios (1)/(2)	(6) Annual Covered Payroll*	(7) UAAL as a % of Covered Payroll (3)/(6)	(8) Excess as a Percentage of Covered Payroll (4)/(6)
6-30-16	$ 284,471,252	$ 344,077,391	$ 59,606,139	$ 0	82.68%	$ 76,560,913	77.85%	0.00%
6-30-15	274,395,287	313,153,419	38,758,132	0	87.62%	76,834,455	50.44%	0.00%
6-30-14	255,438,010	296,203,690	40,765,680	0	86.24%	72,406,610	56.30%	0.00%
6-30-13	242,984,123	287,305,715	44,321,592	0	84.57%	67,382,622	65.78%	0.00%
6-30-12	220,054,747	275,715,158	55,660,411	0	79.81%	67,099,126	82.95%	0.00%
6-30-11	221,965,809	269,204,062	47,238,253	0	82.45%	68,009,247	69.46%	0.00%
6-30-10	190,225,597	257,852,722	67,627,125	0	73.77%	68,385,214	98.89%	0.00%
6-30-09	164,211,114	246,113,452	81,902,338	0	66.72%	70,954,995	115.43%	0.00%
6-30-08	187,248,226	234,573,356	47,325,130	0	79.83%	67,211,076	70.41%	0.00%
6-30-07	201,461,893	224,786,456	23,324,563	0	89.62%	65,367,653	35.68%	0.00%

*The amount reflected in the annual covered payroll as of June 30, 2016 includes Tulsa County regular payroll, the City/County Health Department, the Public Facilities Authority, the Drainage Districts, the Law Library, the Court Fund, the Oklahoma State University Extension Agency Center and the Tulsa Area Emergency Management Agency.

STATISTICAL SECTION

The Statistical Section presents detailed information as a context for understanding the information presented in the financial statements, note disclosures, and required supplementary information and assessing the retirement system overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the retirement system's financial performance and financial position have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the retirement system's most significant revenue sources, contributions and investment income.

