OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

2015
A BRIGHT FUTURE STARTS HERE

Comprehensive Annual Financial Report for the Fiscal Years Ended June 30, 2015 and June 30, 2014
A Component Unit of the State of Oklahoma

A BRIGHT FUTURE STARTS HERE

The Oklahoma Public Employees Retirement System (OPERS) is committed to providing quality financial and retirement planning education early and often throughout our members' careers. Success in retirement is within reach for our members who dedicate themselves to the noble calling of public service.

A bright future starts with good planning. This edition of the Comprehensive Annual Financial Report expands on some of the retirement planning concepts we convey to members as they plan for their future. Each section of this report highlights one of the following concepts:

- What does retirement readiness really mean
- Understanding the risks of retirement
- Setting well-defined financial and retirement goals
- Using the "four-legged" chair as a model
- Reducing debt

OPERS has taken an active role in helping our members be better prepared for retirement by providing comprehensive information throughout their careers. Being adequately prepared requires taking steps years, even decades, in advance. Ongoing retirement education is available to OPERS members in a number of ways, including financial planning seminars, the *Retiring Right* newsletter, member publications, online resources, and a friendly staff at OPERS waiting to answer any question.

At OPERS, we strive to help our members on their journey to a financially secure retirement – a retirement that rewards the service provided to the citizens of our great state.

This report was prepared by the staff of the Oklahoma Public Employees Retirement System.

This publication is issued by the Oklahoma Public Employees Retirement System as authorized by its Executive Director. Copies have not been printed but are available through the agency website. An electronic version of this publication has been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

2015 Comprehensive Annual Financial Report

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WHAT DOES IT MEAN TO BE RETIREMENT READY?

Are you ready for retirement? Is it a simple matter of dollars and cents? When you think about readiness, are you thinking beyond the financial to include physical and emotional readiness? Everyone must evaluate their own readiness by whatever definition they think is best. There is no one-size-fits-all approach.

How financially ready are you for retirement? Assessing your income and expenses, and whether your retirement savings will support your lifestyle after you stop working is one part, but there are others.

Emotional readiness is also important, and you will go through several different emotional stages leading up to and into retirement. Varying degrees of anticipation, apprehension, euphoria and a sense of normalcy are common to everyone as they retire. Retirement can last for decades and your emotional state will change, so make sure to have those new routines that will replace the purpose and relationships lost when no longer working.

INTRODUCTORY

Letter of Transmittal

Oklahoma Public Employees Retirement System
P.O. Box 53007
Oklahoma City, Oklahoma 73152-3077

800.733.9008 toll-free
405.848.5946 fax

November 30, 2015

To the Board of Trustees and Members of the Oklahoma Public Employees Retirement System:

State law requires that, after July 1 and before December 1 of each year, the Oklahoma Public Employees Retirement System (OPERS) publish an annual report that covers the operation of OPERS during the past fiscal year, including income, disbursements and the financial condition at the end of the fiscal year. This report is published, in part, to fulfill that requirement for the fiscal year ended June 30, 2015.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

RSM US LLP, Certified Public Accountants, has issued an unmodified opinion on the Oklahoma Public Employees Retirement Plan's statements of fiduciary net position as of June 30, 2015 and 2014, and the related statements of changes in fiduciary net position for the years then ended. The independent auditor's report is located at the front of the Financial Section of this report.

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.

Profile of the Plan

OPERS is a multiple-employer, cost-sharing public employee retirement plan, which is a defined benefit pension plan. It covers substantially all employees of the State of Oklahoma (the State) except those covered by six other plans sponsored by the State and also covers employees of participating counties and local agencies. The employee and employer contribution rates for each member category are established by the Oklahoma Legislature after recommendation by the OPERS 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 their specified normal retirement age or, depending upon when they became members, when the sum of the member's age and years of credited service equals 80 or 90. Generally, benefits for state, county, and local agency employees are determined at 2% of the average salary, as defined, multiplied by the number of years of credited service. Members may elect to pay an additional contribution rate to receive benefits using a 2.5%

Letter of Transmittal (continued)

factor for each full year the additional contributions are made. Separate benefit calculations are in effect for elected officials and hazardous duty members.

The Board of Trustees of OPERS consists of thirteen appointed members, some by position and some by association. Those serving through position are a member of the Corporation Commission or the Commission's designee selected by the Commission, the Director of the Office of Management and Enterprise Services or the Director's designee, the State Insurance Commissioner or the Commissioner's designee, the Director of Human Capital Management of the Office of Management and Enterprise Services, and a member of the Tax Commission selected by the Tax Commission. Of the remaining members, three are appointed by the Governor, one is appointed by the Supreme Court, two are appointed by the Speaker of the House of Representatives and two are appointed by the President Pro Tempore of the Senate. Qualifications for certain of these appointees include a balance of individuals having experience in investment management, pension management, public fund management, the banking profession or a licensed attorney or a licensed accountant.

Each year, OPERS, along with other state agencies, is required to file a budget work program with the Office of Management and Enterprise Services. This work program, as approved by the Board of Trustees, must include a description of all funds available for expenditure and show spending by major program category. OPERS receives no state appropriations and is funded through employee and employer contributions and investment earnings.

Additionally in each even-numbered year, OPERS, along with other state agencies, must file a strategic plan covering five fiscal years beginning with the next odd-numbered fiscal year. The strategic plan includes a mission statement, the core values and behaviors inherent to operations, and a summary of goals and objectives to be achieved through specific projects outlined for the five-year period. The mission of the OPERS Board and staff is to provide and promote comprehensive, accountable and financially sound retirement services to Oklahoma's public servants in a professional, efficient and courteous manner. The core values and behaviors inherent to the agency's operations are honesty, integrity and accountability; excellence in service; and commitment to teamwork and team members. The summary of goals and objectives outlined in the strategic plan are:

- Provide prompt and comprehensive customer service
- Manage the assets of the Plans in a fiscally responsible manner
- Inform and educate all members to help them identify and meet their retirement goals
- Maintain a competent and well-trained workforce
- Achieve and maintain well-funded status to assist the State in paying retirement benefit obligations, and secure changes in plan design that make the plan easier to understand or more equitable without an undue increase in the retirement system's liabilities.

Investments

The standard for OPERS in making investments is to exercise the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and unless under the circumstances it is clearly prudent not to do so. OPERS' funds are invested solely in the best interest of the members and their beneficiaries with a goal of keeping administrative expenses as low as possible. The Board has established an investment policy and guidelines that identify asset allocation as the key determinant of return and diversification, both by and within asset classes, as the primary risk control element. Passive fund portfolios are considered to be suitable investment strategies, especially in highly efficient markets.

The Board engages outside investment managers to manage the various asset classes where OPERS has exposure. At fiscal year end, the investment portfolio of OPERS was actively managed by three fixed income managers, six domestic equity

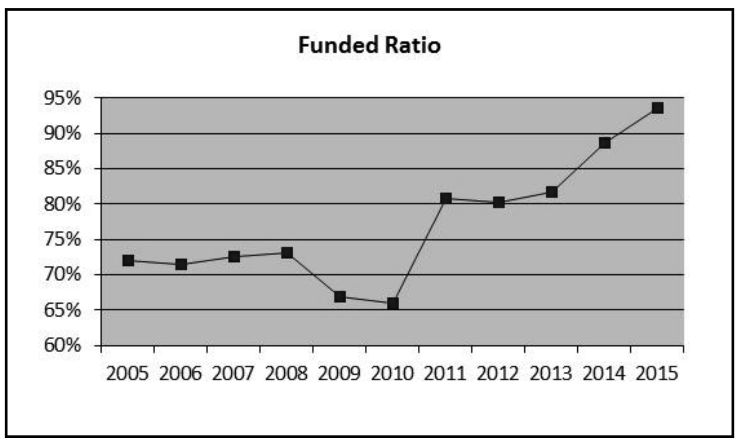
Letter of Transmittal (continued)

managers and two international equity managers. OPERS' investment portfolio also consisted of passively managed index funds, including one fixed income index fund, two domestic equity index funds and two international equity index funds.

Included in the Investment Section of this report are a summary of the Investment Portfolio by Type and Manager and a comparison of the above amounts to the target allocations, as shown in the Asset Comparison chart. For fiscal year 2015 investments provided a 3.2 percent rate of return. The annualized rate of return for OPERS was 10.9 percent over the last three years and 11.1 percent over the last five years.

Funding

A pension fund is well funded when it has enough money in reserve to meet all expected future obligations to participants. It must also have a revenue source sufficient to keep up with future obligations. The funding objective for OPERS is to meet long-term benefit promises through contributions that remain approximately level as a percent of member payroll. The greater the level of funding, the larger the ratio of assets accumulated to the actuarial accrued liability and the greater the level of investment potential. The advantage of a well-funded plan is that the participants can look at assets that are committed to the payment of benefits. The actuarial accrued liability and actuarial value of assets of OPERS as of July 1, 2015 amounted to $9.0 billion and $8.4 billion, respectively.



The OPERS funded status increased to 93.6 percent at July 1, 2015. The funded status had declined from 73.0 percent at July 1, 2008 to 66.0 percent at July 1, 2010 before significantly increasing to 80.7 percent at July 1, 2011 due to the removal of the cost-of-living-adjustment (COLA) assumption, and further increased to 88.6 percent at July 1, 2014. The Legislature addressed the need for increased funding by increasing the employer contribution rate by 1.5 percent effective July 1, 2005. The next year the rate was increased 1.0 percent for state agencies with the continuation of the 1.0 percent increase each year until it was 16.5 percent in fiscal year 2012. In 2006 the Legislature also increased the state employee contribution rate to be a level of 3.5 percent of salary effective July 1, 2006. Previously in effect was a tiered rate structure of 3.0 percent on the first $25,000 of salary and 3.5 percent on any salary above $25,000. Non state agency employers also had a rate increase effective July 1, 2006. The combined employee and employer contribution rate was increased 1.0 percent annually until July 1, 2011 when it reached 20.0 percent. Also in 2006 the Legislature provided a statutory requirement that retirement bills be analyzed for actuarial fiscal impact and contain adequate funding sources sufficient to pay the cost of the change. A detailed discussion of funding is provided in the Actuarial Section of this report.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Oklahoma Public Employees Retirement System for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. This was the eighteenth year OPERS has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report that satisfies both generally accepted accounting principles and applicable legal requirements.

Letter of Transmittal (continued)

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the Oklahoma Public Employees Retirement System was awarded the Public Pension Standards Award by the Public Pension Coordinating Council, a confederation of the National Association of State Retirement Administrators, the National Conference on Public Employee Retirement Systems, and the National Council on Teacher Retirement. This award is in recognition of meeting professional standards for plan funding and administration as set forth in the Public Pension Standards.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of OPERS. We wish to express our appreciation to all staff members who assisted and contributed to the preparation of this report. Credit also must be given to the Board of Trustees for their unfailing support for maintaining the highest standards of professionalism in the financial management of the Oklahoma Public Employees Retirement System.

Respectfully submitted,

Joseph A. Fox
Executive Director

Susan Reed
Chief Financial Officer and Director of Finance

Chairman's Letter

Oklahoma Public Employees Retirement System
P.O. Box 53007
Oklahoma City, Oklahoma 73152-3007

800.733.7008 toll-free
405.848.5946 fax

November 30, 2015

Dear OPERS Members:

On behalf of the Board of Trustees of the Oklahoma Public Employees Retirement System (OPERS), I am pleased to present the Comprehensive Annual Financial Report for the fiscal year ending June 30, 2015.

This report is designed to provide a detailed look at the financial, investment and actuarial aspects of OPERS, which continues to be a strong retirement system.

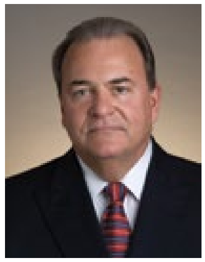
You are encouraged to carefully review this report, as it contains a wealth of information about your retirement system. If you have questions or comments, please feel free to contact us. We can be reached at P.O. Box 53007, Oklahoma City, Oklahoma 73152-3007. Our telephone number is 405-858-6737 (or toll-free 1-800-733-9008).

I also want to thank the OPERS staff for their diligent work in preparing this report and their commitment to continually improve the administrative operations of OPERS.

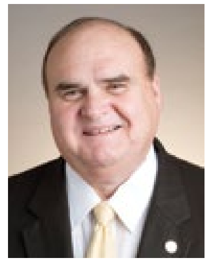
Sincerely,

DeWayne McAnally
Chairman

Board of Trustees

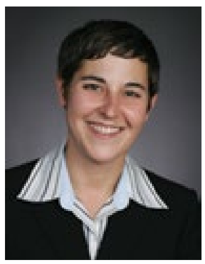


DeWayne McAnally
Chairman
Appointee of the Governor



Steve Paris
Vice Chairman
Appointee of the Governor

Michael D. Evans
Appointee of the
Supreme Court



Jill Geiger
Designee of the Office of
Management and Enterprise
Services Director

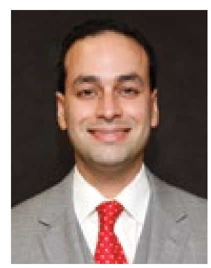
James R. "Rusty" Hale
Appointee of the
Speaker of the House of
Representatives

Thomas E. Kemp, Jr.
Member of Oklahoma
Tax Commission
Selected by Commission

Don Kilpatrick
Appointee of the President
Pro Tempore of the Senate

Brian Maddy
Appointee of the President
Pro Tempore of the Senate

Lucinda Meltabarger
HCM Administrator of the
Office of Management and
Enterprise Services



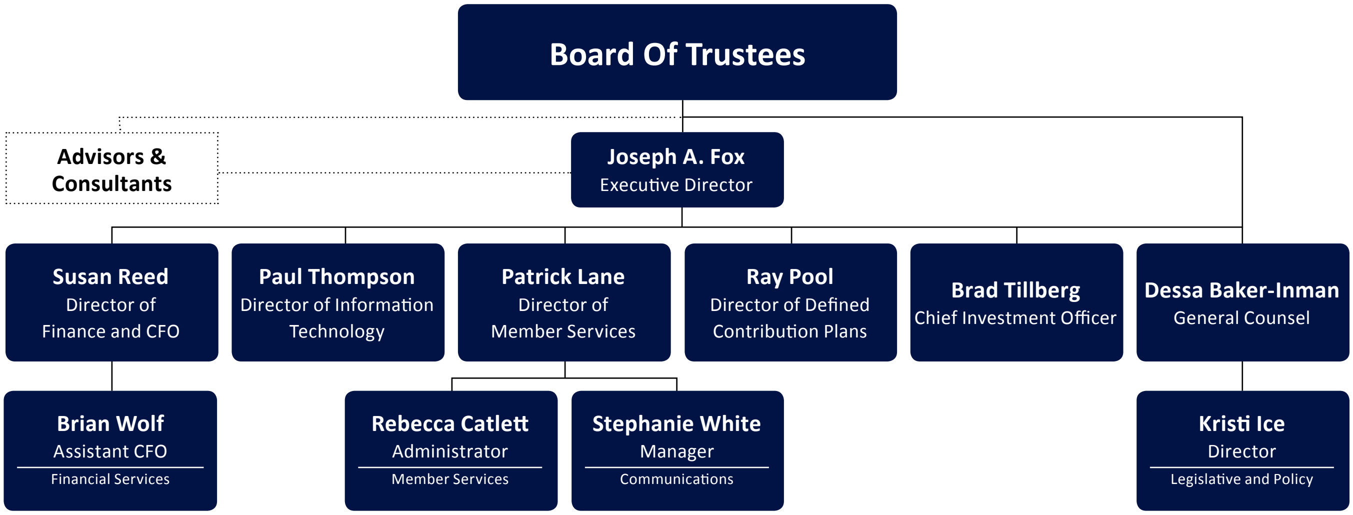
Michael Moradi
Appointee of the Governor

Cleve Pierce
Designee of Corporation
Commission
Selected by Commission

Frank Stone
Designee of the State
Insurance Commissioner

Vacant – Appointee of the Speaker of the House of Representatives

Organizational Structure



Back Row (from left to right): **Rebecca Catlett, Stephanie White, Brian Wolf, Kristi Ice, and Ray Pool**
Front Row (from left to right): **Brad Tillberg, Susan Reed, Joseph Fox, Dessa Baker-Inman, and Patrick Lane**
Not pictured: **Paul Thompson**

Advisors and Consultants*

Master Custodian
The Northern Trust Company
Chicago, Illinois

Investment Consultant
Strategic Investment Solutions, Inc.
San Francisco, California

Actuarial Consultant
Cavanaugh Macdonald Consulting, LLC
Kennesaw, Georgia

Independent Auditors
RSM US LLP
Oklahoma City, Oklahoma

Internal Auditors
Finley & Cook PLLC
Shawnee, Oklahoma

*The Schedules of Investment Expenses and Professional/Consultant Fees in the Financial Section provide more information regarding advisors and consultants.

2015 Legislation

House Bill 1376

Further Definition and Clarification of New Defined Contribution System

This bill clarifies who is eligible to participate in the new defined contribution (DC) plan and aligns DC plan enrollment dates with the current defined benefit plan for ease of administration. Only employees who are employed on more than a part-time basis will participate, and participation will begin the month following employment.

A member who begins employment on or after November 1, 2015, with an OPERS employer that does not participate in the DC plan, will participate in the defined benefit plan. However, if that member later goes to work for an employer that does participate in the DC plan, the member will join the DC plan upon employment with the new employer.

The matching schedule for the DC plan has been changed to include a minimum employee contribution of 4.5% with an employer match of 6.0%. Employees may increase their contribution rate to 7.0% of their salary and receive a 7.0% match from their employer.

An employee who leaves the DC plan but subsequently returns to employment, will receive credit for previous service and be vested at the same percentage as when the employee left. However, all forfeited employer contributions will remain in the system to offset administrative costs.

Similar to the current defined benefit plan, legislative session employees will make an irrevocable election to participate in the DC plan.

Language regarding qualified domestic relations orders that was relevant only to the defined benefit plan has been deleted. Also, distribution to the alternate payee will not be tied to the distribution or death of the member in the DC plan.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Oklahoma Public Employees Retirement System

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2015

Presented to

Oklahoma Public Employees Retirement System

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle
Alan H. Winkle
Program Administrator

UNDERSTANDING RETIREMENT RISKS

Risk is something every retiree needs to understand. It is important to build safeguards into your retirement plan, because after you stop working, there are fewer opportunities to overcome these new risks.

Retirement, compared to just a generation ago, most likely will be a very long event. No one knows exactly how long their retirement will last, but most will underestimate the resources needed for this stage of life. Longevity is not the only risk factor to consider. Increasing cost of healthcare, inflation, and diminishing purchasing power are all risks to be taken into account for a successful retirement.

