

JOHNSTON & AHLSCHEWEDE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

**EMPLOYEES' RETIREMENT SYSTEM
OF OKLAHOMA COUNTY**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

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

We have audited the accompanying statements of plan net assets of the defined benefit pension plan of the Employees' Retirement System of Oklahoma County as of June 30, 2009 and 2008, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of June 30, 2009 and 2008, and the changes in its financial status for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules contained on pages 8 through 11 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in these schedules has been subjected to the procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Oklahoma City, Oklahoma
August 24, 2009

EMPLOYEES' RETIREMENT SYSTEM OF OKLAHOMA COUNTY

STATEMENTS OF PLAN NET ASSETS

	<u>June 30</u>	
	<u>2009</u>	<u>2008</u>
Assets		
Cash	\$ 2,635,847	\$ 115,481
Accounts receivable	8,500	-
Contributions receivable	421,855	1,039
Interest receivable	31,990	101,662
Investments at fair value - Note 3		
U.S. Government securities	3,403,140	13,352,190
Certificate of deposit	2,000,000	-
Judgements	<u>4,717,736</u>	<u>570,737</u>
Total investments	<u>10,120,876</u>	<u>13,922,927</u>
Total assets	<u>13,219,068</u>	<u>14,141,109</u>
Liabilities		
Accounts payable	<u>-</u>	<u>-</u>
Net assets held in trust for pension benefits (a schedule of funding progress is presented on page 8.)	<u>\$ 13,219,068</u>	<u>\$ 14,141,109</u>

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

EMPLOYEES' RETIREMENT SYSTEM OF OKLAHOMA COUNTY

STATEMENTS OF CHANGES IN PLAN NET ASSETS

	<u>Years Ended June 30</u>	
	<u>2009</u>	<u>2008</u>
Additions		
Contributions - employer	\$ 863,045	\$ 740,281
 Investment income		
Net appreciation (depreciation) in fair value of investments	3,976	436,530
Interest	<u>679,554</u>	<u>709,237</u>
Total investment income (loss)	<u>683,530</u>	<u>1,145,767</u>
Total additions	<u>1,546,575</u>	<u>1,886,048</u>
 Deductions		
Benefits	2,458,818	2,606,932
Administrative expense	<u>9,798</u>	<u>10,768</u>
Total deductions	<u>2,468,616</u>	<u>2,617,700</u>
Net increase (decrease)	(922,041)	(731,652)
 Net assets held in trust for pension benefits		
Beginning of year	<u>14,141,109</u>	<u>14,872,761</u>
End of year	<u>\$ 13,219,068</u>	<u>\$ 14,141,109</u>

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

EMPLOYEES' RETIREMENT SYSTEM OF OKLAHOMA COUNTY

NOTES TO FINANCIAL STATEMENTS

The Employees' Retirement System of Oklahoma County administers a defined benefit plan and a defined contribution plan for employees of Oklahoma County. In 1991 all employees were given an option to convert from the defined benefit plan to the defined contribution plan. All employees hired after the conversion date of the defined contribution plan are covered under the defined contribution plan.

Note 1 - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting. Employer contributions to the plan are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the plan trustees to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. If available, quoted market prices are used to value investments. The amounts shown in Note 3 for securities that have no quoted market price represent estimated fair value.

Purchases and sales of securities are recorded on a settlement date basis. Interest income is recorded on the accrual basis.

Note 2 - Plan Description and Contribution Information

Authority

The Board of County Commissioners of Oklahoma County was authorized to establish, control and manage the Plan under Oklahoma statutes, and as such established the Board of Trustees for the Employees Retirement System of Oklahoma County to administer the Plan. The Board of Trustees approves any cost-of-living adjustments to the Plan as well as changes in contribution requirements.

EMPLOYEES' RETIREMENT SYSTEM OF OKLAHOMA COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 2 - Plan Description and Contribution Information (continued)

Plan Description

The Plan is a single-employer defined benefit pension plan that covers employees of Oklahoma County, including all departments and agencies, that were employed by the County prior to the conversion date of the defined contribution plan in 1991, and who elected not to convert to the defined contribution plan. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries.