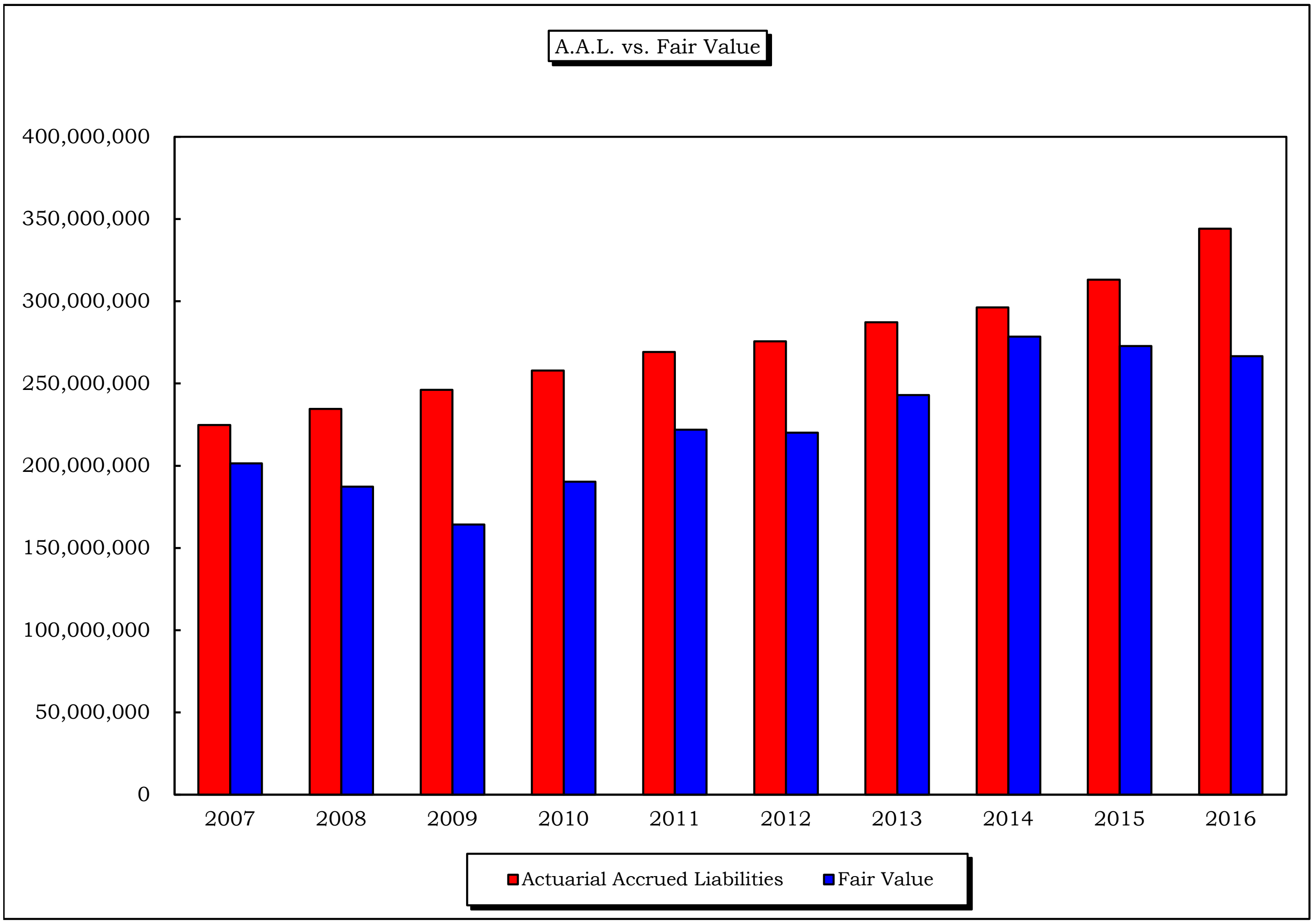
Demographic and Economic Information

The schedules contain trend information to help the reader understand how benefit payments have changed as the number of retirees, beneficiaries, and disabled retirees have changed.

Operating Information

The schedule contains trend information to help the reader understand the number of active members and their average annual salary divided among the various participants in the retirement system.

Actuarial Accrued Liabilities versus Fair Value of Assets Last Ten Years



June 30,	Actuarial Accrued Liabilities	Change From Prior Year	Fair Value	Change From Prior Year
2007	$ 224,786,456	8.80%	$ 201,461,893	14.60%
2008	234,573,356	4.35%	187,248,226	-7.06%
2009	246,113,452	4.92%	164,211,114	-12.30%
2010	257,852,722	4.77%	190,225,597	15.84%
2011	269,204,062	4.40%	221,965,809	16.69%
2012	275,715,158	2.42%	220,054,747	-0.86%
2013	287,305,715	4.20%	242,984,123	10.42%
2014	296,203,690	3.10%	278,440,894	14.59%
2015	313,153,419	5.72%	272,830,244	-2.02%
2016	344,077,391	9.88%	266,628,249	-2.27%

Schedule of Changes in Fiduciary Net Position

	Additions			Deductions			
Year Ended June 30,	**Employer Contributions**	**Employee Contributions**	**Investment and Miscellaneous Income (Loss)**	**Benefit Payments**	**Administration Expenses**	**Refunds**	**Total Changes in Fiduciary Net Position**
2016	$ 10,892,672	$ 968,954	$ 221,600	$ 18,158,915	$ 120,026	$ 6,280	$ (6,201,995)
2015	10,459,118	743,760	523,062	17,200,098	128,153	8,339	(5,610,650)
2014	9,678,256	687,550	41,471,287	16,250,014	128,012	2,296	35,456,771
2013	9,540,702	169,520	28,333,222	14,975,183	129,909	8,976	22,929,376
2012	9,594,837	34,073	2,224,020	13,631,005	123,351	9,636	(1,911,062)
2011	9,691,440	34,390	34,633,250	12,506,353	112,376	139	31,740,212
2010	8,519,675	2,267	29,035,839	11,450,062	93,224	12	26,014,483
2009	8,383,248	8,057	(20,856,346)	10,523,626	46,247	2,198	(23,037,112)
2008	8,010,788	2,102	(12,248,802)	9,923,232	49,593	4,930	(14,213,667)
2007	6,245,263	2,107	28,688,462	9,210,483	50,743	6,824	25,667,782

Schedule of Revenue by Source

Year Ended June 30,	**County Contributions**	**County Contribution as % of Covered Payroll**	**Employee Contributions and Reinstatements**	**Employee Contribution as % of Covered Payroll**	**Investment and Miscellaneous Income (Loss)**	**Total Additions**
2016	$ 10,892,672	14.23%	$ 968,954	1.27%	$ 221,600	$ 12,083,226
2015	10,459,118	15.59%	743,760	1.05%	523,062	11,725,940
2014	9,678,256	14.23%	687,550	0.97%	41,471,287	51,837,093
2013	9,540,702	13.95%	169,520	0.25%	28,333,222	38,043,444
2012	9,594,837	13.52%	34,073	0.05%	2,224,020	11,852,930
2011	9,691,440	14.42%	34,390	0.06%	34,633,250	44,359,080
2010	8,519,675	13.03%	2,267	0.00%	29,035,839	37,557,781
2009	8,383,248	13.93%	8,057	0.02%	(20,856,346)	(12,465,041)
2008	8,010,788	14.60%	2,102	0.00%	(12,248,802)	(4,235,912)
2007	6,245,263	12.23%	2,107	0.00%	28,688,462	34,935,832