FINANCIAL

Independent Auditor's Report

RSM

Board of Trustees
Oklahoma Public Employees Retirement System

RSM US LLP

Report on the Financial Statements

We have audited the accompanying financial statements of the Oklahoma Public Employees Retirement Plan (the Plan), a component unit of the state of Oklahoma, which comprise the statement of fiduciary net position as of June 30, 2015, and the related statement of changes in fiduciary net position for the year then ended, 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.

Auditor's Responsibility

Our responsibility is to express an opinion 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. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 financial position of the Oklahoma Public Employees Retirement Plan as of June 30, 2015, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of the Plan, as of and for the year ended June 30, 2014, were audited by other auditors whose report dated October 22, 2014, expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information included in schedules 1 through 3 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 an opinion on the financial statements as of and for the year ended June 30, 2015, as a whole. The information included in the Introductory Section, the Investment Section, the Actuarial Section, the Statistical Section, and schedules 4 through 6 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information in schedules 4 through 6 for the year ended June 30, 2015, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 in schedules 4 through 6 for the year ended June 30, 2015, is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information for the year ended June 30, 2014 on schedules 4 through 6 was audited by other auditors whose report, dated October 22, 2014, expressed an unmodified opinion on such information in relation to the financial statements as a whole.

The information in the Introductory Section, the Investment Section, the Actuarial Section, and the Statistical Section has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

RSM US LLP

Oklahoma City, Oklahoma
November 16, 2015

Management's Discussion and Analysis
(Unaudited)

As management of the Oklahoma Public Employees Retirement System (the Plan), we offer readers of the Plan's financial statements this narrative overview and analysis of the financial activities of the Plan for the fiscal years ended June 30, 2015 and 2014.

Financial Highlights

- The net position restricted for pensions totaled approximately $8.6 billion at June 30, 2015, compared to $8.6 billion at June 30, 2014 and $7.4 billion at June 30, 2013. The net position is available for payment of monthly retirement benefits and other qualified distributions to the Plan's participants. While equity markets continued to improve during fiscal year 2015, the resulting increase in net investment income did not significantly increase net position restricted for pensions from June 30, 2014 to June 30, 2015.
- At June 30, 2015 and 2014, the total number of members participating in the Plan increased 1.2% and increased 1.8%, respectively. Membership was 82,460 at June 30, 2015 and 81,451 at June 30, 2014. The number of retirees increased by 2.9% as of June 30, 2015 and increased by 2.2% as of June 30, 2014. The total number of retirees was 32,754 at June 30, 2015 and 31,833 at June 30, 2014.

Overview of the Financial Statements

The Plan is a multiple-employer, cost-sharing public employee retirement plan, which is a defined benefit pension plan. The Plan covers substantially all employees of the state of Oklahoma (the State) except those covered by six other plans sponsored by the State and also covers employees of participating counties and local agencies. For the majority of the Plan's members, benefits are determined at 2% of the average highest thirty-six months' annual covered compensation multiplied by the number of years of credited service. Members qualify for full retirement benefits at their specified normal retirement age or, for any person who became a member prior to July 1, 1992, when the sum of the member's age and years of credited service equals or exceeds 80 (Rule of 80), and for any person who became a member after June 30, 1992, when the member's age and years of credited service equals or exceeds 90 (Rule of 90). Normal retirement age under the Plan is 62 or Rule of 80/90 if the participant became a member prior to November 1, 2011, or age 65 or Rule of 90 if the participant became a member on or after November 1, 2011. Members become eligible to vest fully upon termination of employment after attaining eight years of credited service, or the members' contributions may be withdrawn upon termination of employment.

The Plan's financial statements are comprised of a Statement of Fiduciary Net Position, a Statement of Changes in Fiduciary Net Position, and Notes to Financial Statements. Also included is certain required supplementary information and supplementary information.

The Plan is administered by the Oklahoma Public Employees Retirement System, a component unit of the State, which together with other similar funds comprise the fiduciary-pension trust funds of the State.

The *notes to financial statements* provide additional information that is essential to a full understanding of the data provided in the financial statements

The *required supplementary information* presents a schedule of changes in the net pension liability, schedule of net pension liability, schedule of employer contributions and schedule of money-weighted rate of return on pension plan investments. Schedules of certain expenses and fees paid are presented as *supplementary information.*

Management's Discussion and Analysis (continued)
(Unaudited)

Financial Analysis

The following are the condensed Schedules of Fiduciary Net Position and Changes in Fiduciary Net Position for the Oklahoma Public Employees Retirement Plan for the fiscal years ended June 30, 2015, 2014 and 2013.

Condensed Schedules of Fiduciary Net Position
($ millions)

	June 30		
	2015	2014	2013
Assets:			
Cash and cash equivalents	$ 197.0	$ 81.9	$ 212.4
Receivables	285.5	289.3	631.0
Investments	8,673.3	8,594.6	7,443.7
Securities lending collateral	584.0	591.2	688.7
Property and equipment	0.7	1.0	1.0
Other assets	0.3	0.4	0.2
Total assets	9,740.8	9,558.4	8,977.0
Liabilities:			
Other liabilities	520.4	397.0	846.5
Securities lending collateral	584.0	591.2	688.7
Total liabilities	1,104.4	988.2	1,535.2
Ending net position restricted for pensions	$ 8,636.4	$ 8,570.2	$ 7,441.8

Condensed Schedules of Changes in Fiduciary Net Position
($ millions)

	June 30		
	2015	2014	2013
Member contributions	$ 73.1	$ 70.5	$ 68.2
State and local agency contributions	292.2	280.0	270.0
Net investment income	264.3	1,317.9	804.1
Total additions	629.6	1,668.4	1,142.3
Retirement, death and survivor benefits	542.5	520.6	502.6
Refunds and withdrawals	15.6	14.9	14.6
Administrative expenses	5.2	4.7	4.6
Total deductions	563.3	540.2	521.8
Net (decrease) increase in net position	$ 66.3	$ 1,128.2	$ 620.5

For the year ended June 30, 2015, fiduciary net position increased by $66.3 million, or 0.7%, from June 30, 2014. Total assets increased $182.5 million, or 1.9%, due to a 0.9% increase in investments partially offset by a 1.3% decrease in pending sales of securities, and a 1.2% decrease in securities lending collateral. Total liabilities increased $116.2 million, or 11.8%, due to a 31.1% increase in pending purchases of securities partially offset by a 1.2% decrease in the securities lending collateral liability.

Fiscal year 2015 showed a $1,038.9 million decrease in total additions and a $23.1 million increase in total deductions. Compared to the prior year, the decrease in additions was due to decreases of $1,054.1 million in the net appreciation of assets. Deductions increased 4.3% due to a $21.8 million increase in retirement, death, and survivor benefits.

For the year ended June 30, 2014, fiduciary net position increased $1.1 billion, or 15.2%. Total assets increased $581.3 million, or 6.5%, due to a 15.5% increase in investments partially offset by a 56.7% decrease in pending sales of securities, and a 14.2% decrease in securities lending collateral. Total liabilities decreased $547.0 million, or 35.6%, due to a 53.1% decrease in pending purchases of securities and a 14.2% decrease in the securities lending collateral liability.

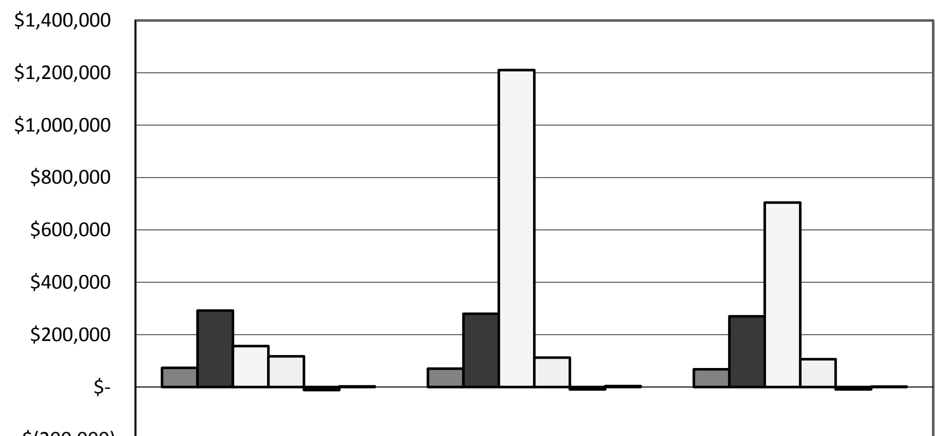
Management's Discussion and Analysis (continued)
(Unaudited)

Fiscal year 2014 showed a $526.2 million increase in total additions and an $18.3 million increase in total deductions. Compared to the prior year, the increase in additions was due to increases of $505.8 million in the net appreciation of assets. Deductions increased 3.5% due to the $18.0 million increase in retirement, death, and survivor benefits.

Additions to Fiduciary Net Position

For the year ended June 30, 2015, total additions to fiduciary net position decreased $1,038.9 million from the prior year. The net decrease in net appreciation of the fair value of investments of $1,054.1 million was the result of a slowing market, compared to fiscal year 2014. Interest income increased $3.8 million, or 6.4%, and dividend income increased $1.0 million, or 1.8%. Securities lending net income decreased $1.6 million, or 40.1%. Contributions were $14.8 million, or 4.2%, higher than the prior year due to higher average compensation of participants.

Additions to Fiduciary Net Position
Comparative Data for Fiscal Years Ended June 30, 2015, 2014 and 2013
($ thousands)



	2015	2014	2013
Member contributions	$73,145	$70,524	$68,201
State and local agency contributions	292,185	280,048	269,995
Net appreciation (depreciation)	156,381	1,210,474	704,638
Interest, dividends, and other investment income	117,190	112,449	106,652
Investment expenses	(11,702)	(8,984)	(8,908)
Securities lending income	2,420	4,041	1,795

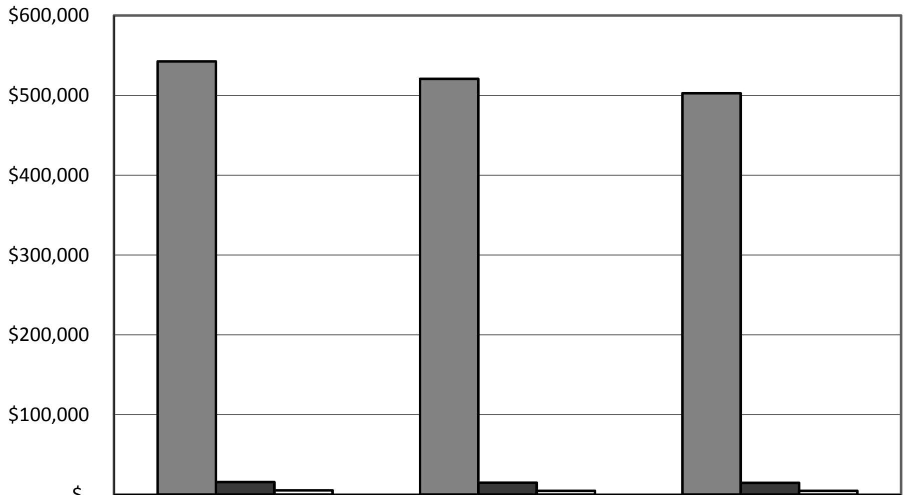
For the year ended June 30, 2014, total additions to fiduciary net position increased $526.2 million from the prior year. The net increase in the fair value of investments of $505.8 million was the result of the rebounding market, particularly in domestic and international equities. Interest income decreased $3.7 million, or 5.9%, and dividend income increased $9.5 million, or 21.4%. Securities lending net income increased $2.2 million, or 125.1%. Contributions were $12.4 million, or 3.7%, higher than the prior year due to a slight increase in the number of participants.

Management's Discussion and Analysis (continued)
(Unaudited)

Deductions to Fiduciary Net Position

For the year ended June 30, 2015, total deductions increased $23.1 million, or 4.3%, from the prior year. Retirement, death, and survivor benefits increased $21.8 million, or 4.2%, due to a 2.9% increase in the number of retirees at year end and a 1.8% increase in the average benefit. Refunds and withdrawals increased $0.7 million, or 4.9%, as more participants withdrew contributions during fiscal 2015. The 10.1% increase in administrative costs was primarily due to the increase in personnel costs.

Deductions to Fiduciary Net Position
Comparative Data for Fiscal Years Ended June 30, 2015, 2014 and 2013
($ thousands)



	2015	2014	2013
Retirement, death and survivor benefits	$542,489	$520,641	$502,637
Refunds and withdrawals	15,611	14,878	14,645
Administrative expenses	5,183	4,709	4,613

For the year ended June 30, 2014, total deductions increased $18.3 million, or 3.5%, from the prior year. Retirement, death, and survivor benefits increased $18.0 million, or 3.6%, due to a 2.2% increase in the number of retirees at year end and a 1.2% increase in the average benefit. Refunds and withdrawals increased $0.2 million, or 1.6%, as more participants withdrew contributions during fiscal 2014. The 2.1% increase in administrative costs was primarily due to the increase in personnel costs.

Management's Discussion and Analysis (continued)
(Unaudited)

Investments

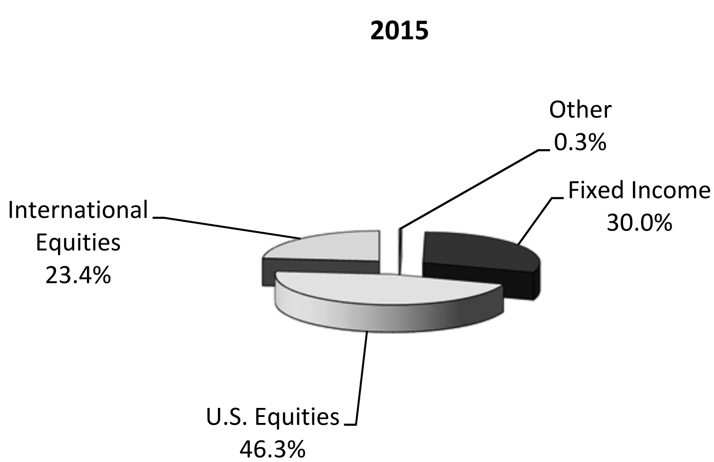
The investment portfolio is reported in the chart below by the asset class of the investment managers' portfolios which includes the cash and cash equivalents in those portfolios. A summary of the Plan's cash, cash equivalents, and investments for fiscal years ended June 30, 2015, 2014 and 2013 is as follows:

Cash, Cash Equivalents, and Investment Portfolio

($ millions)	June 30		
	2015	**2014**	**2013**
Fixed income	$ 2,824.1	$ 2,649.9	$ 2,638.8
U.S. equities	4,000.6	3,888.4	3,219.1
International equities	2,014.1	2,108.0	1,770.1
Other	28.3	27.2	25.9
Total managed investments	8,867.1	8,673.5	7,653.9
Cash equivalents on deposit with State	3.2	3.0	2.2
Securities lending collateral	584.0	591.2	688.7
Total cash, cash equivalents, and investments	$ 9,454.3	$ 9,267.7	$ 8,344.8

The increase in the Plan's managed investments is reflective of the increase in domestic and international equity markets for the year. The Plan's overall return for the year ended June 30, 2015 was 3.2%. A 2.5% return for the fixed income component exceeded the market trend for the asset class. U.S. equities showed a return of 7.9%, and international equities showed a return of -4.4%. Amounts of $193.0 million of U.S. equities were used to supplement the cash requirements of monthly retiree benefit payments. The change in securities lending collateral is dependent on the securities loaned by the Plan's master custodian at year end.

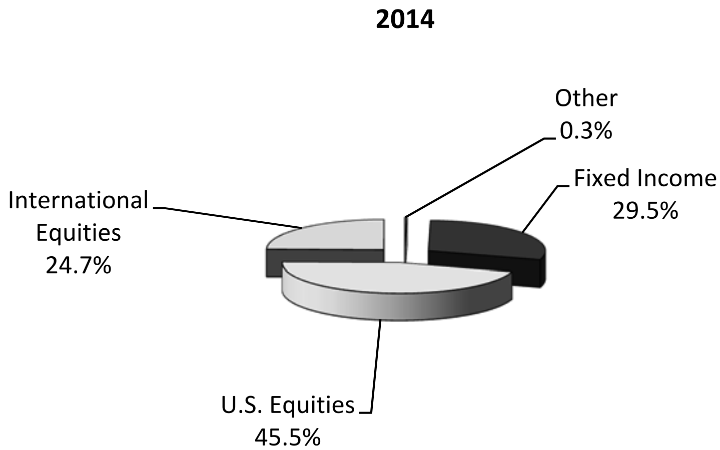
At June, 30, 2015, the distribution of the Plan's investments including accrued income and pending trades was as follows:



The increase in the Plan's managed investments is reflective of the increase in domestic and international equity markets for the year. The Plan's overall return for the year ended June 30, 2014 was 18.0%. A 5.1% return for the fixed income component exceeded the market trend for the asset class. U.S. equities showed a return of 25.6%, and international equities showed a return of 21.9%. Amounts of $137.0 million of U.S. equities and $45.0 million of international equities were used to supplement the cash requirements of monthly retiree benefit payments. The change in securities lending collateral is dependent on the securities loaned by the Plan's master custodian at year end.

Management's Discussion and Analysis (continued)
(Unaudited)

At June, 30, 2014, the distribution of the Plan's investments including accrued income and pending trades was as follows:



Economic Factors

Ratio of Fiduciary Net Position to Total Pension Liability

The ratio of fiduciary net position to the total pension liability was as follows:

	June 30 2015	June 30 2014
Total pension liability	$ 8,996,125,901	$ 8,753,669,153
Plan fiduciary net position	$ 8,636,441,984	$ 8,570,104,910
Ratio of fiduciary net position to total pension liability	96.00%	97.90%

Plan Amendments

One Plan provision change was enacted by the State Legislature during the session ended in May 2015. The change further clarified the new defined contribution retirement plan created during the 2014 legislative session.

Other

Other than changes in the fair value of Plan assets as may be impacted by the equity and bond markets, no other matters are known by management to have a significant impact on the operations or financial position of the Plan.

Requests for Information

This financial report is designed to provide a general overview of the Plan's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Financial Reporting Division, OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73152-3007.

Statements of Fiduciary Net Position

June 30, 2015 and 2014

	2015	2014
Assets		
Cash equivalents	$ 197,028,452	$ 81,933,338
Receivables:		
Member contributions	2,876,097	3,128,868
State and local agency contributions	9,753,386	11,321,253
Due from brokers for securities sold	256,219,809	259,524,443
Accrued interest and dividends	16,676,572	15,277,652
Total receivables	285,525,864	289,252,216
Investments, at fair value:		
Short-term investments	29,293,709	77,799,198
Government obligations	1,695,512,573	1,702,939,220
Corporate bonds	979,568,665	843,810,311
Domestic equities	3,958,392,197	3,873,529,422
International equities	2,010,546,364	2,096,496,177
Securities lending collateral	583,953,543	591,194,077
Total investments	9,257,267,051	9,185,768,405
Property and equipment, at cost, net of accumulated depreciation of $2,319,377 in 2015; $1,975,486 in 2014	727,667	986,297
Other assets	289,990	384,674
Total assets	9,740,839,024	9,558,324,930
Liabilities		
Due to brokers and investment managers	520,443,497	397,025,943
Securities lending collateral	583,953,543	591,194,077
Total liabilities	1,104,397,040	988,220,020
Net position restricted for pensions	$ 8,636,441,984	$ 8,570,104,910

See accompanying notes to financial statements.