Membership

Membership of the plan consisted of the following:

	<u>June 30</u>	
	<u>2009</u>	<u>2008</u>
Retirees and beneficiaries receiving benefits	186	188
Terminated plan members entitled to but not yet receiving benefits	27	27
Active plan member	8	15
 Total	 <u>221</u>	 <u>230</u>
 Number of participating employers	 1	 1

Contributions

As specified by the Plan, County officers contribute 6% of the annual compensation of their employees and the County contributes 6% of participating employee's salary to the Plan. If an employee terminates employment with fewer than 8 years of service, he is entitled to receive only his actual contributions. During the years ended June 30, 2009 and 2008, contributions were diverted from the defined contribution plan to the defined benefit plan.

Administrative Costs

Administrative costs paid from the retirement fund include compensation of actuarial consultants, audit fees, bank fees and printing charges.

EMPLOYEES' RETIREMENT SYSTEM OF OKLAHOMA COUNTY

NOTES TO FINANCIAL STATEMENTS

Note 3 - Investments

The following table represents the fair value of investments. Investments, other than U.S. Government Securities, that represent 5% or more of the Plan's net assets are separately identified.

	<u>June 30</u>	
	<u>2009</u>	<u>2008</u>
Investments at fair value as determined by quoted market price		
U.S. Government securities	\$ 3,403,140	\$ 13,352,190
Certificate of Deposit- Coppermark Bank	2,000,000	-
Investments at estimated fair value Judgements	<u>4,717,736</u>	<u>570,737</u>
Total investments	<u>\$ 10,120,876</u>	<u>\$ 13,922,927</u>

SUPPLEMENTAL SCHEDULES

EMPLOYEES' RETIREMENT SYSTEM OF OKLAHOMA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Net Assets Available for Benefits	Actuarial Accrued Liability	Unfunded Actuarial Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Liability as a percentage of Covered Payroll
6/30/93	29,790,940	25,298,446	(4,492,494)	117.8%	1,362,842	(329.6%)
6/30/94	24,855,088	25,108,772	253,684	99.0%	1,314,897	19.3%
6/30/95	24,078,454	25,554,660	1,476,206	94.2%	1,202,660	122.8%
6/30/96	22,713,595	25,561,074	2,847,479	88.9%	1,136,421	250.6%
6/30/97	21,680,369	27,993,719	6,313,350	77.4%	1,077,213	586.1%
6/30/98	20,610,303	27,126,262	6,515,959	76.0%	960,494	678.4%
6/30/99	20,034,089	25,157,408	5,123,319	79.6%	832,030	615.8%
6/30/00	18,923,707	24,015,691	5,091,984	73.09%	705,588	724.7%
6/30/01	19,446,909	22,380,545	2,933,636	86.9%	746,100	393.2%
6/30/02	19,494,214	21,815,347	2,321,133	89.4%	672,180	345.3%
6/30/03	18,777,186	22,182,270	3,405,084	84.6%	661,652	514.6%
6/30/04	16,933,308	25,485,427	8,552,119	66.4%	655,657	1,304.0%
6/30/05	16,501,770	24,508,409	8,006,639	67.3%	665,661	1,202.8%
6/30/06	14,755,902	24,833,235	10,077,333	59.4%	659,989	1,526.9%
6/30/07	14,872,761	22,827,035	7,954,274	65.2%	609,853	1,304.3%
6/30/08	14,141,109	23,956,305	9,815,196	59.0%	605,412	1,621.2%
6/30/09	13,219,068	22,408,204	9,189,136	59.0%	340,692	2,697.2%

EMPLOYEES' RETIREMENT SYSTEM OF OKLAHOMA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Recognized</u>
6/30/94	197,791	158,108	79.9%
6/30/95	190,581	166,929	87.6%
6/30/96	263,570	143,883	54.6%
6/30/97	355,430	142,974	40.2%
6/30/98	581,372	113,797	19.6%
6/30/99	561,347	1,046,670	186.5%
6/30/00	463,796	1,509,986	325.6%
6/30/01	689,797	1,235,705	179.1%
6/30/02	466,124	1,254,881	269.2%
6/30/03	373,375	80,182	21.5 %
6/30/04	534,783	675,876	126.4%
6/30/05	750,879	1,180,212	157.2%
6/30/06	697,165	903,750	129.6%
6/30/07	833,669	1,543,091	185.1%
6/30/08	665,111	740,281	111.3%
6/30/09	770,560	863,045	112.0%