Schedule of Expenses by Type

Year Ended June 30,	Benefits Payments	Administration Expenses	Refunds	Total Additions
2016	$ 18,158,915	$ 120,026	$ 6,280	$ 18,285,221
2015	17,200,098	128,153	8,339	17,336,590
2014	16,250,014	128,012	2,296	16,380,322
2013	14,975,183	129,909	8,976	15,114,068
2012	13,631,005	123,351	9,636	13,763,992
2011	12,506,353	112,376	139	12,618,868
2010	11,450,062	93,224	12	11,543,298
2009	10,523,626	46,247	2,198	10,572,071
2008	9,923,232	49,593	4,930	9,977,755
2007	9,210,483	50,743	6,824	9,268,050

Schedule of Benefit Expenses and Refunds by Type

Year Ended	Benefits			Refunds		Total Benefit Payments
June 30,	Retiree	Survivor	Disability	Death	Separation	and Refunds
2016	$ 16,313,937	$ 1,828,360	$ 16,618	$ 0	$ 6,280	$ 18,165,195
2015	15,422,634	1,767,902	9,562	5,272	3,067	17,208,437
2014	14,529,613	1,712,991	7,410	1,952	344	16,252,310
2013	13,364,569	1,603,204	7,410	8,505	471	14,984,159
2012	12,048,301	1,575,294	7,410	9,479	157	13,640,641
2011	10,971,944	1,522,665	11,744	0	139	12,506,492
2010	9,976,310	1,455,939	17,812	0	12	11,450,073
2009	9,106,460	1,399,354	17,812	2,135	63	10,525,824
2008	8,588,600	1,316,820	17,812	4,220	710	9,928,162
2007	7,927,943	1,264,728	17,812	3,971	2,853	9,217,307

Number of Benefit Recipients and Average Annual Benefit Received

Last Ten Years

	Regular Retirees		Beneficiaries		Disabilities Retirees		Total	Average
Date	Number	Amount	Number	Amount	Number	Amount	Benefit Recipients	Annual Benefit
6-30-16	973	$ 17,580	179	$ 10,311	1	$ 12,913	1153	$ 16,447
6-30-15	900	17,580	174	10,344	2	10,162	1076	16,396
6-30-14	854	17,521	169	10,238	1	7,410	1024	16,309
6-30-13	811	17,346	165	10,047	1	7,410	977	16,104
6-30-12	762	16,687	157	10,039	1	7,410	920	15,543
6-30-11	715	16,240	159	9,788	1	7,410	875	15,057
6-30-10	657	15,793	153	9,624	2	8,906	812	14,613
6-30-09	626	15,129	157	9,436	2	8,906	785	13,975
6-30-08	605	14,684	148	8,950	2	8,906	755	13,545
6-30-07	586	14,296	146	8,977	2	8,906	734	13,224

Current Period Retirees and Average Monthly Benefits by Age and Years of Service

Current Age	1-5	6-10	11-15	16-20	21-25	26-30	31-35	36-40	Over 40	Total
Under 55	1	2	2		2	1	2	1		11
	$ 121	269	547		1,069	1,257	2,035	3,919		1,194
55 - 59	1	9	10	11	11	19	10			71
	$ 108	231	482	$ 787	$ 2,164	3,034	2,981			1,787
60 - 64	13	36	30	26	22	26	15	2		170
	$ 344	500	834	1,471	1,816	2,758	2,754	4,167		1,453
65 - 69	13	67	53	46	43	29	19	7		277
	$ 325	552	838	1,615	2,139	2,857	3,079	4,319	$	1,529
70 - 74	30	57	50	40	24	30	13	4	3	251
	$ 508	590	833	1,421	2,097	2,657	2,960	3,909	6,019	1,393
75 - 79	9	29	30	33	28	20	10	1	2	162
	$ 409	617	1,046	1,201	1,853	1,966	1,941	5,546	2,927	1,325
80 and Over	2	40	55	49	33	23	7	1	1	211
	$ 658	554	691	1,002	1,250	1,518	1,711	3,707	3,259	975
Total	69	240	230	205	163	148	76	16	6	1,153
	$ 423	$ 547	$ 810	$ 1,301	$ 1,849	$ 2,482	$ 2,678	$ 4,211	$ 4,528	$ 1,371

The data submitted to the actuary this year was not sufficient to create the average final average salary report. The data should be included in next year's report.