Statements of Changes in Fiduciary Net Position

Years Ended June 30, 2015 and 2014

	2015	2014
Additions		
Contributions:		
Members	$ 73,145,380	$ 70,523,854
State and local agencies	292,184,940	280,047,664
Total contributions	365,330,320	350,571,518
Investment income:		
From investing activities:		
Net appreciation in fair value of investments	156,381,398	1,210,474,272
Interest	62,422,223	58,657,632
Dividends	54,767,671	53,791,422
Total investment income	273,571,292	1,322,923,326
Less – Investment expenses	(11,701,684)	(8,984,211)
Income from investing activities	261,869,608	1,313,939,115
From securities lending activities:		
Securities lending income	1,110,095	3,080,344
Securities lending expenses:		
Borrower rebates	1,702,994	1,331,851
Management fees	(393,583)	(371,039)
Income from securities lending activities	2,419,506	4,041,156
Net investment income	264,289,114	1,317,980,271
Total additions	629,619,434	1,668,551,789
Deductions		
Retirement, death and survivor benefits	542,488,709	520,641,175
Refunds and withdrawals	15,610,803	14,878,427
Administrative expenses	5,182,848	4,708,895
Total deductions	563,282,360	540,228,497
Net (decrease) increase in net position	66,337,074	1,128,323,292
Net position restricted for pensions		
Beginning of year	8,570,104,910	7,441,781,618
End of year	$ 8,636,441,984	$ 8,570,104,910

See accompanying notes to financial statements.

Notes to Financial Statements

June 30, 2015 and 2014

(1) Summary of Significant Accounting Policies

The following are the significant accounting policies followed by the Oklahoma Public Employees Retirement Plan (the Plan).

(a) Basis of Accounting

The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period in which they are earned and become measurable, and investment purchases and sales are recorded as of their trade dates. Member and employer contributions are established by statute as a percentage of salaries and are recognized when due, pursuant to legal requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

The Plan, together with other similar fiduciary – pension trust funds of the state of Oklahoma (the State), is a component unit of the State. The Plan is administered by the Oklahoma Public Employees Retirement System (OPERS). As set forth in Title 74, of the Oklahoma Statutes, at Section 921, administrative expenses are paid with funds provided by operations of the Plan.

(b) Investments

The Plan is authorized to invest in eligible investments as approved by the Board of Trustees (the Board) as set forth in its investment policy.

Plan investments are reported at fair value. Short-term investments include bills and notes, commercial paper, and international foreign currency contracts. Short-term investments, debt securities, and equity securities are reported at fair value, as determined by the Plan's custodial agent, using pricing services or prices quoted by independent brokers based on the latest reported sales prices at current exchange rates for securities traded on national or international exchanges. The fair value of the pro rata share of units owned by the Plan in equity index and commingled trust funds is determined by the respective fund trustee based on quoted sales prices of the underlying securities.

Cash equivalents include investments in money market funds and investment pools and are reported at amortized cost.

Net investment income (loss) includes net appreciation (depreciation) in the fair value of investments, interest income, dividend income, securities lending income and expenses, and investment expenses, which include investment management and custodial fees and all other significant investment related costs. Foreign currency translation gains and losses are reflected in the net appreciation (depreciation) in the fair value of investments.

The Plan's international investment managers may enter into forward foreign exchange contracts to protect against fluctuation in exchange rates between the trade date and the settlement date of foreign investment transactions. Any gains and losses on these contracts are included in income in the period in which the exchange rates change.

Notes to Financial Statements (continued)

The Plan's investment policy provides for investments in combinations of stocks, bonds, fixed income securities, and other investment securities along with investments in commingled, mutual, and index funds. Investment securities and investment securities underlying commingled or mutual fund investments are exposed to various risks, such as interest rate and credit risks. Due to the risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities may occur in the near term, and those changes could materially affect the amounts reported in the statement of fiduciary net position.

(c) Property and Equipment

Property and equipment with an initial cost of $100 and an estimated useful life of at least three years are considered capital assets. Property and equipment are carried at cost, less accumulated depreciation. Costs of additions are capitalized, as are the costs of internally generated computer software. Maintenance and repairs are charged to expense as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets, as follows:

Furniture and equipment	10-15 years
Computer equipment	3-5 years

(d) Use of Estimates

The preparation of the Plan's financial statements, in conformity with U.S. generally accepted accounting principles, requires the Plan administrator to make significant estimates and assumptions that affect the reported amounts of net position restricted for pensions at the date of the financial statements, the actuarial information included in Note (5) Net Pension Liability and Actuarial Information and the required supplementary information (RSI) as of the benefit information date, the changes in fiduciary net position during the reporting period, and, when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

(e) Risk and Uncertainties

Contributions to the Plan and the actuarial information included in Note (5) Net Pension Liability and Actuarial Information and the RSI are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements.

(f) Composition of Board of Trustees

The Board of Trustees of OPERS consists of thirteen appointed members, some by position and some by association. Those serving through position are a member of the Corporation Commission as selected by the Commission, a member of the Tax Commission as selected by the Tax Commission, the Administrator of the Office of Personnel Management or designee, the State Insurance Commissioner or designee, and the Director of State Finance or designee. Of the remaining members, three are appointed by the Governor, one is appointed by the Supreme Court, two are appointed by the Speaker of the House of Representatives and two are appointed by the President Pro Tempore of the Senate. Qualifications for certain of these appointees include a balance of individuals having experience in investment management, pension management, public fund management, the banking profession or a licensed attorney or a licensed accountant.

Notes to Financial Statements (continued)

(2) Plan Description and Contribution Information

The following brief description of the Plan is provided for general information purposes only. Participants should refer to Title 74 of the Oklahoma Statutes, Sections 901 through 932 and 935, as amended, for more complete information.

(a) General

The Plan is a multiple-employer, cost-sharing public employee retirement plan, which is a defined benefit pension plan covering substantially all state employees except employees covered by six other plans sponsored by the State. It also covers employees of participating county and local agencies. Agencies and/or participants not included in the Plan are as follows: teachers, municipal police, municipal firefighters, judicial, wildlife, and state law enforcement.

The supervisory authority for the management and operation of the Plan is the Board, which acts as a fiduciary for investment of the funds and the application of Plan interpretations.

At June 30, the Plan's membership consisted of:

	2015	**2014**
Inactive members or their beneficiaries currently receiving benefits	32,754	31,833
Inactive members entitled to but not yet receiving benefits	5,863	5,671
Active members	43,843	43,947
Total	82,460	81,451

*The Plan includes 48,671 and 46,447 nonvested terminated members entitled to a refund of their member contributions as of June 30, 2015 and 2014.

For purposes of the discussion on benefits and contributions, the members are described in the following categories: hazardous duty members, which includes certain employees of the Department of Corrections who are classified as correction officers, probation and parole officers, and fugitive apprehension agents along with Oklahoma Military Department firefighters; elected officials, which includes elected officials who serve the State and participating counties; and State, county, and local agency employees, which includes all other employees previously described. If the member category is not specifically identified, the attributes of the Plan discussed apply to all members.

(b) Benefits

Members qualify for full retirement benefits at their specified normal retirement age or, for any person who became a member prior to July 1, 1992, when the sum of the member's age and years of credited service equals or exceeds 80 (Rule of 80), and for any person who became a member after June 30, 1992, when the member's age and years of credited service equals or exceeds 90 (Rule of 90).

Normal retirement date is further qualified to require that all members employed on or after January 1, 1983 must have six or more years of full-time equivalent employment with a participating employer before being eligible to receive benefits. Credited service is the sum of participating and prior service. Prior service includes nonparticipating service before January 1, 1975, or the entry date of the employer and active wartime military service.

A member with a minimum of ten years of participating service may elect early retirement with reduced benefits beginning at age 55 if the participant became a member prior to November 1, 2011, or age 60 if the participant became a member on or after November 1, 2011.

Disability retirement benefits are available for members having eight years of credited service whose disability status has been certified as being within one year of the last day on the job by the Social Security Administration. Disability retirement benefits are determined in the same manner as retirement benefits, but payable immediately without an actuarial reduction.

Notes to Financial Statements (continued)

The following are various benefit attributes for each member category:

State, County, and Local Agency Employees

Benefits are determined at 2% of the average annual salary received during the highest thirty-six months of the last ten years of participating service, but not to exceed the applicable annual salary cap, multiplied by the number of years of credited service. Members who join OPERS on or after July 1, 2013, will have their salary averaged over the highest 60 months of the last ten years. Normal retirement age under the Plan is 62 or Rule of 80/90 if the participant became a member prior to November 1, 2011, or age 65 or Rule of 90 if the participant became a member on or after November 1, 2011.

Members who elect to pay the additional contribution rate, which became available in January 2004, will receive benefits using a 2.5% computation factor for each full year the additional contributions are made. In 2004, legislation was enacted to provide an increased benefit to retiring members who were not yet eligible for Medicare. The Medicare Gap benefit option became available to members under age 65 who retired on or after May 1, 2006. Members may elect to receive a temporary increased benefit to cover the cost of health insurance premiums until the member is eligible to receive Medicare. After the member becomes eligible for Medicare, the retirement benefit will be permanently reduced by an actuarially determined amount. The option is irrevocable, must be chosen prior to retirement, and is structured to have a neutral actuarial cost to the Plan.

Members become eligible to vest fully upon termination of employment after attaining eight years of credited service, or the members' contributions may be withdrawn upon termination of employment.

Elected Officials

Benefits are determined as the greater of the calculation described in the preceding section or, based on the official's contribution election, either 1.9% or 4.0% of the highest annual covered compensation received as an elected official, but not to exceed the applicable annual salary cap, multiplied by the number of years of credited service. For members elected prior to November 1, 2011, normal retirement age under the Plan is 60 with six years of participation as an elected official or Rule of 80. For members elected on or after November 1, 2011, the normal retirement age is 62 with 10 years of participation as an elected official or 65 with eight years of participation as an elected official. Members elected prior to November 1, 2011 become eligible to vest fully upon termination of employment after attaining six years of participating service as an elected official. Members elected on or after November 1, 2011 become eligible to vest fully upon termination of employment after attaining eight years of participating service as an elected official. The members' contributions may be withdrawn upon termination of employment.

Hazardous Duty Members

Benefits are determined at (a) 2.5% of the final average compensation up to the applicable annual salary cap multiplied by the number of years of service as a hazardous duty member not to exceed 20 years and (b) 2.0% of the final average compensation multiplied by the number of years of service in excess of 20 years and any other years of service creditable. Normal retirement age under the Plan is 62 or at completion of 20 years of creditable service as a hazardous duty member or Rule of 80/90 if participant became a member prior to November 1, 2011, or age 65 or at completion of 20 years of creditable service as a hazardous duty member or Rule of 90 if participant became a member on or after November 1, 2011.

Notes to Financial Statements (continued)

Military Department firefighters are not restricted to a maximum of 20 years of hazardous duty for the 2.5% computation.

However, members who contributed prior to July 1, 1990 but do not qualify for normal retirement as a hazardous duty member shall receive benefits computed at 2.5% of the final compensation for those full time years as a hazardous duty member after July 1, 1990, 2.25% before July 1, 1990, and 2.0% for all other years of credited service. Members become eligible to vest fully after 20 years of full time service as a hazardous duty member.

Upon the death of an active member, the accumulated contributions of the member are paid to the member's named beneficiary (ies) in a single lump sum payment. If a retired member elected a joint annuitant survivor option or an active member was eligible to retire with either reduced or unreduced benefits or eligible to vest the retirement benefit at the time of death, benefits can be paid in monthly payments over the life of the spouse if the spouse so elects.

Benefits are payable to the surviving spouse of an elected official only if the elected official had at least six years of participating elected service and was married at least three years immediately preceding death. Survivor benefits are terminated upon death of the named survivor and, for elected officials, remarriage of the surviving spouse. Upon the death of a retired member, with no survivor benefits payable, the member's beneficiary(ies) are paid the excess, if any, of the member's accumulated contributions over the sum of all retirement benefit payments made.

Upon the death of a retired member, the Plan will pay a $5,000 death benefit to the member's beneficiary or estate of the member if there is no living beneficiary. The death benefit will be paid in addition to any excess employee contributions or survivor benefits due to the beneficiary. Death benefits paid for the years ended June 30, 2015 and 2014 totaled approximately $5,199,000 and $4,916,000, respectively.

Legislation was enacted in 1999 which provided a limited additional benefit for certain terminated members eligible to vest as of July 1, 1998. This limited benefit is payable as an additional $200 monthly benefit upon the member's retirement up to the total amount of certain excess contributions paid by the participant to the Plan. In April 2001, limited benefit payments began for qualified retired members. The estimated liability for future payments of the limited benefit of approximately $0.5 million and $0.6 million has been included in the calculation of the total pension liability of the Plan at June 30, 2015 and 2014, respectively.

Benefits are established and may be amended by the State Legislature.

(c) Contributions

The contribution rates for each member category of the Plan are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates.

Each member participates based on their qualifying gross salary earned, excluding overtime. There is no cap on the qualifying gross salary earned, subject to Internal Revenue Service (IRS) limitations on compensation.

The following contribution rates were in effect:

State, County, and Local Agency Employees

For 2015 and 2014, *state agency employers* contributed 16.5% on all salary, and *state employees* contributed 3.5% on all salary.

Notes to Financial Statements (continued)

For 2015 and 2014, contributions of *participating county and local agencies* totaled 20.0% of salary composed of a minimum employee contribution rate of 3.5% up to a maximum of 8.5% and a minimum employer contribution rate of 11.5% up to a maximum of 16.5%.

Members have the option to elect to increase the benefit computation factor for all future service from 2.0% to 2.5%. The election is irrevocable, binding for all future employment under OPERS, and applies only to full years of service. Those who make the election pay the standard contribution rate plus an additional contribution rate, 2.91% which is actuarially determined. The election is available for all state, county, and local government employees, except for elected officials and hazardous duty members.

Elected Officials

Elected officials' employee contributions are based on the maximum compensation levels set for all members, and the participating employers are required to contribute on the elected officials' covered salary using the same percentage and limits as applicable for state agencies. Members elected prior to November 1, 2011 must select an employee contribution rate of 4.5%, 6.0%, 7.5%, 8.5%, 9.0% or 10.0%. Members elected on or after November 1, 2011 have a contribution rate of 3.5%.

Effective July 1, 1999, elected officials must affirmatively elect or decline participation in the Plan within 90 days after taking office. This decision is irrevocable, and failure of an elected official to decline to participate in the Plan will be deemed as an irrevocable election to participate and contribute at the highest rate (currently 3.5% for officials elected on or after November 1, 2011). All current elected officials who had not elected to participate in the Plan must have either elected, including selecting a contribution rate, or declined to participate in the Plan on or before December 1, 1999.

Elected officials who are first elected or appointed to an elected office between November 1, 2010 and October 31, 2011 may only select one of two benefit computation factors - 1.9% or 4.0% - with the respective employee contribution rates of 4.5% or 10.0%.

Effective November 1, 2011, elected officials who are first elected or appointed to an elected office participate with a benefit computation factor of 2.0% with an employee contribution rate of 3.5%.

Hazardous Duty Members

For 2015 and 2014, hazardous duty members contributed 8.0%, and their employer agencies contributed 16.5% on all salary.

(d) Participating Employers

At June 30, the number of participating employers was as follows:

	2015	2014
State agencies	122	122
County governments	75	75
Local government towns and cities	29	29
Other local governmental units	61	61
Total	287	287

Notes to Financial Statements (continued)

(3) Cash and Cash Equivalents

Cash and cash equivalents represent short-term investment funds held by the Office of the State Treasurer (State Treasurer) and the Plan's custodial agent, and foreign currency.

At June 30, cash and cash equivalents were:

	2015	2014
Cash equivalents		
State Treasurer	$ 3,184,000	$ 3,027,232
Custodial agent	192,244,965	76,030,220
Foreign currency	1,599,487	2,875,886
Total cash and cash equivalents	$ 197,028,452	$ 81,933,338

Cash is deposited to *OK INVEST*, an internal investment pool of the State Treasurer with holdings limited to obligations of the U.S. Government, its agencies and instrumentalities, agency senior debt and mortgage-backed pass-through securities, tri-party repurchase agreements, money market mutual funds, collateralized certificates of deposit, commercial paper, obligations of state and local governments, and State of Israel Bonds. Participants are limited to qualifying agencies and funds within the State's reporting entity, and each participant maintains an interest in the underlying investments of *OK INVEST* and shares the risk of loss on the funds in proportion to the respective investment in the funds. The custodial agent cash equivalents consist of temporary investments in commingled trust funds of the Plan's custodial agent. The funds are composed of high-grade money market instruments with short maturities. Each participant in the funds shares the risk of loss on the funds in proportion to the respective investment in the funds.

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agency but not in the depositor-government's name. At June 30, 2015 and 2014, the cash equivalents in *OK INVEST* and the Plan's custodial agent cash equivalents were not exposed to custodial credit risk because their existence cannot be evidenced by securities that exist in physical or book entry form.

The Plan holds foreign currency in banks outside the United States as a result of transactions of international investment managers. The foreign currency is in accounts in the name of the Plan's custodial agent and is uncollateralized, and the Plan is exposed to custodial credit risk. At June 30, 2015 and 2014, the foreign currency holdings were $1,599,487 and $2,875,886, respectively. The Plan's exposure to foreign currency risk is detailed in the section entitled Investments, Foreign Currency Risk.

(4) Investments

(a) General

The OPERS Statement of Investment Policy states that the Board believes that Plan assets should be managed in a fashion that reflects the Plan's unique liabilities and funding resources, incorporating accepted investment theory and reliable empirical evidence. Specifically, the Board has adopted the following principles:

- Asset allocation is the key determinant of return, and therefore, commitments to asset allocation targets will be maintained through a disciplined rebalancing program.
- Diversification, both by and within asset classes, is the primary risk control element.
- Passive fund portfolios are suitable investment strategies, especially in highly efficient markets. These index funds which are externally managed by professional investment management firms selected through due diligence of the Board are deemed to be actively managed accounts within the meaning of Section 909.1(D) of Title 74 of the Oklahoma Statutes.

Notes to Financial Statements (continued)

The investment policy, guidelines, and objectives which govern the investment of Plan assets shall be developed and adopted by the Board of Trustees at a regularly scheduled public Board meeting, at least annually, prior to August 1 of each year. Changes to the investment policy may be made, as necessary, at any public meeting of the Board of Trustees, in compliance with the Open Meeting Act. During 2015, the investment policy was modified to allow investments in certain real estate-related assets.