EMPLOYEES' RETIREMENT SYSTEM OF OKLAHOMA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

ACTUARIAL VALUATION AND ASSUMPTIONS

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2009
Actuarial cost method	Entry Age Normal
Amortization method	The unfunded actuarial liability is amortized over the present value of future service, 30 years as of both July 1, 2008 and July 1, 2009. The Net Pension Obligation is amortized over the expected future working lifetime of current active members.
Asset valuation method	Fair market value
Actuarial assumptions:	
Investment rate of return	6.0%
Projected salary increases	5.0%

EMPLOYEES' RETIREMENT SYSTEM OF OKLAHOMA COUNTY

SCHEDULE OF INVESTMENTS

JUNE 30, 2009

<u>Description</u>	<u>Par, rate of interest, maturity date</u>	<u>Cost</u>	<u>Current Value</u>
<i>US Government Securities</i>			
FHLMC	Par \$500,000, 4.25%, 5/15/18	500,000	478,085
FHLMC	Par \$400,000, 5.0%, 12/09/22	400,000	380,132
FHLMC	Par \$1,500,000, 5.0%, 6/11/21	1,500,000	1,424,160
FHLMC	Par \$180,000, 5.349%, 7/09/21	180,000	170,440
GS FST Government Fund	Par \$950,323, var%	<u>950,323</u>	<u>950,323</u>
		<u>3,530,323</u>	<u>3,403,140</u>
<i>Certificate of Deposit</i>			
CD #12443 Coppermark Bank	Par \$2,000,000, 2.04%, 10/16/09	<u>2,000,000</u>	<u>2,000,000</u>
<i>Judgements</i>			
Judgement	Par \$6,667, 5.25%, 9/06/08	6,667	6,667
Judgement	Par \$13,412, 5.25%, 11/16/09	13,412	13,412
Judgement	Par \$10,000, 5.25%, 2/14/10	10,000	10,000
Judgement	Par \$4,000, 5.25%, 2/14/10	4,000	4,000
Judgement	Par \$58,333, 5.25%, 3/08/10	58,333	58,333
Judgement	Par \$500, 5.25%, 3/02/10	500	500
Judgement	Par \$29,167, 5.25%, 3/14/10	29,167	29,167
Judgement	Par \$16,667, 5.25%, 5/22/10	16,667	16,667
Judgement	Par \$3,333, 5.25%, 8/22/10	3,333	3,333
Judgement	Par \$13,333, 5.25%, 9/20/10	13,333	13,333
Judgement	Par \$16,618, 5.25%, 9/20/10	16,618	16,618
Judgement	Par \$3,333, 5.25%, 12/12/10	3,333	3,333
Judgement	Par \$10,000, 5.25%, 12/07/10	10,000	10,000
Judgement	Par \$13,333, 5.25%, 12/05/10	13,333	13,333
Judgement	Par \$20,833, 5.25%, 3/21/11	20,833	20,833
Judgement	Par \$3,666,667, 5.25%, 8/08/11	3,666,667	3,666,667
Judgement	Par \$9,000, 5.25%, 9/30/11	9,000	9,000
Judgement	Par \$60,000, 5.25%, 11/20/11	60,000	60,000
Judgement	Par \$100,000, 5.25%, 12/01/11	100,000	100,000
Judgement	Par \$20,000, 5.25%, 2/24/12	20,000	20,000
Judgement	Par \$612,290, 5.25%, 3/03/12	612,290	612,290
Judgement	Par \$30,250, 5.25%, 3/31/12	<u>30,250</u>	<u>30,250</u>
		<u>4,717,736</u>	<u>4,717,736</u>
		<u>\$ 10,248,059</u>	<u>\$ 10,120,876</u>
Total Investments			