At June 30, 2015 and June 30, 2014, the asset allocation guidelines established by policy were U.S. equities – 44%, international equities – 24%, and domestic fixed income – 32%. The guidelines also establish minimum and maximum percentages for each asset class allocation, and when allocations move outside these limits, portfolios are rebalanced.

The fair value of investments held by the Plan at June 30 was as follows:

	2015	2014
U.S. Treasury notes/bonds	$ 724,708,619	$ 685,346,520
U.S. Treasury strips	-	111,755,663
U.S. TIPS index fund	237,696,142	241,659,857
Government agencies	63,643,171	47,816,167
Government mortgage-backed securities	668,348,769	584,838,161
Municipal bonds	19,592,850	27,279,617
Corporate bonds	502,519,007	539,733,941
Asset-backed securities	324,313,859	240,677,005
Commercial mortgage-backed securities	126,635,182	120,947,059
Non government backed collateralized mortgage obligations	35,918,140	23,613,654
Other fixed income	999,967	999,426
Domestic equities	1,844,489,224	1,728,358,207
U.S. equity index fund	2,113,902,973	2,145,171,215
International equities	806,853,905	834,631,557
International equity index funds	1,203,691,700	1,261,746,279
Securities lending collateral	583,953,543	591,194,077
Total investments	$ 9,257,267,051	$ 9,185,768,405

The Plan participates in fixed income and international and domestic equity index funds managed by BlackRock Institutional Trust Company, N.A. (BTC). BTC, a subsidiary of BlackRock Inc., is a national banking association and operates as a limited purpose trust company. Its primary regulator is the Office of the Comptroller of the Currency (OCC), the agency of the U.S. Treasury Department that regulates United States national banks. Each fund is a collective fund which is a group trust and an entity separate from BTC, other funds, and the investing participants. BTC is trustee of each of the collective fund trusts and holds legal title to each trust's assets for the exclusive benefit of the Plan. The fair value of the Plan's position in the pool is the same as the value of the pool shares. As of June 30, 2015 and 2014, the Plan was invested in three domestic equity index funds, two international equity index funds, and a fixed income index fund. The Plan shares the risk of loss in these funds with other participants in proportion to its respective investment. Because the Plan does not own any specific identifiable investment securities of these funds, the risk associated with any derivative investments held in these funds is not apparent. The degree of risk depends on the underlying portfolios of the funds, which were selected by the Plan in accordance with its investment policy guidelines including risk assessment.

The international funds invest primarily in equity securities of entities outside the United States and may enter into forward contracts to purchase or sell securities at specified dates in the future at a guaranteed price in a foreign currency to protect against fluctuations in exchange rates of foreign currency.

Notes to Financial Statements (continued)

Securities Lending

The Plan's investment policy provides for its participation in a securities lending program. The program is administered by the Plan's master custodian, and there are no restrictions on the amount of loans that can be made. During 2015 and 2014, the types of securities loaned were primarily U.S. Government and corporate bonds, domestic equity securities, and international equity securities. Certain securities of the Plan are loaned to participating brokers, who must provide collateral in the form of cash, U.S. Treasury or Government Agency securities, or letters of credit issued by approved banks.

Under the terms of the securities lending agreement, collateral is required to be provided in the amount of 102% of the fair value of U.S. securities loaned and 105% of the fair value of non-U.S. securities loaned. At June 30, 2015 and 2014, the Plan had no credit risk exposure to borrowers because the amounts the Plan owes the borrowers exceed the amounts the borrowers owe the Plan. The securities on loan at June 30, 2015 and 2014 collateralized by cash collateral were $571,549,762 and $577,434,507, respectively, and the cash collateral received for those securities on loan was $583,953,543 and $591,194,077, respectively. In addition, the securities on loan at June 30, 2015 and 2014 collateralized by non-cash collateral were $302,083,461 and $113,248,082, respectively, and the market value of the non-cash collateral for those securities on loan was $308,269,766 and $116,355,031, respectively. The master custodian provides for full indemnification to the Plan for any losses that might occur in the program due to the failure of a broker to return a security that was borrowed (and if the collateral is inadequate to replace the securities lent) or failure to pay the Plan for income of the securities while on loan. The Plan cannot pledge or sell collateral securities unless the borrower defaults. The loan premium paid by the borrower of the securities is apportioned between the Plan and its custodial agent in accordance with the securities lending agreement. All securities loans can be terminated on demand by either the lender or the borrower.

The securities lending agreement provides that cash collateral be invested in the custodial agent's short-term investment pool and sets forth credit quality standards, acceptable investments, diversification standards, and maturity and liquidity constraints for the investment fund. The Plan's investment guidelines do not require a matching of investment maturities with loan maturities but do establish minimum levels of liquidity and other investment restrictions designed to minimize the interest rate risk associated with not matching the maturities of the investments with the loans. At June 30, 2015 and 2014, the cash collateral investments had an average weighted maturity of 22 and 19 days, respectively, and the relationship between the maturities of the custodial agent's investment pool and the Plan's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Plan cannot determine. The Plan's non-cash collateral is represented by its allocated share of a pool administered by the agent for the Plan and other pool participants.

(b) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will default or will otherwise not fulfill its obligations.

The Plan's investment guidelines provide for the domestic fixed income managers to follow one of four investment styles and specifies quality guidelines for each style.

The *Constrained Core* manager will invest in a broadly diversified portfolio with characteristics similar to a broad fixed income market index, such as the Barclays Capital Aggregate Bond Index. The total portfolio minimum quality should be A as rated by Standard and Poor's (S&P). The portfolio should primarily consist of investment grade securities, with a minimum quality rating for any issue of BBB- (S&P) or its equivalent rating by at least one Nationally Recognized Statistical Rating Organization (NASRO). In the event that a credit rating is downgraded below this minimum, the investment manager shall immediately notify OPERS staff and provide an evaluation and recommended course of action.

Notes to Financial Statements (continued)

The *Core Plus* manager will invest in a broadly diversified portfolio with characteristics similar to the Constrained Core manager and will add a "plus" of limited exposure to high yield bonds. The total portfolio minimum quality should be A as rated by S&P. No more than 20% of the portfolio shall consist of non-investment grade issues. The minimum quality rating for any issue is B (S&P) or its equivalent rating by at least one NASRO, and no more than 5% of a portfolio shall be invested in issues rated below BB (S&P) or its equivalent rating by at least one NASRO. In the event that a credit rating is downgraded below this minimum, the investment manager shall immediately notify OPERS staff and provide an evaluation and recommended course of action.

The *Interest Rate Anticipator* manager follows a style that seeks to correctly forecast the long term trend in interest rates and adjust the portfolio duration accordingly. The total portfolio minimum quality should be A as rated by S&P, and the portfolio should consist of investment grade securities only.

The *Passive* fixed income style consists of a TIPS index fund. TIPS are securities issued by the U.S. Government that are designed to protect the purchasing power of the investor.

At June 30, 2015, the domestic fixed income portfolio consisted of a constrained core fixed income portfolio, a core plus fixed income portfolio, a rate anticipator portfolio, and a passive U.S. TIPS Index fund. All components met the stated policy restrictions except the core fixed income portfolio, which held $5,726,460 in issues rated below BBB-, and the core plus fixed income portfolio, which held $2,524,409 in issues rated below B. The Plan's investment managers have advised retention of the securities after having assessed their risk/reward profiles. At June 30, 2014, the domestic fixed income portfolio consisted of a constrained core fixed income portfolio, a core plus fixed income portfolio, a rate anticipator portfolio, and a passive U.S. TIPS Index fund. All components met the stated policy restrictions except the core fixed income portfolio, which held $4,292,443 in issues rated below BBB-, and the core plus fixed income portfolio, which held $2,271,131 in issues rated below B. The Plan's investment managers have advised retention of the securities after having assessed their risk/reward profiles.

Investments issued by or explicitly guaranteed by the U.S. Government are not considered to have credit risk. At June 30, 2015, the Plan held 28.9% of fixed income investments that were not considered to have credit risk, 8.8% in a U.S. TIPS index fund made up of explicitly guaranteed U.S. Treasury Inflation-Protected Securities and 1.2% of fixed income investments that were implicitly guaranteed. At June 30, 2014, the Plan held 31.0% of fixed income investments that were not considered to have credit risk, 9.2% in a U.S. TIPS index fund made up of explicitly guaranteed U.S. Treasury Inflation-Protected Securities and 1.4% of fixed income investments that were implicitly guaranteed. Implicitly guaranteed investments primarily refer to bonds issued by a government sponsored entity (GSE) which is a government chartered corporation. This government charter implies that the government is unlikely to allow a GSE to default on its bond payments.

Notes to Financial Statements (continued)

The Plan's exposure to credit risk at June 30, 2015 is presented below, in thousands, by investment category as rated by S&P or Moody's Investor Service.

	AAA/Aaa	AA/Aa	A/A	BBB/Baa	BB/Ba	B/B	CCC/Caa	Not Rated or Rating Not Available	Total
Government agencies	$ 7,849	$ 25,794	$ -	$ -	$ -	$ -	$ -	$ 30,000	$ 63,643
Government mortgage-backed securities	11,679	-	-	-	-	-	-	600,569	612,248
Municipal bonds	3,431	11,267	4,895	-	-	-	-	-	19,593
Corporate bonds	8,523	52,063	230,137	190,340	13,647	2,553	-	4,550	501,813
Asset-backed securities	204,091	67,524	33,683	7,232	4,063	5,043	2,678	-	324,314
Commercial mortgage-backed securities	98,065	10,395	-	3,850	4,572	-	-	9,753	126,635
Non government backed collateralized mortgage obligations	8,243	5,401	6,386	8,228	999	299	-	6,362	35,918
Other fixed income	-	-	1,000	-	-	-	-	-	1,000
Total fixed income securities exposed to credit risk	$ 341,881	$ 172,444	$ 276,101	$ 209,650	$ 23,281	$ 7,895	$ 2,678	$ 651,234	$ 1,685,164
Percent of total fixed income portfolio	12.6%	6.4%	10.2%	7.8%	0.9%	0.3%	0.1%	24.1%	62.4%

The Plan's exposure to credit risk at June 30, 2014 is presented below, in thousands, by investment category as rated by S&P or Moody's Investor Service.

	AAA/Aaa	AA/Aa	A/A	BBB/Baa	BB/Ba	B/B	CCC/Caa	Not Rated or Rating Not Available	Total
Government agencies	$ 17,169	$ 29,232	$ -	$ -	$ -	$ -	$ -	$ 1,415	$ 47,816
Government mortgage-backed securities	16,096	-	-	-	-	-	-	553,057	569,153
Municipal bonds	5,250	11,299	10,731	-	-	-	-	-	27,280
Corporate bonds	31,561	50,113	208,511	160,135	8,054	-	-	81,360	539,734
Asset-backed securities	122,807	73,958	16,149	12,092	5,856	5,063	2,441	2,311	240,677
Commercial mortgage-backed securities	97,462	10,802	1,114	3,451	3,885	1,500	-	2,733	120,947
Non government backed collateralized mortgage obligations	4,018	2,799	5,800	9,550	1,095	343	-	8	23,613
Other fixed income	-	-	999	-	-	-	-	-	999
Total fixed income securities exposed to credit risk	$ 294,363	$ 178,203	$ 243,304	$ 185,228	$ 18,890	$ 6,906	$ 2,441	$ 640,884	$ 1,570,219
Percent of total fixed income portfolio	11.2%	6.8%	9.3%	7.1%	0.7%	0.3%	0.1%	24.4%	59.9%

The exposure to credit risk of the underlying investments of the Plan's cash equivalents at June 30 is as follows:

	2015		2014	
Credit Rating	***OK INVEST***	**Custodial Agent**	***OK INVEST***	**Custodial Agent**
AAA	12.7 %	11.3 %	5.0 %	22.1 %
AA	81.5	75.4	89.3	67.5
A1	2.3	12.0	2.4	9.4
BBB	—	—	—	—
BB	—	—	—	—
NR	3.5	1.3	3.3	1.0
	100.0 %	100.0 %	100.0 %	100.0 %

Notes to Financial Statements (continued)

(c) Concentration of Credit Risk

Investments can be exposed to concentration of credit risk if significant amounts are invested in any one issuer. The Plan's investment policy states that portfolios managed on behalf of the Plan should not hold more than 5% of the outstanding securities of any single issuer. As of June 30, 2015 and 2014, the Plan did not have 5% or more of its total investments in any single issuer.

(d) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. Duration is a measure of a debt investment's exposure to fair value changes arising from changing interest rates based upon the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. Effective duration estimates the sensitivity of a bond's price to interest rate changes and makes assumptions regarding the most likely timing and amounts of variable cash flows arising from investments, such as callable bonds, collateralized mortgage obligations, and other mortgage-backed securities.

At June 30, the Plan's exposure to interest rate risk as measured by effective duration is listed below by investment category.

	2015		2014	
	Fair Value	Effective duration in years	Fair Value	Effective duration in years
U.S. Treasury notes/bonds	$ 724,708,619	11.4	$ 685,346,520	7.9
U.S. Treasury strips	-	-	111,755,663	23.3
U.S. TIPS index fund	237,696,142	7.8	241,659,857	7.7
Government agencies	63,643,171	3.7	47,816,167	3.7
Government mortgage-backed securities	668,348,769	4.3	584,838,161	4.4
Municipal bonds	19,592,850	9.5	27,279,617	10.0
Corporate bonds	502,519,007	5.7	539,733,941	4.9
Asset-backed securities	324,313,859	0.9	240,677,005	1.1
Commercial mortgage-backed securities	126,635,182	2.3	120,947,059	2.6
Non government backed collateralized mortgage obligations	35,918,140	1.4	23,613,654	0.6
Other fixed income	999,967	0.2	999,426	1.2
Total fixed income	$ 2,704,375,706		$ 2,624,667,070	
Portfolio duration		6.3		6.0

The Plan does not have a formal investment policy on interest rate risk. Interest rate risk is controlled through diversification of portfolio management styles.

Some investments' sensitivity to changing interest rates may derive from prepayment options embedded in an investment. Asset-backed securities, mortgage-backed securities, and collateralized mortgage obligations are pass-through securities that represent pooled debt obligations repackaged as securities that pass income and principal from debtors through the intermediary to investors.

Asset-backed securities are bonds or notes backed by loan paper or accounts receivable originated by banks, credit card companies, or other providers of credit and often enhanced by a bank letter of credit or by insurance coverage proved by an institution other than the issuer. At June 30, 2015 and 2014, the Plan held $324,313,859 and $240,677,005, respectively, in asset-backed securities.

Notes to Financial Statements (continued)

Mortgage-backed securities are securities backed by mortgages issued by public and private institutions. At June 30, 2015 and 2014, the Plan held $668,348,769 and $584,838,161, respectively, in government mortgage-backed securities issued by the Federal Home Loan Mortgage Corporation (FHLMC), Government National Mortgage Association (GNMA), and Federal National Mortgage Association (FNMA) as well as $126,635,182 and $120,947,059, respectively, in commercial mortgage-backed securities.

Collateralized mortgage obligations (CMOs) are mortgage-backed bonds that allocate mortgage cash flows (interest and principal) into different maturity classes, called tranches. This is accomplished by dedicating mortgage cash flows to specific tranches and paying each tranch off in turn by prespecified rules. CMOs provide investors with increased security about the life of their investment compared to purchasing a pass-through mortgage-backed security. If mortgage rates drop (rise) sharply, prepayment rates will increase (decrease), and CMO tranches may be repaid before (after) the expected maturity. At June 30, 2015 and 2014, the Plan held $35,918,140 and $23,613,654, respectively, in non-government backed CMOs.

The exposure to interest rate risk of the underlying investments of the Plan's cash equivalents at June 30 is as follows:

	2015		2014	
Maturities (in days)	***OK INVEST***	**Custodial Agent**	***OK INVEST***	**Custodial Agent**
0 - 14	0.0 %	37.5 %	7.0 %	28.2 %
15 - 30	1.0	8.7	0.7	6.3
31 - 60	1.8	13.3	1.1	14.7
61 - 90	5.3	12.5	0.9	18.5
91 - 180	5.4	15.7	4.0	11.4
181 - 364	9.6	10.2	7.7	14.8
365 - 730	22.6	2.1	17.7	6.1
Over 730	54.3	0.0	60.9	0.0
	100.0 %	100.0 %	100.0 %	100.0 %

(e) Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The OPERS Statement of Investment Policy addresses foreign currency risk by stating that the primary sources of value-added for international equity investment managers will be issue and country selection, with currency management focused on limiting losses due to fluctuations in currency values.

Notes to Financial Statements (continued)

The Plan's exposure to foreign currency risk by asset class at June 30, 2015 is as follows:

Currency	Equities	Short-term Investments	Cash	Total	Percent
Australian dollar	$ 17,885,369	$ -	$ -	$ 17,885,369	0.9 %
Brazilian real	5,779,969	-	83	5,780,052	0.3
British pound sterling	152,416,881	95,938	112,101	152,624,920	7.5
Canadian dollar	5,563,342	-	132,897	5,696,239	0.3
Danish krone	14,110,738	-	3,181	14,113,919	0.7
Euro	158,689,692	352,640	-	159,042,332	7.9
Hong Kong dollar	24,623,300	(271,741)	336,016	24,687,575	1.2
Indonesian rupiah	4,116,783	-	62,811	4,179,594	0.2
Japanese yen	128,206,941	-	539,490	128,746,431	6.4
Malaysian ringgit	6,334,471	-	-	6,334,471	0.3
Mexican peso	6,435,432	-	-	6,435,432	0.3
New Zealand dollar	1,590,758	-	248,655	1,839,413	0.1
Norwegian krone	1,506,566	-	-	1,506,566	0.1
Philippine peso	1,134,781	-	440	1,135,221	0.1
Qatari rial	2,963,522	-	-	2,963,522	0.1
Singapore dollar	27,144,243	171,893	22	27,316,158	1.4
South African rand	13,552,669	-	98,184	13,650,853	0.7
South Korean won	10,617,381	29,018	65,607	10,712,006	0.5
Swedish krona	37,427,618	-	-	37,427,618	1.9
Swiss franc	72,783,036	-	-	72,783,036	3.6
Thai baht	2,168,227	-	-	2,168,227	0.1
Turkish lira	3,430,648	-	-	3,430,648	0.2
United Arab Emirates dirham	1,699,133	-	-	1,699,133	0.1
International portfolio exposed to foreign currency risk	700,181,500	377,748	1,599,487	702,158,735	35.0
International portfolio in U.S. dollars	1,310,364,864	(378,507)	9,902,024	1,319,888,381	65.0
Total international portfolio	$ 2,010,546,364	$ (759)	$ 11,501,511	$ 2,022,047,116	100.0 %

The Plan's exposure to foreign currency risk by asset class at June 30, 2014 is as follows:

Currency	Equities	Short-term Investments	Cash	Total	Percent
Australian dollar	$ 28,635,461	$ (6,686,100)	$ 45,677	$ 21,995,038	1.0 %
Brazilian real	8,776,953	-	109	8,777,062	0.4
British pound sterling	157,272,928	-	81,937	157,354,865	7.5
Canadian dollar	5,948,045	-	136,734	6,084,779	0.3
Danish krone	14,396,966	-	-	14,396,966	0.7
Euro	196,059,086	-	1,862,005	197,921,091	9.4
Hong Kong dollar	27,160,248	-	298,466	27,458,714	1.3
Indonesian rupiah	5,036,568	-	70,639	5,107,207	0.2
Japanese yen	113,932,287	-	286,921	114,219,208	5.4
Malaysian ringgit	4,671,572	70,309	1	4,741,882	0.2
Mexican peso	7,809,680	-	-	7,809,680	0.4
New Zealand dollar	2,727,427	-	-	2,727,427	0.1
Philippine peso	1,374,980	-	-	1,374,980	0.1
Singapore dollar	25,325,202	271,141	34	25,596,377	1.2
South African rand	12,342,358	-	-	12,342,358	0.6
South Korean won	13,602,778	-	19,213	13,621,991	0.6
Swedish krona	30,443,974		-	30,443,974	1.4
Swiss franc	72,531,086	-	-	72,531,086	3.4
Thai baht	2,985,506	-	-	2,985,506	0.1
Turkish lira	5,511,495	-	74,150	5,585,645	0.3
International portfolio exposed to foreign currency risk	736,544,600	(6,344,650)	2,875,886	733,075,836	35.0
International portfolio in U.S. dollars	1,359,951,577	7,726,071	4,240,772	1,371,918,420	65.0
Total international portfolio	$ 2,096,496,177	$ 1,381,421	$ 7,116,658	$ 2,104,994,256	100.0 %

Notes to Financial Statements (continued)

The Plan's actively-managed international equity securities are recorded at fair value, which includes foreign currency gains and losses attributable to fluctuations in the exchange rate between the foreign denominated currency of the investment and the U.S. dollar. This translation gain or loss is calculated based on month-end exchange rates. Cumulative unrealized translation losses at June 30, 2015 were approximately $63.3 million, and 2014 unrealized translation gains were approximately $16.1 million.

(f) Rate of Return

For the years ended June 30, 2015 and June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 3.12% and 17.96%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(5) Net Pension Liability and Actuarial Information

(a) Net Pension Liability of Participating Agencies

The Components of the net pension liability of the employer at June 30 were as follows:

	2015	2014
Total pension liability	$ 8,996,125,901	$ 8,753,669,153
Plan fiduciary net position	$ 8,636,441,984	$ 8,570,104,910
Employers' net pension liability	$ 359,683,917	$ 183,564,243
Plan fiduciary net position as a percentage of the total pension liability	96.00%	97.90%

(b) Actuarial Methods and Assumptions

The total pension liability as of June 30, 2015 and 2014, was determined based on an actuarial valuation prepared as of July 1, 2015 and July 1, 2014, respectively, using the following actuarial assumptions:

- Investment return – 7.5% compounded annually net of investment expense and including inflation
- Salary increases – 4.5% to 8.4% per year including inflation
- Mortality rates – Active participants and nondisabled pensioners – RP-2000 Mortality Table projected to 2010 by Scale AA (disabled pensioners set forward 15 years)
- No annual post-retirement benefit increases
- Assumed inflation rate – 3.0%
- Payroll growth – 4.0% per year
- Actuarial cost method – Entry age
- Select period for the termination of employment assumptions – 10 years

The actuarial assumptions used in the July 1, 2015 and 2014, valuation are based on the results of the most recent actuarial experience study, which cover the three-year period ending June 30, 2013. The experience study report is dated May 9, 2014.

Notes to Financial Statements (continued)

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis 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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The Target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2015 and 2014, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	38.0%	5.3%
U.S. Small Cap Equity	6.0%	5.6%
U.S. Fixed Income	25.0%	0.7%
International Stock	18.0%	5.6%
Emerging Market Stock	6.0%	6.4%
TIPS	3.5%	0.7%
Rate Anticipation	3.5%	1.5%
Total	100.0%	

(c) Discount rate

The discount rate used to measure the total pension liability was 7.50% for 2015 and 2014. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in state statute. Based on those assumptions, the pension plan's fiduciary net position was projected through 2114 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. The discount rate determined does not use a municipal bond rate.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the employer calculated using the discount rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent) or one percentage point higher (8.50 percent) than the current rate:

	June 30, 2015			June 30, 2014		
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	$1,340,274,323	$ 359,683,917	$ (473,973,456)	$1,142,826,586	$ 183,564,243	$ (631,946,382)

(6) Federal Income Tax Status

Pursuant to a determination by the IRS, the Plan is qualified under the Internal Revenue Code of 1986, as amended and, therefore, is exempt from federal income taxes. The latest determination letter is dated October 28, 2014 and was a favorable determination for the Oklahoma Public Employees Retirement Plan. The Plan has been amended since receiving the determination letter; however, the plan administrator

Notes to Financial Statements (continued)

believes that the Plan is designed and is currently being operated in substantial compliance with the applicable requirements of the Internal Revenue Code and will retain its status as a qualified plan.

(7) Plan Amendments

During 2014, the State Legislature enacted legislation that established a defined contribution system for certain members first employed by a participating employer of the system on or after November 1, 2015. During the session ended May 2015, the State Legislature enacted the following significant plan provision for the new defined contribution system:

(a) Further Definition and Clarification of New Defined Contribution System

HB1376 clarifies who is eligible to participate in the new defined contribution (DC) plan and aligns DC plan enrollment dates with the current defined benefit plan for ease of administration. Only employees who are employed on more than a part-time basis will participate, and participation will begin the month following employment.

A member who begins employment on or after November 1, 2015, with an OPERS employer that does not participate in the DC plan, will participate in the defined benefit plan. However, if that member later goes to work for an employer that does participate in the DC plan, the member will join the DC plan upon employment with the new employer.

The matching schedule for the DC plan has been changed to include a minimum employee contribution of 4.5% with an employer match of 6.0%. Employees may increase their contribution rate to 7.0% of their salary and receive a 7.0% match from their employer.

An employee who leaves the DC plan but subsequently returns to employment, will receive credit for previous service and be vested at the same percentage as when the employee left. However, all forfeited employer contributions will remain in the system to offset administrative costs.

Similar to the current defined benefit plan, legislative session employees will make an irrevocable election to participate in the DC plan.

Language regarding qualified domestic relations orders that was relevant only to the defined benefit plan has been deleted. Also, distribution to the alternate payee will not be tied to the distribution or death of the member in the DC plan.

(8) New Accounting Pronouncements Issued, Not Yet Adopted

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application* (GASB 72). GASB 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB 72 provides guidance for determining a fair value measurement for financial reporting purposes. GASB 72 also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of GASB 72 will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. GASB 72 also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB 72 is effective for financial statements for periods beginning after June 15, 2015.

Notes to Financial Statements (continued)

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB No. 73): GASB No. 73 was issued June 2015 and will be effective for the Plan beginning with its fiscal year ending June 30, 2016—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for the Plan beginning with its fiscal year ending June 30, 2017. The Statement establishes requirements for pensions not covered by Statement Nos. 67 and 68 which are essentially the same requirements as Statement No. 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (GASB No. 76): The objective of GASB No. 76 is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.

The Plan is currently evaluating the effects the above GASB Pronouncements will have on its financial statements.

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Required Supplementary Information

(Unaudited)
June 30, 2015
Schedule 1

Schedule of Changes in the Net Pension Liability ($ in Thousands)

Year Ended June 30,	2015	2014
Total Pension Liability		
Service cost	$ 175,809	$ 184,836
Interest	635,975	621,989
Benefit changes	-	-
Difference between expected and actual experience	(11,228)	(89,172)
Changes of assumptions	-	15,413
Benefit payments	(542,488)	(520,641)
Refunds of contributions	(15,611)	(14,878)
Net change in total pension liability	242,457	197,547
Total pension liability - beginning	8,753,669	8,556,122
Total pension liability - ending (a)	$ 8,996,126	$ 8,753,669
Plan Fiduciary Net Position		
Contributions - employer	$ 292,185	$ 280,048
Contributions - non-employer	-	-
Contributions - member	73,145	70,524
Net investment income	264,289	1,317,979
Benefit payments	(542,488)	(520,641)
Administrative expense	(5,183)	(4,709)
Refunds of contributions	(15,611)	(14,878)
Other	-	-
Net change in plan fiduciary net position	66,337	1,128,323
Plan fiduciary net position - beginning	8,570,105	7,441,782
Plan fiduciary net position - ending (b)	8,636,442	8,570,105
Net pension liability - ending (a) - (b)	$ 359,684	$ 183,564

Schedule of the Net Pension Liability ($ in Thousands)

Year Ended June 30,	2015	2014
Total pension liability	$ 8,996,126	$ 8,753,669
Plan fiduciary net position	8,636,442	8,570,105
Net pension liability	$ 359,684	$ 183,564
Ratio of plan fiduciary net position to total pension liability	96.00%	97.90%
Covered employee payroll	$ 1,744,042	$ 1,695,384
Net pension liability as a percentage of covered-employee payroll	20.62%	10.83%

Required Supplementary Information

Schedule of Employer Contributions ($ in Thousands)

(Unaudited)

June 30, 2015

Schedule 2

Year Ended June 30,	2015	2014
Actuarially determined employer contribution	$ 200,784	$ 258,879
Actual employer contributions	292,185	280,048
Annul contribution deficiency (excess)	$ (91,401)	$ (21,169)
Covered employee payroll*	$ 1,744,042	$ 1,695,348
Actual contributions as a percentage of covered-employee payroll*	16.75%	16.52%

* Covered employee payroll is based upon the pensionable payroll reported to the Plan and may exclude additional compensation amounts that need to be reported by the employer.

Notes to Schedule

Valuation date:
Actuarially determined contributions are calculated as of the beginning of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	13 years
Asset valuation method	5-year moving average
Inflation	3.00%
Salary increase	4.50 to 8.40 percent, including inflation
Investment rate of return	7.50%, compounded annually, net of investment expense and including inflation
Retirement age	Age 65 for all members hired on or after November 1, 2011, age 62 for members hired prior to November 1, 2011
Mortality	Active participants and nondisabled pensioners - RP-2000 Mortality Table projected to 2010 by Scale AA (disabled pensioners set forward 15 years)

Other information:
The plan has been amended by House Bill 2630 in 2014 which states that effective November 1, 2015, OPERS shall create a defined contribution plan for most people first employed by a participating employer. Exemptions from the new defined contribution plan include hazardous duty members and district attorneys, assistant district attorneys and employees of the district attorney's office. Each employer shall send to OPERS the difference between the required employer contribution to OPERS and the amount required to match the participating employee's contribution in the defined contribution plan.

Senate Bill 2120, also enacted in 2014, amends House Bill 2630 to further exempt from the new defined contribution plan county elected officials and employees of a county, county hospital, city or town, conservation district, circuit engineering district, and any public or private trust in which a county, city or town participates. Senate Bill 2120 also states that employees who participate in the defined contribution system are excluded from the $105 health subsidy.

New employees specifically exempted from the defined contribution plan will participate in the existing defined benefit plan.

Required Supplementary Information

Schedule of Money-Weighted Rate of Return on Pension Plan Investments

(Unaudited)

June 30, 2015

Schedule 3

	Annual money-weighted rate of return, net of investment expense
Year Ended June 30, 2015	3.12%
Year Ended June 30, 2014	17.96%

Supplementary Information

Schedule of Investment Expenses

Years Ended June 30, 2015 and 2014

Schedule 4

	2015	2014
Investment management fees		
Fixed Income Managers:		
BlackRock Financial Management, Inc.	$ 1,079,424	$ 1,132,110
Hoisington Investment Management	378,529	311,032
Metropolitan West Asset Management, LLC	770,267	804,797
BlackRock Institutional Trust Company, N.A. - TIPS	28,611	28,078
U.S. Equity Managers:		
Aronson, Johnson, and Ortiz, LP	961,295	482,429
Barrow, Hanley, Mewhinney & Strauss, Inc.	1,011,871	943,141
BlackRock Institutional Trust Company, N.A.	160,240	151,536
DePrince Race & Zollo, Inc.	1,335,388	558,862
Mellon Capital Management	125,000	125,000
State Street Global Advisors	149,610	126,064
UBS Global Asset Management	1,946,888	1,074,357
International Equity Managers:		
Baillie Gifford Overseas Limited	908,559	415,194
BlackRock Institutional Trust Company, N.A.	600,221	606,839
Mondrian Investment Partners, Ltd	1,959,479	1,948,866
Total investment management fees	11,415,382	8,708,305
Investment consultant fees		
Strategic Investment Solutions, Inc.	247,658	246,930
Investment custodial fees		
Northern Trust Company	38,644	28,976
Total investment expenses	$ 11,701,684	$ 8,984,211

Supplementary Information

Schedule of Administrative Expenses

Years Ended June 30, 2015 and 2014

Schedule 5

	2015	2014
Staff salaries	$ 2,931,181	$ 2,691,557
Social Security	221,636	201,461
Retirement	524,590	454,767
Insurance	628,283	583,323
Temporary employees	54,233	16,697
Total personnel services	4,359,923	3,947,805
Actuarial	132,083	95,750
Audit	204,114	138,100
Legal	31,742	33,260
Total professional services	367,939	267,110
Printing	75,941	90,973
Telephone	18,009	18,496
Postage and mailing expenses	156,673	156,703
Travel	22,321	26,007
Total communication	272,944	292,179
Office space	168,314	217,508
Equipment leasing	51,669	38,331
Total rentals	219,983	255,839
Supplies	28,375	30,361
Maintenance	66,025	77,383
Depreciation	343,120	287,786
Other	199,065	188,130
Total miscellaneous	636,585	583,660
Total administrative expenses	5,857,374	5,346,593
Administrative expenses allocated		
Uniform Retirement System for Justices and Judges (URSJJ)	(143,582)	(132,190)
Oklahoma State Employees Deferred Compensation Plan (DCP)	(415,461)	(402,651)
Oklahoma State Employees Deferred Savings Incentive Plan (SIP)	(115,483)	(102,857)
Total administrative expenses allocated	(674,526)	(637,698)
Net administrative expenses	$ 5,182,848	$ 4,708,895

Note to Schedule of Administrative Expenses

Administrative overhead expenses, including personnel and other supporting services costs, which are paid for by the Plan, are allocated to three other retirement funds also administered by OPERS. The allocation is based on OPERS' estimate of the cost of service provided by the Plan to the other funds.

Supplementary Information

Schedule of Professional/Consultant Fees

Years Ended June 30, 2015 and 2014

Schedule 6

		2015	2014
Professional/Consultant	**Service**		
Cavanaugh Macdonald Consulting, Inc.	Actuarial	$ 132,083	$ 95,750
Cole & Reed PC / McGladrey LLP	External Auditor	79,000	77,000
Finley & Cook, PLLC	Internal Auditor	125,114	61,100
Attorney General	Legal	769	-
Ice Miller LLP	Legal	17,900	24,200
Phillips Murrah, P.C.	Legal	12,773	8,181
Michael Mitchelson	Hearings Examiner	300	750
Steve Meador & Associates	Hearings Examiner	-	129
Total professional/consultant fees		$ 367,939	$ 267,110

SETTING WELL-DEFINED FINANCIAL AND RETIREMENT GOALS

Most people have goals they want to achieve, but few have a plan to realize them. Whether the goal is getting out of debt or being able to retire comfortably, we must set clear financial objectives at every step along our path. Unfortunately, most of these objectives are vague, with little or no strategic plan. Without a plan, it can feel like we are drifting aimlessly, and not toward the future we envision for ourselves.

Navigating the path from early career to retirement may seem daunting, but creating a financial plan with well-defined intermediate steps will determine our level of success or failure.

INVESTMENT

STRATEGIC INVESTMENT SOLUTIONS

Oklahoma Public Employees Retirement System

Investment Consultant's Report

Investment Objectives

The primary financial objective for Oklahoma Public Employees' Retirement System (OPERS) is to earn a long-term return sufficient to avoid deterioration in funded status. The System's actuary estimates this return requirement to be 7.5% while its investment consultant estimates the real return requirement to be 5.5% for the fiscal year ended June 30, 2015.

The secondary goals for OPERS are to outperform the asset allocation-weighted benchmark and to rank in the top fortieth percent of a universe of large public pension funds.

Asset Allocation

The System's Investment Philosophy stresses the following key points:

1. Asset allocation is the key determinant of return. Therefore, commitments to asset allocation targets are maintained through a disciplined rebalancing program.

2. Diversification, both by and within asset classes, is the primary tool for risk control.

3. Passive instruments (index funds) are suitable strategies in highly efficient markets.

ASSET CLASS	6/30/15 ALLOCATION	LOW	TARGET	HIGH	% PASSIVE OR SEMI-PASSIVE
U.S. EQUITY	46.3%	38.2%	44.0%	49.9%	79.6%
FIXED INCOME	30.0%	27.5%	32.0%	36.5%	59.4%
INT'L EQUITY	23.4%	21.0%	24.0%	27.0%	62.5%
CASH	0.3%	0.0%	0.0%	0.0%	100.0%

Review of Fiscal Year 2015 Investment Environment

After several years of strong capital market returns, fiscal year 2015 ended June 30 was a period marked by more modest, yet still positive returns for U.S. pension plans. The fiscal year saw mixed results within the capital markets with gains in U.S equities but losses in Non-U.S. stock markets. The U.S entered its sixth year of a bull market fueled by quantitative easing and extremely low interest rates. The U.S Fixed Income market ended the fiscal year with a muted but positive return as yields ended the year slightly lower than the year before, though rates appear to be set to rise and the word "patient" disappeared from the Fed's messaging. Weaker growth in Europe, including an ailing Greek economy, and commodity and China-related fears in the emerging markets resulted in negative returns outside of the U.S. The Euro fell significantly versus the U.S dollar over the fiscal year, and the ECB started its own quantitative easing policy through purchases of sovereign debt during the first quarter of 2015. China's local equity market dropped precipitously during June of 2015 after a period of significant appreciation, calling into question not just China's economic health but growth prospects globally. OPEC's decision not to cut oil production in November 2014, with the resulting halving of oil prices, caused its own ripple effect across U.S and non-U.S markets.

The broad U.S. Equity market, as measured by the Russell 3000 Index, returned 7.3% during fiscal year 2015. The large cap component of U.S. Equity (Russell 1000) gained 7.4%, while the small cap component (Russell 2000) rose slightly less at 6.5%. International equity investments had a tougher fiscal year in both the developed and emerging markets. The developed markets index (MSCI EAFE) lost 4.2% over the fiscal year, while emerging markets (MSCI Emerging Markets), lost 5.1%. U.S. Investment Grade Bonds (Barclays Aggregate), while in positive territory, advanced a modest 1.9% over the year, effectively earning their coupon as the market became wary of impending rate hikes.

As a diversified investor, Oklahoma Public Employees Retirement System (OPERS) experienced a +3.2% return for the fiscal year ended June 30. This result was 46 basis points above OPERS' policy benchmark of +2.8% for the period.

Performance Review

At quarterly intervals, the System reviews performance at the total fund, asset class and individual manager levels. At each level, returns are evaluated versus appropriate indexes and peers. Index comparisons have as return objectives various after-fee return premiums with risk (standard deviation) not exceeding 125%-150% of the underlying index. OPERS targets returns within the top fortieth percentile of peer comparisons over longer time periods.

Investment returns achieved through June 30, 2015 have been calculated using a time-weighted rate of return methodology based upon market values. As shown in the following table, for the 1, 3 and 5-year annualized time periods ended June 30, 2015 the U.S. Equity asset class performed above its respective blended benchmark. The Non-U.S. Equity asset class performed at or above its respective benchmark for the 1, 3 and 5-year annualized time periods, albeit on a relative basis for the one year ended June 30, 2015. The Fixed Income asset class performed above its respective blended benchmark for the 1, 3 and 5-year annualized time periods ended June 30, 2015.

The Domestic Equity asset class was ranked in the top third of its universe for the annualized time periods of 1, 3 and 5-years. The Non-U.S. Equity asset class was ranked below median in its universe for the annualized time periods of 1, 3 and 5-years. The System's large passive exposure in non-U.S., while cost effective, ranked poorly compared to the universe of active international managers. The Fixed Income asset class was ranked above median for the 1-year period and below median for the annualized time periods of 3 and 5-years compared to its universe.

The total OPERS Plan has performed above its Policy Benchmark for the annualized time periods of 1, 3 and 5-years to June 30, 2015. The total OPERS Plan ranked slightly above median for 1 and 5-years ended June 30, 2015 and slightly below median for 3-years ended June 30 compared to the peer universe of Public Funds greater than $1 Billion.

PERIODS ENDED 6/30/15	ONE YEAR	THREE YEARS	FIVE YEARS
Domestic Equity	+7.9%	+18.5%	+18.0%
86.4% Russell 1000 / 13.6% Russell 2000	+7.3%	+17.8%	+17.6%
Rank*	32	28	21
Non-U.S. Equity	-4.4%	+9.9%	+8.6%
MSCI ACWI ex-U.S.	-4.8%	+9.9%	+8.2%
Rank*	73	72	64
Fixed Income	+2.5%	+2.2%	+4.5%
78% BC Agg./11% Citi 20+ Year Tsy./11% BC U.S. TIPS	+2.0%	+1.5%	+3.7%
Rank*	17	73	57
Total Fund	+3.2%	+10.9%	+11.1%
*Policy Benchmark***	+2.8%	+10.2%	+10.6%
Public Fund > $1 Billion Median*	+3.2%	+10.9%	+11.0%
Rank*	48	51	43

* Ranking 1 is best, 100 is worst. Rankings source is InvestorForce.

** Policy Benchmark is: 44% Custom Domestic Equity Benchmark (86.4% Russell 1000/ 13.6% Russell 2000) /

32% Custom Fixed Income Benchmark (78% BC U.S. Aggregate / 11% Citi 20-Year+ Treasury / 11% BC U.S. TIPS) / 24% MSCI ACWI ex-U.S. Index.

In summary, SIS believes that OPERS is managed in a prudent and cost effective manner. The sound and disciplined policies implemented by OPERS are evidenced by its competitive performance compared to relevant benchmarks and its above median total Plan peer ranking over longer time periods.

Yours truly,

Margaret Jadallah

Margaret S. Jadallah
Managing Director

Chief Investment Officer's Report

Oklahoma Public Employees Retirement System
P.O. Box 53007
Oklahoma City, Oklahoma 73152-3077

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405.848.5946 fax

Dear Members:

The Fund's total return for fiscal year 2015 was lower than had been experienced in the past several fiscal years. Equity markets in the U.S. posted respectable gains, however, returns from markets outside the U.S. detracted from the Fund's overall results when converted into U.S. dollars. We endeavor to build a durable portfolio that will weather tumultuous market conditions. Maintaining diversification among asset classes and geographical regions is a critical component of that effort. We also de-emphasize active management in the portfolio, as demonstrated by our large holdings of index-related funds. This year is exceptional in that every active advisor to the fund managed to outperform its respective benchmark. That was an excellent contribution to returns in an environment where the portfolio did not produce particularly compelling results. This year's letter, which covers the 2015 fiscal year, will follow the same format as in years past. First, I will discuss the general economic environment and the performance of various markets throughout the fiscal year. Next, I will focus on the Fund by reviewing the investment performance and the asset allocation. Then, I will offer an investment outlook and discuss recent events at the Fund. Finally, I will review the Fund's investment philosophy and guiding principles, because both are critically important to the investment decision-making process.

Economic Environment

GDP growth in the U.S. showed reasonably good momentum during the fiscal year, and particular strength when compared to the rest of the developed world. The second estimate of GDP growth for the second quarter of 2015 was revised up from the initial estimate, to an annual rate of 3.7%. Spending by consumers, businesses, and state and local governments contributed to the relatively strong reading for the period. Consumers benefited from an improved unemployment picture and a steep drop in commodity prices, especially oil. Oil fell from over $100 per barrel at the beginning of the fiscal year to just over $40 per barrel at the end of the fiscal year. This led to an increase in discretionary income for consumers, who took advantage by increasing spending in other areas. True to form in economics, there was a flip side to the coin, as the precipitous drop in the price of oil had a negative impact on the tax revenues of our state. The U.S. dollar continued to strengthen versus much of the rest of the developed world's currencies, as demand for dollars was spurred by weaker economic activity abroad and the possibility of higher interest rates domestically. A strong dollar puts pressure on the prospective growth of the economy as it causes exports to become less competitive abroad and directly reduces corporate profits derived outside of the U.S. The market generally expects the Federal Reserve to begin raising rates in the near future, however, weakness in the rest of the world will likely delay that action.

The European Union continued to struggle with weakness in its economic recovery during the fiscal year. GDP growth for the Eurozone was just 0.3% for the second quarter of 2015. The Eurozone has yet to break through a 0.4% quarter-over-quarter growth rate since its double-dip recession ended in early 2013. The European Central Bank announced plans to enhance its quantitative easing policy. Quantitative easing is a mechanism that central banks may use to stimulate activity. Outside of Europe, economic activity was worse. In Asia, Japan's GDP shrank at a 1.6% annual pace for the second quarter, as consumers closed their wallets and exports declined. In China, the official target for GDP growth was lowered from 7.4% to 7.3%. The market fears the Chinese economy is in more serious trouble, because the government has taken aggressive actions like the surprise devaluation of the yuan, propping up the stock market by purchasing stocks, and cutting interest rates.

Chief Investment Officer's Report (continued)

U.S. and Global Stock Markets

The performance of the U.S. stock market, as measured by the Russell 3000 Index, continued its upward trajectory during the fiscal year. The Russell 3000 Index is one of the broadest equity indices available and a good proxy for the U.S. equity market as a whole. The market shrugged off concerns about European growth and a sell-off in energy stocks early in the fiscal year to earn a respectable return for the period.

Change in the Russell 3000 Index during the fiscal year ended June 30, 2015

Value at 6/30/15	6063.1
Value at 6/30/14	5650.9

Source: Frank Russell Company

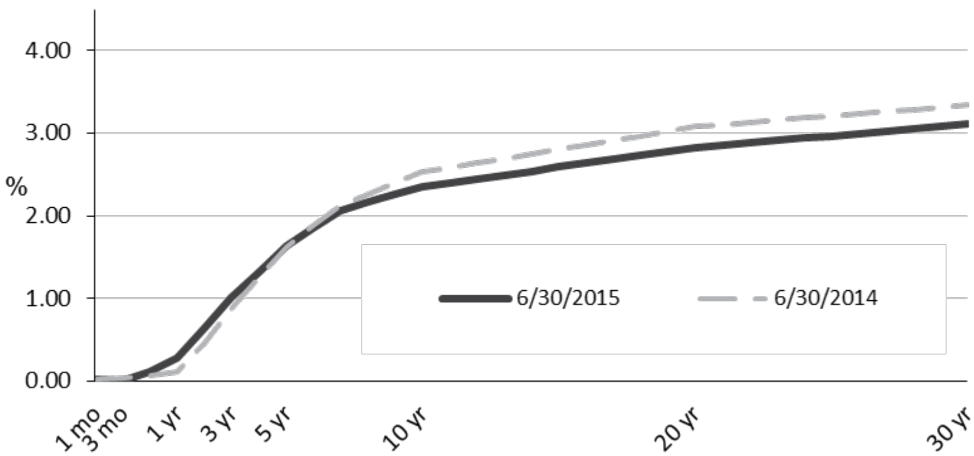
The Russell 3000 Index ended the fiscal year up 7.3%. The market rallied for most of the year, with only a couple of brief pauses. The market was driven by steady economic activity despite the withdrawal of the stimulative policies of the Federal Reserve. Commodities, especially oil, sold off dramatically over the period as concern rose that the global economy was slowing. The stocks of energy companies were particularly hard hit, with the energy sector down over 24% during the period. Leading the equity markets were the stocks of the largest companies, as large capitalization stocks outperformed small capitalization stocks by almost 1% over the period. The U.S. stock market gains were in contrast to the rest of the global developed markets on a US dollar basis. The MSCI All Country World Index ex-U.S. (ACWI ex-U.S. Index), which includes developed and emerging markets, lost 4.85% in U.S. dollar terms for the fiscal year. The U.S. dollar strengthened sharply relative to many other foreign currencies, which dramatically detracted from U.S. dollar investor returns in foreign markets. Emerging market returns in U.S. dollar terms were even weaker compared to developed markets, as investors fled the sector on an apparent larger than expected slowdown in China.

Interest Rates

The chart on the next page depicts the U.S. Treasury term structure of interest rates. The yield curve is a graphical representation of yield levels across the spectrum of bond maturities. As shown, the interest rate yield curve slightly flattened during the period as rates at the long end of the curve declined modestly and increased in the short end of the curve. The Federal Reserve has withdrawn much of the support it lent to markets for the last several years, like quantitative easing, as the economy continued to recover and economic activity grew. While the Federal Reserve has kept the Federal Funds rate exceedingly low for a long time, it has signaled the potential to raise it in the near future. The timing of this hike in interest rates will depend on economic conditions and the outlook. The bond market reacted to geopolitical risks and demanded the safety of U.S. Treasury bonds, driving down the yield for those securities on the long end of the curve. The Federal Reserve is balancing "normalizing" interest rate levels in the U.S. with weaker than expected conditions in the global economy.

Chief Investment Officer's Report (continued)

U.S. Treasury Yield Curve



Source: U.S. Treasury

Investment Returns Through June 30, 2015

U.S. Equity	**Style**	**1 Year**	**3 Years**	**5 Years**
Russell 3000	Broad U.S. Equity	7.29%	17.73%	17.54%
S&P 500	Large Cap Equity	7.42%	17.31%	17.58%
Russell 1000	Large Cap Equity	7.37%	17.73%	17.58%
Russell 1000 Growth	Large Cap Growth	10.56%	17.99%	18.59%
Russell 1000 Value	Large Cap Value	4.13%	17.34%	16.50%
Russell 2000	Small Cap Equity	6.49%	17.81%	17.08%
Russell 2000 Growth	Small Cap Growth	12.34%	20.11%	19.33%
Russell 2000 Value	Small Cap Value	0.78%	15.50%	14.81%
Oklahoma Public Employees Retirement System	**Broad U.S. Equity**	**7.86%**	**18.46%**	**17.99%**

U.S. Fixed Income	**Style**	**1 Year**	**3 Years**	**5 Years**
ML 3-Month T-Bill	Cash	0.02%	0.05%	0.07%
Barclays U.S. Aggregate	Core Bonds	1.86%	1.83%	3.35%
Citigroup 20-year Treasury Average	Long Term Bonds	6.69%	1.03%	6.50%
ML High Yield Master II	High Yield Bonds	-0.55%	6.77%	8.40%
Oklahoma Public Employees Retirement System	**Domestic Fixed Income**	**2.53%**	**2.21%**	**4.47%**

International Equity	**Style**	**1 Year**	**3 Years**	**5 Years**
MSCI ACWI Ex-US	Broad Non-US Equity	-4.85%	9.92%	8.23%
MSCI EAFE	Developed Non-US Equity	-3.82%	12.56%	10.09%
MSCI Emerging Market	Emerging Non-US Equity	-5.12%	3.71%	3.68%
Oklahoma Public Employees Retirement System	**Non-U.S. Equity**	**-4.38%**	**9.91%**	**8.60%**

Oklahoma Public Employees Retirement System	**Total Fund**	**3.23%**	**10.92%**	**11.13%**

Source: Various index providers, including Frank Russell Company, S&P, Merrill Lynch, Citigroup, and MSCI. OPERS returns were calculated using the BAI Iterative method (as such returns are time-weighted)

Chief Investment Officer's Report (continued)

Investment Performance

Bull market continued…although showing signs of volatility
The Fund produced a total return of 3.23% for the period. The Fund outperformed the policy benchmark portfolio by 46 basis points (0.46%) for the period. All of the advisors OPERS hired to advise the actively managed investment mandates added value relative to each manager's respective benchmark. We were very pleased with the strong benchmark-relative results our advisors produced, but recognize that we are unlikely to "bat a thousand" every year.

The Fund benefited from positive absolute returns from several asset classes in which it is invested, but especially within the U.S. equity segment. This segment of the portfolio was the biggest positive driver of returns for the fiscal year. Overall, that segment of the portfolio returned almost 8%. The fixed income segment of the portfolio produced modest but still positive results, returning 2.5% for the period. The non-U.S. equity portfolio detracted from total returns of the fund, as that segment lost 4.4% in U.S. dollar terms for the period.

U.S. Equity
The Fund used a mix of passive and active investment management within the domestic equity portfolio structure, but the vast majority of U.S. equity assets are managed in a passive style. Active U.S. equity management was a positive contributor to performance for the fiscal year. The Fund benefited from active management in every U.S. equity segment where active management is used. Large capitalization stocks drove the strong returns for the fiscal year, and the enhanced index managers were well positioned in that space to add value to the Fund. The three active managers who specialize in small capitalization stocks also performed especially well compared to their respective benchmarks. As a whole, the Fund benefited from both the exposure to U.S. Equity and the performance of the managers within this segment of the asset allocation for the fiscal year.

Non-U.S. Equity
The non-U.S. equity portfolio detracted from the total return of the fund, having lost 4.4% in U.S. dollar terms for the period. Much like the U.S. Equity portfolio, the majority of these Fund assets are managed in a passive style. Within this segment of the asset allocation, two active managers are used. One of the active managers emphasizes the value area of the international market, and the other emphasizes the growth area. Both managers outperformed their respective benchmarks as the quality elements these two managers emphasize were rewarded by the market. However, the U.S. dollar strengthened relative to the basket of non-U.S. currencies over the fiscal year, which detracted from performance results for dollar-based investors.

Fixed Income
The Fund's bond portfolio contributed positively to overall results for the fiscal year. Yields declined modestly on longer maturity bonds, which helped to boost overall nominal bond total returns. The interest-rate sensitive portion of the fixed income segment again produced the highest returns (nominal and benchmark-relative) within this segment, as we would expect given the decline in long-term U.S. Treasury yields over the period. In addition, the active manager's bias towards long term bonds also boosted returns relative to its benchmark. The fixed income managers benchmarked to the broad fixed income market both outperformed the index. As has been the case for several years, the more risk one assumed, the more return was earned in these types of mandates. The Fund's core plus mandate, which uses higher yielding bonds in the asset mix, performed better relative to the benchmark than the more constrained core bond mandate.

Chief Investment Officer's Report (continued)

Asset Allocation

Diversification Reduces Volatility
Diversification continues to be the most effective defense against the risks associated with any one individual security or asset class. Risks are controlled by allocating the Fund's assets across various asset classes and sectors within asset classes.

Asset Class	Min	6/30/2015	Target	Max
Cash	0.0%	0.3%	0.0%	0.0%
Domestic Fixed Income	27.5%	30.0%	32.0%	36.5%
U.S. Equity	38.2%	46.3%	44.0%	49.8%
Non-U.S. Equity	21.0%	23.4%	24.0%	27.0%
Total Fund		**100%**	**100%**	

Outlook and Recent Events

Outlook
If you've read this report in previous years, you know that I usually start this section on a cautionary note regarding the accuracy of forecasted market returns. Correctly and consistently forecasting the market's behavior is impossible, and taking any forecast as fact is sheer folly. We build the Fund according to the tenets set forth in our Investment Policy while making diversification, with respect to different asset classes and within each asset class, a priority. We endeavor to structure the Fund so it may benefit from strong returns in relatively riskier asset classes, but are ever mindful to maintain a level of diversification to dampen the return volatility that can result.

The current global economic environment continues to be driven by economic activity in North America, and specifically the U.S. European economies appear to be on firmer footing than in prior periods, but growth is fragile and the recovery is uneven among the EU member states. The European Central Bank continues to support capital markets with programs designed to inject liquidity into markets. Economic activity in China appears to be slowing, which has equity investors fearful around the globe. This slowdown has also impacted other markets. The sell-off in commodities, especially oil, has impacted the local economy negatively. The Federal Reserve has seemingly done a good job of managing expectations of an interest rate increase. However, the bond market in the U.S. has signaled that it expects rates to necessarily stay lower for a longer period than previously expected, due to economic weakness and uncertainty in the rest of the world.

For 2016, our largest concern continues to be the prospect of generating and maintaining investment results that match or exceed the actuarial assumed rate of return of 7.5%. This will continue to be a challenging task going forward. Interest rates still remain near historically low levels which continue to pressure the long-term return generating capacity of a diversified portfolio. Additionally, after such a strong run, equity market valuation levels continue to look stretched, which reduces prospective returns in the equity markets.

Fixed Income
Over a long period of time, the total return of the bond market ***tends*** to resemble the yield of years past. Over short periods, interest rate movements may have a profound impact on the capital gains (or losses) experienced by bond investors. The more quickly interest rates rise, the more pressure is exerted on the total return of the fixed income portfolio. Rates declined on the long end of the yield curve last year, which helped bolster fixed income total returns over the period. Our medium-term expectation for the total return of the U.S. fixed income markets going forward would more closely reflect current yields, which are around 2.25%-2.50%. But we could see a much lower total return (even a negative year) if rates rise too quickly and the decline in bond value more than offsets the yield earned over the period.

Chief Investment Officer's Report (continued)

Equity

The equity markets are particularly difficult to predict with any type of precision. Over short periods of time, market sentiment and technical factors (buying and selling) have an overwhelming impact on returns experienced by investors. ***Over a long period of time***, the real return from the equity markets can be attributable to three main sources: dividends on stocks, the growth rate of corporate earnings, and changes in the valuation ratios. Generally, the growth rate of earnings depends on the economic environment. My forward-looking expectation on the economy has changed a little from last year. The U.S. economy continues to show modest but stable growth. Consumer spending, the biggest driver of the U.S. economy, remains stable, as the outlook for employment continues to improve and consumers have more discretionary dollars to spend due to the reduction in commodity prices. The ability of the policy makers to manage expectations around monetary policy continues to be the key, in my opinion, to the performance of the equity market (and most other "risk assets") for the next several quarters, in addition to the reaction of market participants to elevated valuation levels. What has changed from last year is the outlook for other large economies, like China. Uncertainty is increasing around economic growth prospects in Asia, which could increase the volatility of returns observed in global risk markets.

Recent Events

There were no changes to the structure of the portfolio or to the underlying advisors to the Fund during the fiscal year. House Bill 2630 was enacted and required that the defined benefit plan be closed to most new employees hired on or after November 1, 2015. This legislative act will not affect OPERS' current members in any way, including the benefit amounts or vesting schedule. I do not expect this legislation to necessitate a change to the investment philosophy for many years into the future.

Investment Philosophy and Guiding Principles

The investment philosophy and the principles that guide the stewardship of the Fund have remained consistent and are listed below. A pension fund has the longest of investment horizons and, therefore, rightly focuses on factors impacting long-term results:

- Asset allocation is the key factor determining long-term results.
- Disciplined rebalancing toward the desired asset allocation maintains diversification and controls risk.
- Diversification within and across asset classes is the most effective tool for controlling risk.
- Passive investment management is commonly the most effective approach in efficient markets; active investment management can succeed in less efficient markets.

For a complete discussion of the investment portfolio and policies thereof, please see the Statement of Investment Policy. A copy of the policy is posted on the OPERS website, www.OPERS.OK.gov/Investment. If you have any questions about this report or the management of the Fund's investments, please contact me. Thank you.

Regards,

Brad Tillberg, CFA
Chief Investment Officer

Largest Holdings

The Plan's ten largest fixed income and stock holdings at June 30, 2015, are described in the following schedules. The Plan invests in various index and commingled funds which are separately presented.

Ten Largest Fixed Income Holdings (By Fair Value):

Security	Par	Fair Value
U.S. Treasury Bonds 3.375% due 5-15-2044	81,730,000	$85,848,456
FNMA Single Family Mortgage 4% due 7-15-2045	74,145,000	78,555,145
U.S. Treasury Bonds 3.125% due 8-15-2044	69,945,000	70,059,780
U.S. Treasury Notes 1.625% due 6-30-2020	69,155,000	69,149,606
U.S. Treasury Bonds 2.125% due 6-30-2022	50,565,000	50,778,334
U.S. Treasury Bonds 2.125% due 5-15-2025	48,475,000	47,596,391
U.S. Treasury Bonds 3% due 5-15-2045	46,645,000	45,712,100
U.S. Treasury Bonds 1.875% due 5-31-2022	39,655,000	39,215,067
U.S. Treasury Notes .625% due 5-31-2017	38,820,000	38,813,944
U.S. Treasury Bonds 2.875% due 5-15-2043	33,675,000	32,091,231

Ten Largest Stock Holdings (By Fair Value):

Security	Shares	Fair Value
Apple, Inc. Common Stock	344,582	$43,219,197
Exxon Mobil Corp. Common Stock	394,742	32,842,534
Johnson & Johnson Common Stock	292,786	28,534,924
JP Morgan Chase & Co. Common Stock	346,751	23,495,848
Gilead Sciences, Inc. Common Stock	166,175	19,455,769
Unilever Common Stock	451,960	19,404,771
Pfizer, Inc. Common Stock	559,688	18,766,339
Nestle SA Common Stock	224,551	16,218,707
Iberdrola SA Common Stock	2,304,623	15,514,714
Citigroup Inc. Common Stock	278,956	15,409,529

Investments in Funds (By Fair Value):

Fund	Units	Fair Value
BlackRock Russell 1000 Index Fund	12,713,441	$1,887,764,727
BlackRock ACWI ex-U.S. Index Fund	38,838,598	918,123,377
BlackRock ACWI ex-U.S. Growth Index Fund	19,931,373	285,568,323
BlackRock U.S. TIPS Index Fund	11,467,325	237,696,142
BlackRock Russell 1000 Growth Index Fund	10,430,591	226,138,247

A complete list of portfolio holdings is available upon request from the OPERS Investment Accounting and Financial Reporting Department.

Investment Portfolio by Type and Manager

At June 30, 2015, the investment portfolio of OPERS was allocated by type and style as follows:

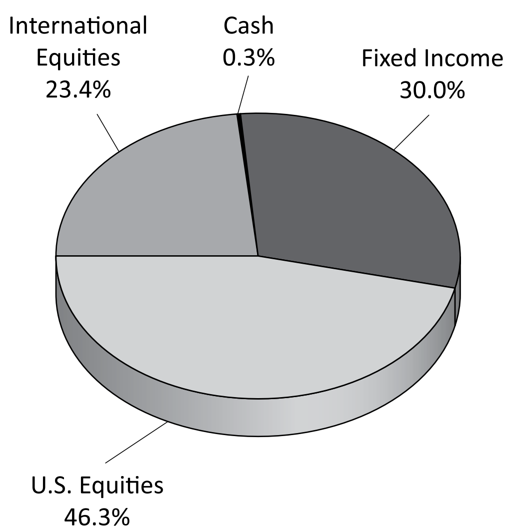
Investment Type and Manager	Style	Fair Value*	Percent of Total Fair Value
		(000's)	
Fixed Income:			
Blackrock Financial Management, Inc.	Constrained Core	$ 1,504,236	17.0%
Hoisington Investment Management	Interest Rate Anticipation	244,481	2.8%
BlackRock Institutional Trust Company	Index Fund – U.S. TIPS	237,696	2.7%
Metropolitan West Asset Management	Core Plus	837,689	9.4%
Total Fixed Income		2,824,102	31.9%
U.S. Equities:			
BlackRock Institutional Trust Company	Index Fund – Russell 1000	1,887,765	21.2%
BlackRock Institutional Trust Company	Index Fund – Russell 1000 Growth	226,138	2.6%
Mellon Capital Management	Large cap – Enhanced Index	523,383	5.9%
State Street Global Advisors	Large cap – Enhanced Index	518,969	5.9%
Aronson + Johnson + Ortiz	Large cap – Value	241,942	2.7%
UBS Global Asset Management	Small cap – Growth	218,623	2.5%
Barrow, Hanley, Mewhinney & Strauss, Inc.	Small cap – Value	200,208	2.3%
DePrince, Race & Zollo, Inc.	Small cap – Value	183,591	2.1%
Total U.S. Equities		4,000,619	45.2%
International Equities:			
Baillie Gifford Overseas Ltd.	International Growth	278,331	3.1%
Mondrian Investment Partners, Ltd.	International Value	532,103	6.0%
BlackRock Institutional Trust Company	Index Fund – ACWI ex-U.S. Growth	285,568	3.2%
BlackRock Institutional Trust Company	Index Fund – ACWI ex-U.S.	918,124	10.4%
Total International Equities		2,014,126	22.7%
Short-term Investment Funds	Operating Cash	28,288	0.3%
Total Managed Investments		8,867,135	100.1%
Securities Lending Collateral		583,954	
Cash Equivalents on Deposit with State		3,207	
Total Investments and Cash Equivalents		$ 9,454,296	
Statement of Plan Net Assets			
Cash Equivalents		197,029	
Investments		9,257,267	
Total Investments and Cash Equivalents		$ 9,454,296	

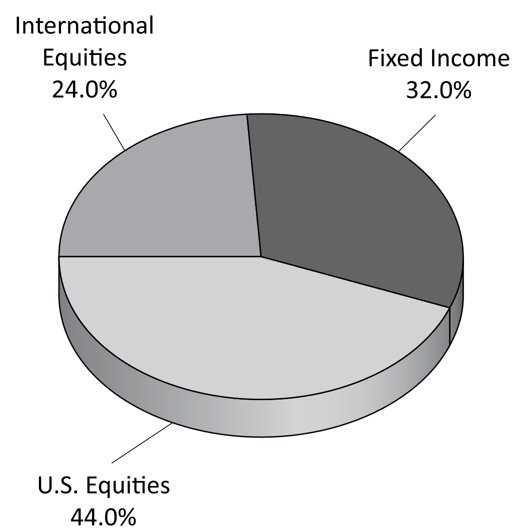
* *Manager fair values include their respective cash and cash equivalents.*

Asset Comparison

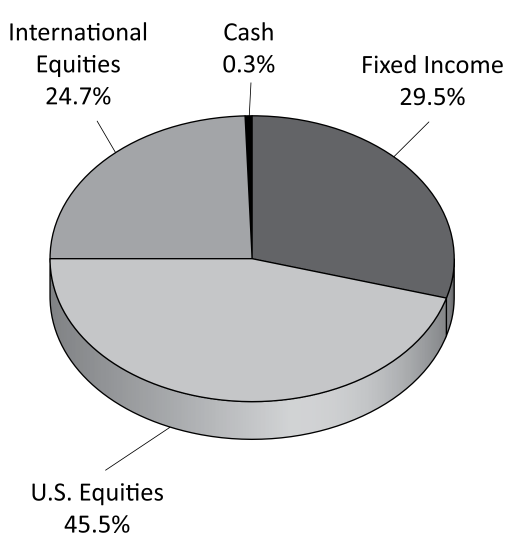
A comparison of the actual investment distribution at June 30, 2015 and 2014, based on the net investment manager holdings, including accrued income, payables and receivables, compared to the target allocations for each year is as follows:

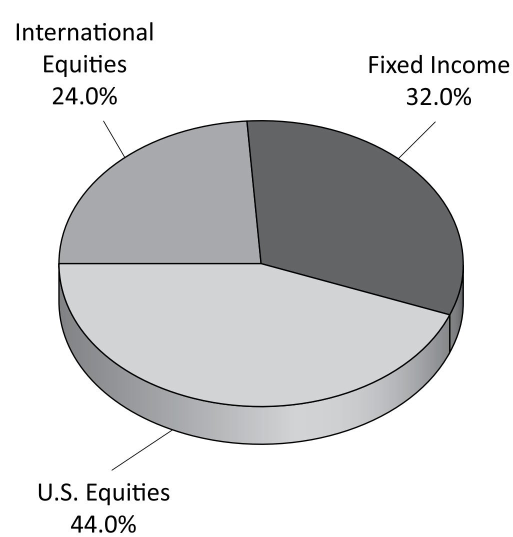
Asset Mix	Target Policy Mix





Asset Mix	Target Policy Mix





Schedule of Stock Brokerage Commissions Paid

Year Ended June 30, 2015

			Commission	
Brokerage Firm	Shares Traded	Dollar Volume of Trades	Dollar Amount	Per Share
Credit Suisse	5,867,931	$ 266,245,411	$ 105,565	0.018
Merrill Lynch	7,764,692	217,445,971	76,282	0.010
J.P. Morgan	6,442,940	203,835,642	73,494	0.011
Citigroup	5,847,765	182,742,198	53,786	0.009
Instinet	3,982,056	181,710,626	56,977	0.014
Northern Trust Co.	6,157,485	156,968,275	184,725	0.030
National Financial Services	3,901,391	142,464,949	56,509	0.014
Investment Technology Group	2,358,260	125,226,306	23,804	0.010
Liquidnet, Inc.	2,524,864	118,967,619	36,564	0.014
Morgan Stanley	2,697,131	107,252,352	42,429	0.016
Barclays Capital	1,712,878	93,778,625	23,255	0.014
Rosenblatt Securities	1,868,297	87,209,210	25,436	0.014
UBS	5,159,960	80,290,466	38,931	0.008
Knight Clearing Services	1,250,603	59,765,647	14,997	0.012
Goldman Sachs	8,223,448	57,369,554	24,149	0.003
Deutsche Bank	1,365,422	56,837,856	16,110	0.012
SG Cowen and Company	1,263,789	53,745,936	12,638	0.010
Sanford C. Bernstein and Co.	1,968,181	41,123,675	22,150	0.011
Keybanc Capital Markets	1,931,342	39,618,510	76,891	0.040
Weeden & Co.	1,117,529	37,074,943	20,649	0.018
Other	14,267,995	341,778,644	342,514	0.024
Total	87,673,959	$ 2,651,452,414	$ 1,327,855	0.015

FOUR-LEGGED CHAIR AS A MODEL FOR INCOME REPLACEMENT

Income in retirement is not as straight forward as income during your working years. The retirement industry uses the "four-legged" chair to illustrate the different revenue streams a member needs in retirement. Each leg of the chair represents one of these sources of income: Social Security, employer-sponsored retirement plans like OPERS, personal savings, and even working in retirement.

OPERS not only takes great care to educate members about the plan they participate in, but also how this plan will work in conjunction with the other sources of income they may have available in retirement.

Just like a chair will not support you with only one leg, no single source of income will likely support a person in retirement. Most retirees will require all of these sources of income to have a successful and balanced retirement.

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November 19, 2015

Board of Trustees
Oklahoma Public Employees Retirement System
5801 N. Broadway Extension, Suite 400
P.O. Box 53007
Oklahoma City, OK 73152-3007

Members of the Board:

We have completed an actuarial valuation of the Oklahoma Public Employees Retirement System as of July 1, 2015 for the purpose of determining the actuarial contribution rate and calculating and analyzing key financial measurements. Actuarial valuations are performed annually. This valuation reflects the benefit provisions and contribution rates in effect as of July 1, 2015.

In preparing the valuation, we, as the actuary, relied on the data provided by the System. As part of our work, we performed a limited review of the data for consistency and reasonableness and did not find material defects in the data.

All of the information and supporting schedules in the Actuarial Section have been provided by Cavanaugh Macdonald Consulting, LLC. We also prepared the *Schedule of Changes in the Net Pension Liability, Schedule of the Net Pension Liability* and *Schedule of Employer Contributions* shown in the financial section of the Comprehensive Annual Financial Report. All historical information that references a valuation date prior to July 1, 2010 was prepared by the prior actuarial firm.

The assumptions recommended by the actuary and adopted by the Board are, in the aggregate, reasonably related to the experience under the System and to reasonable expectations of anticipated experience under the System and meet the parameters for the disclosures under statements issued by the Governmental Accounting Board.

Future actuarial results may differ significantly from the current results 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. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

This is to certify that the independent consulting actuaries, Alisa Bennett and Brent Banister, are Members of the American Academy of Actuaries and meet the qualification standards of the American Academy of Actuaries to render the actuarial opinion contained herein. They have experience in performing valuations for public retirement systems. The valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board. The actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Respectfully submitted,

Alisa Bennett, FSA, EA, FCA, MAAA
Principal and Consulting Actuary

Brent Banister, PhD, FSA, EA, FCA, MAAA
Chief Pension Actuary

Summary of Results

	7/1/2015 Valuation	7/1/2014 Valuation	% Change
1. PARTICIPANT DATA			
Number of:			
Active Members	43,843	43,947	(0.2)
Retired and Disabled Members and Beneficiaries	32,754	31,833	2.9
Inactive Members	5,863	5,671	3.4
Total Members	82,460	81,451	1.2
Projected Annual Salaries of Active Members	$ 1,808,972,785	$ 1,744,041,536	3.7
Annual Retirement Payments for Retired Members and Beneficiaries	$ 528,779,908	$ 504,943,327	4.7
2. ASSETS AND LIABILITIES			
Total Actuarial Accrued Liability	$ 8,996,125,901	$ 8,753,669,153	2.8
Market Value of Assets	$ 8,636,441,984	$ 8,570,104,910	0.8
Actuarial Value of Assets	$ 8,420,306,645	$ 7,759,257,716	8.5
Unfunded Actuarial Accrued Liability	$ 575,819,256	$ 994,411,437	(42.1)
Funded Ratio	93.6%	88.6%	5.6
3. EMPLOYER CONTRIBUTION RATES AS A PERCENT OF PAYROLL			
Normal Cost Rate	9.52%	9.72%	
Amortization of Unfunded Actuarial Accrued Liability	3.28%	5.50%	
Budgeted Expenses	0.37%	0.38%	
Total Actuarially Determined Contribution Rate	13.17%	15.60%	
Less Estimated Member Contribution Rate	4.07%	4.09%	
Employer Actuarially Determined Contribution Rate	9.10%	11.51%	
Less Statutory State Employer Contribution Rate	16.50%	16.50%	
Contribution Shortfall/(Surplus)	(7.40%)	(4.99%)	

Analysis of Financial Experience

Gains & Losses in Actuarial Accrued Liability During the Year Ended June 30, 2015
Resulting from Differences Between Assumed Experience & Actual Experience

	Type of Activity	(Gain) or Loss for Year End 2015
1.	**Age & Service Retirements.** Generally, if members retire at older ages or with smaller benefits than assumed, there is a gain. If they retire at younger ages or have higher average pays, a loss occurs.	$ 100,000
2.	**Disability Retirements.** If disability claims are less than assumed, there is a gain. If more claims, a loss.	1,700,000
3.	**Deaths.** If more deaths occur than assumed, there is a gain. If fewer, there is a loss.	(10,300,000)
4.	**Withdrawal from Employment.** If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss.	(17,100,000)
5.	**Pay Increases.** If there are smaller pay increase than assumed, there is a gain. If greater increases, a loss.	7,700,000
6.	**New Entrants.** All new entrants to the System create a loss.	21,400,000
7.	**Other.** Miscellaneous gains and losses resulting from data adjustments, employee transfers, valuation methods, etc.	(14,800,000)
8.	**(Gain) or Loss During Year From Financial Experience.**	(284,300,000)
9.	**Composite (Gain) or Loss During Year.**	$(295,600,000)

Solvency Test

The OPERS funding objective is to be able to pay long-term benefit promises through contributions that remain approximately level from year to year as a percent of salaries earned by members. In this way, members and employers in each year pay their fair share for retirement service accrued in that year by OPERS members.

If the retirement system follows level contribution rate financing principles, the system will pay all promised benefits when due – the ultimate test of financial soundness.

A short-term solvency test is one means of monitoring OPERS funding progress. In a short-term solvency test, the retirement System's present valuation assets are compared with: 1) active member contributions on deposit, 2) the liabilities for future benefits to persons who have retired and the liabilities for terminated employees with vested benefits, and 3) the liabilities for service already rendered by active members. In a system that has been following the discipline of level contribution rate financing, the liabilities for member contributions on deposit (liability 1), the liabilities for future benefits to present retirees and the liabilities for future benefits for terminated employees (liability 2) will be fully covered by present assets, except in rare circumstances.

In addition, the liabilities for service already rendered by members (liability 3) will be partially covered by the remainder of present assets. Generally, if the system has been using level contribution rate financing, the funded portion of liability 3 will increase over time; however, a decrease generally occurs in those years when substantial benefit improvements are granted by the Legislature. It is unusual for liability 3 to be fully funded. The funded ratio of the System based on total actuarial accrued liabilities (1 + 2 + 3) provides an indication of how well the System is funded.

The schedule below illustrates the progress of funding the actuarial accrued liabilities of OPERS.

	Actuarial Accrued Liability and Valuation Assets (in thousands)					Portion of Actuarial Accrued Liability Covered by Reported Assets			
Date	**Active Member Contributions (Liability 1)**	**Retirees, Beneficiaries and Terminated Vested Members (Liability 2)**	**Employer Financed Portion of Active Members (Liability 3)**	**Total Liability (1 + 2 + 3)**	**Reported Assets[1]**	**(1)**	**(2)**	**(3)**	**Funded Ratio of Total Accrued Actuarial Liability**
July 1, 2006	$383,990	$4,069,604	$3,461,064	$7,914,658	$5,654,276	100%	100%	34.7%	71.4%
July 1, 2007	409,159	4,363,690	3,640,399	8,413,248	6,110,230	100	100	36.7	72.6
July 1, 2008	439,754	4,623,210	3,831,323	8,894,287	6,491,928	100	100	37.3	73.0
July 1, 2009	466,880	4,913,032	3,911,546	9,291,458	6,208,245	100	100	21.2	66.8
July 1, 2010	487,980	5,252,862	3,881,786	9,622,628	6,348,416	100	100	15.8	66.0
July 1, 2011	488,418	4,677,760	3,013,590	8,179,768	6,598,628	100	100	47.5	80.7
July 1, 2012	505,373	4,832,068	2,997,197	8,334,638	6,682,200	100	100	44.9	80.2
July 1, 2013	517,653	5,032,769	3,005,700	8,556,122	6,978,873	100	100	47.5	81.6
July 1, 2014	534,081	5,184,818	3,034,770	8,753,669	7,759,258	100	100	67.2	88.6
July 1, 2015	537,046	5,417,604	3,041,476	8,996,126	8,420,307	100	100	81.1	93.6

[1]Actuarial value of assets based on the smoothing technique adopted by Board.

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay
July 1, 2015	43,843	$1,808,972,785	$41,260	3.97
July 1, 2014	43,947	1,744,041,536	39,685	1.29
July 1, 2013	43,273	1,695,347,809	39,178	2.08
July 1, 2012	42,569	1,633,837,374	38,381	(0.90)
July 1, 2011	40,551	1,570,500,148	38,729	1.06
July 1, 2010	43,934	1,683,697,139	38,323	1.01
July 1, 2009	45,683	1,732,975,532	37,935	1.72
July 1, 2008	45,120	1,682,663,413	37,293	2.50
July 1, 2007	44,712	1,626,737,832	36,383	5.49
July 1, 2006	45,472	1,568,350,023	34,490	4.16

Schedule of Retirants, Disabled Retirants, and Beneficiaries Added to and Removed from Rolls

	Added to Rolls		Removed from Rolls		Rolls – End of Year			
Year Ended	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	% Increase in Annual Allowances	Average Annual Allowances
June 30, 2015	1,898	$35,731,879	977	$ 11,895,298	32,754	$528,779,908	4.72	$16,144
June 30, 2014	1,667	28,477,713	969	11,707,809	31,833	504,943,327	3.44	15,862
June 30, 2013	1,767	31,633,122	895	10,184,240	31,135	488,173,423	4.60	15,679
June 30, 2012	1,703	29,234,998	858	10,430,214	30,263	466,724,541	4.20	15,422
June 30, 2011	2,232	40,890,700	823	9,670,100	29,418	447,919,757	7.49	15,226
June 30, 2010	1,867	32,394,848	807	9,942,962	28,009	416,699,157	5.69	14,877
June 30, 2009	1,595	27,216,987	679	9,117,210	26,949	394,247,271	4.81	14,629
June 30, 2008	1,526	23,815,666	790	8,508,891	26,033	376,147,494	8.42	14,449
June 30, 2007	1,620	25,583,722	759	8,045,442	25,233	346,932,229	5.21	13,749
June 30, 2006	1,413	19,788,298	720	7,124,367	24,372	329,736,666	7.96	13,529

Summary of System Provisions

Effective Date:	The System became effective January 1, 1964. The fiscal year is July 1 to June 30.
Employees Included:	All permanent employees of the State of Oklahoma, and any other employer such as a county, county hospital, city or town, conservation districts, circuit engineering districts, and any trust in which a county, city, or town participates and is the primary beneficiary, are eligible to join if: • the employee is not eligible for or participating in another retirement system authorized under Oklahoma law, is covered by Social Security and not participating in the U.S. Civil Service Retirement System, • the employee is scheduled for 1,000 hours per year and salary is not less than the hourly rate of the monthly minimum wage for State employees (for employees of local government employers, not less than the hourly rate of the monthly minimum wage for such employees). Membership is mandatory for new eligible employees on the first of the month following employment.
Employee and Employer Contributions:	3.5% of pay for most State employees and 16.5% for employers. Local employees, elected officials, members covered by the Department of Corrections Hazardous Duty provisions, and members who elect the step up provision contribute at varying rates.
Final Average Compensation:	Generally the highest annual average of any thirty-six months within the last ten years of participating service. For members hired on or after July 1, 2013, the highest annual average of any sixty months within the last ten years of participating service.
Retirement Date:	
Normal:	Age 62 (age 60 for elected officials), 80 age/service points if hired before July 1, 1992, 90 age/service points if hired on or after July 1, 1992. For non-elected employees hired on or after November 1, 2011, the retirement age is age 65 or 90 age/service points if at least 60. For elected officials hired on or after November 1, 2011, age 65 with 8 years of service or 62 with 10 years of service.

Summary of System Provisions (continued)

	20 years of service for certain members covered by the Department of Corrections Hazardous Duty provisions and certain Oklahoma Military Department Firefighters.
Early:	Age 55 with 10 years of service.
Normal Retirement Benefit:	General formula is 2% of final average compensation multiplied by years of credited service.
Disability Benefit:	After eight years of service, provided the member qualifies for disability benefits as certified either by the Social Security Administration or the Railroad Retirement Board. Benefit is determined by the normal retirement formula based on service and salary history at date of disability. The benefit is payable immediately without actuarial reduction.
In-service Death Benefit:	If the deceased member was vested, the benefit that would have been paid the member had he retired and elected the joint and 100% survivor option (Option B). For elected officials, it is 50% of the benefit that would have been paid the member had he retired.
Postretirement Death Benefit:	$5,000 lump-sum.
Forms of Payment:	Life annuity, joint and 50% survivor, joint and 100% survivor annuity, life annuity with a minimum of 120 monthly payments, and Medicare Gap Benefit option.
Supplemental Medical Insurance Premium:	The System will contribute the lesser of $105 per month or the Medicare Supplement Premium to the Office of Management and Enterprise Services, Employees Group Insurance Division (or other eligible employer health plans) for members receiving retirement benefits.

Summary of Actuarial Assumptions and Methods

1. The investment return rate used in the valuation was 7.5 percent per year, net of investment expenses, compounded annually. This rate of return is not the assumed real rate of return. The real rate of return is the rate of return in excess of the inflation rate. Considering other financial assumptions, the 7.5 percent investment return rate translates to an assumed real rate of return of 4.5 percent.

2. The RP-2000 Mortality Table projected to 2010 using Scale AA for males and females is used for preretirement and postretirement mortality for all non-disabled members and beneficiaries.

3. The probabilities of withdrawal from service, together with individual pay increase assumptions, are shown in Schedule 1.

4. The probabilities of retirement with an age and service allowance are shown in Schedules 2A, 2B and 2C.

5. Because of the passage of House Bill 2132, benefits are not assumed to increase due to future ad hoc cost-of-living increases.

6. The individual entry-age normal actuarial cost method of valuation was used in determining actuarial accrued liability and normal cost. Actuarial gains and losses reduce or increase the unfunded actuarial accrued liability and are amortized over the remaining amortization period (12 years as of July 1, 2015).

7. The actuarial value of assets is based on a five-year moving average of expected actuarial values and market values. A preliminary expected value is determined equal to the prior year's actuarial value of assets plus net cash flow for the year ending on the valuation date, assuming the valuation investment return. The expected actuarial asset value is equal to the preliminary expected actuarial value plus the unrecognized investment gains and losses as of the beginning of the previous fiscal year. Twenty percent (20%) of the gain/loss as measured by the difference between the expected actuarial value and the market value at the valuation date is added to the preliminary expected actuarial value plus twenty percent (20%) of the unrecognized gains or losses for the four preceding fiscal years. The final result is constrained to a value no less than 80% and no more than 120% of the market value at the valuation date.

8. The actuarial assumptions and methods used in the valuation were adopted by the Board based on System experience from July 1, 2010 through June 30, 2013.

Summary of Actuarial Assumptions and Methods (continued)

Schedule 1

Withdrawal From Active Employment Before Age & Service Retirement and Individual Pay Increase Assumptions

Sample Service Values	Withdrawal	Sample Ages	Percent Increase in Individual's Pay During Next Year
1	22.0%	25	7.4%
5	10.5	30	6.1
10	6.0	35	5.5
15	3.1	40	5.2
20	2.0	45	4.8
25	1.0	50	4.5
		55	4.5

Schedule 2A

Percent of Eligible Regular Non-Elected Active Members Retiring Within Next Year

Those Eligible for Unreduced Retirement and Hired Before November 1, 2011

Retirement Ages	Percent	Retirement Ages	Percent
50	20%	61	20%
51	20%	62	30%
52	20%	63	15%
53	20%	64	15%
54	20%	65	30%
55	10%	66	20%
56	10%	67	20%
57	11%	68	20%
58	12%	69	25%
59	13%	70	100%
60	14%		

Summary of Actuarial Assumptions and Methods (continued)

Those Eligible for Unreduced Retirement and Hired on or after November 1, 2011

Retirement Ages	Percent
60	*
61	*
62	*
63	*
64	*
65	*
66	20%
67	20%
68	20%
69	25%
70	100%

*30% when first eligible and 15% thereafter.

Schedule 2B

Percent of Eligible Non-Elected Active Members Retiring Within Next Year

Those Not Eligible for Unreduced Retirement or Department of Corrections Members With Less Than 20 Years of Service, hired before November 1, 2011

Regular Employees		Department of Corrections			
Retirement Ages	Percent	Retirement Ages	Percent	Retirement Ages	Percent
55	3%	55	4%	63	22%
56	4%	56	5%	64	25%
57	4%	57	5%	65	40%
58	5%	58	6%	66	25%
59	6%	59	7%	67	23%
60	6%	60	7%	68	22%
61	15%	61	20%	69	21%
		62	40%	70	100%

Summary of Actuarial Assumptions and Methods (continued)

Those Not Eligible for Unreduced Retirement and hired on or after November 1, 2011

Regular Employees	
Retirement Ages	Percent
60	7%
61	7%
62	20%
63	15%
64	15%

Department of Corrections			
Retirement Ages	Percent	Retirement Ages	Percent
60	7%	66	25%
61	20%	67	23%
62	20%	68	22%
63	20%	69	21%
64	20%	70	100%
65	40%		

Schedule 2C

Percent of Eligible Active Members Retiring Within Next Year
Department of Corrections Members With More Than 20 Years of Service

Service	Percent
20	25%
21	25%
22	20%
23 - 24	15%
25 - 29	23%
30 - 34	25%
35	100%

THE IMPORTANCE OF DEBT REDUCTION

Debt is a reminder of things we have already enjoyed; the lunch from last week, the new cell phone that is no longer the newest model, or repairs on the car that is starting to act up again. Debt keeps us looking back at where we have been and what we have done, rather than looking forward to where we might go – namely successfully saving for a bright future in retirement.

Eliminating debt should be a priority, but hopefully not at the expense of retirement savings. It is possible to work toward the accomplishment of more than one financial goal. Getting out of debt and retirement savings are not mutually exclusive goals. If you wait until debt has been completely eliminated before starting to save for retirement, you miss out on many years of compounding interest and earnings.

STATISTICAL

The Statistical Section provides additional historical perspective, context, and detail to assist the reader in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess the economic condition of the Oklahoma Public Employees Retirement System (OPERS).

Financial trend information is intended to assist users in understanding and assessing the changes in the financial position over time. Schedules presenting financial trend information are *Schedule of Changes in Fiduciary Net Position, Schedule of Revenue by Source, Schedule of Expenses by Type, Schedule of Benefit Payments and Refunds by Type,* and *Funded Ratio Chart*.

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the ability of OPERS to generate own-source revenue, specifically investment income. The schedule presenting revenue capacity information is the *Rate of Return by Type of Investment.*

Operating information is intended to provide contextual information about the operations and resources of OPERS to assist readers in using financial statement information to understand and assess the economic condition. Schedules and charts presenting operating information are *Schedule of Retired Members by Type of Benefit, Schedule of Average Benefit Payments, Principal Participating Employer, Demographics Chart, Participating Employers, Member Statistics*, Distribution of Retirees and Beneficiaries*, Summary of Active Members*.*

Schedules and information are derived from OPERS internal sources unless otherwise noted.
*Schedules and data are provided by actuarial consultant Cavanaugh McDonald, LLC.

Schedule of Changes in Fiduciary Net Position

Year Ended June 30,	Additions			Deductions			Total Changes in Fiduciary Net Position
	Member Contributions	Employer Contributions	Investment Income (Loss)	Benefit Payments	Administrative Expenses	Refunds	
2015	$ 73,145,380	$ 292,184,940	$ 264,289,114	$ 542,488,709	$ 5,182,848	$ 15,610,803	$ 66,337,074
2014	$ 70,523,854	$ 280,047,664	$ 1,317,980,271	$ 520,641,175	$ 4,708,895	$ 14,878,427	$ 1,128,323,292
2013	68,200,616	269,994,831	804,177,712	502,636,899	4,612,783	14,645,400	620,478,077
2012	66,299,570	262,710,009	154,692,436	484,309,893	4,758,636	14,331,714	(19,698,228)
2011	66,431,434	252,904,579	1,226,686,493	462,062,563	4,680,679	12,656,758	1,066,622,506
2010	69,041,436	259,779,236	716,895,081	429,260,056	4,555,833	11,058,379	600,841,485
2009	68,712,683	243,021,660	(967,248,484)	410,036,580	4,602,876	11,516,190	(1,081,669,787)
2008	66,699,385	220,075,992	(276,647,532)	377,974,103	4,575,446	12,848,142	(385,269,846)
2007	64,179,909	197,756,938	938,789,465	361,045,265	4,553,397	11,815,777	823,311,873
2006	55,988,703	171,273,052	434,953,655	334,378,348	4,040,083	11,120,588	312,676,391

Schedule of Revenue by Source

Year Ended June 30,	Member Contributions	Employer Contributions: Dollars	Employer Contributions: % of Annual Covered Payroll	Investment Income (Loss)	Total
2015	$ 73,145,380	$ 292,184,940	16.15 %	$ 264,289,114	$ 629,619,434
2014	70,523,854	280,047,664	16.06	1,317,980,271	1,668,551,789
2013	68,200,616	269,994,831	15.93	804,177,712	1,142,373,159
2012	66,299,570	262,710,009	15.60	154,692,436	483,702,015
2011	66,431,434	252,904,579	15.02	1,226,686,493	1,546,022,506
2010	69,041,436	259,779,236	14.59	716,895,081	1,045,715,753
2009	68,712,683	243,021,660	14.44	(967,248,484)	(655,514,141)
2008	66,699,385	220,075,992	13.53	(276,647,532)	10,127,845
2007	64,179,909	197,756,938	12.61	938,789,465	1,200,726,312
2006	55,988,703	171,273,052	11.78	434,953,655	662,215,410

Schedule of Expenses by Type

Year Ended June 30,	Benefit Payments	Administrative Expenses	Withdrawals	Total
2015	$ 542,488,709	$ 5,182,848	$ 15,610,803	$ 563,282,360
2014	520,641,175	4,708,895	14,878,427	540,228,497
2013	502,636,899	4,612,783	14,645,400	521,895,082
2012	484,309,893	4,758,636	14,331,714	503,400,243
2011	462,062,563	4,680,679	12,656,758	479,400,000
2010	429,260,056	4,555,833	11,058,379	444,874,268
2009	410,036,580	4,602,876	11,516,190	426,155,646
2008	377,974,103	4,575,446	12,848,142	395,397,691
2007	361,045,265	4,553,397	11,815,777	377,414,439
2006	334,378,348	4,040,083	11,120,588	349,539,019

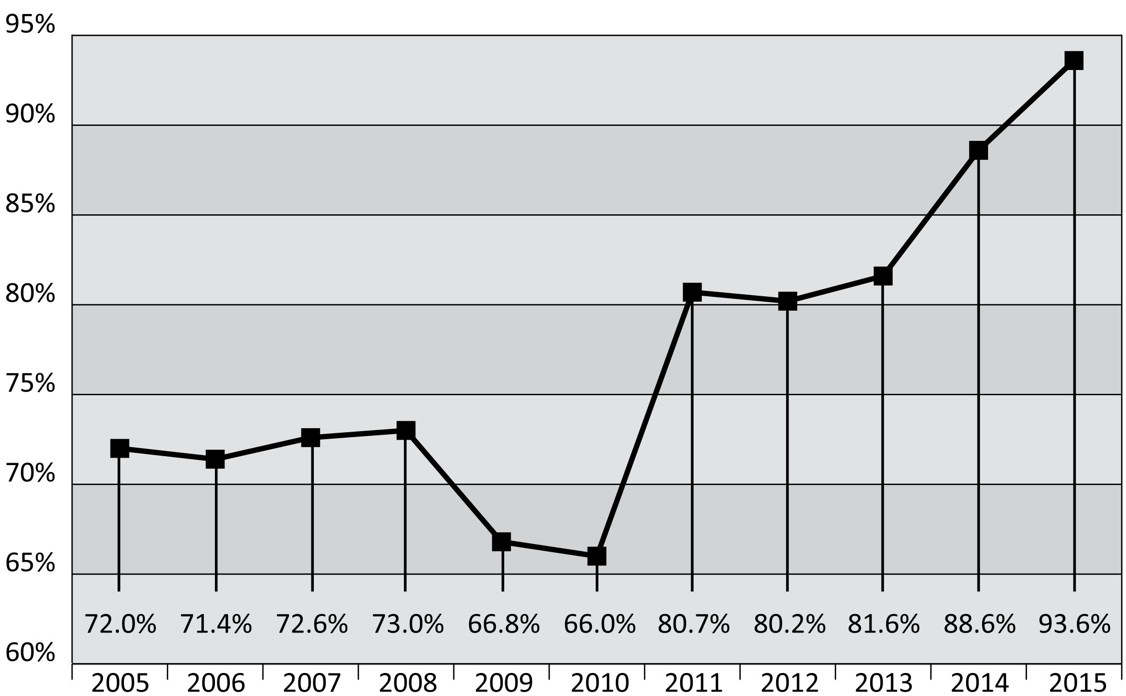
Schedule of Benefit Payments and Refunds by Type

The following schedule provides information as to the type of benefit expenses incurred by the Plan as reflected in the "Benefit Payment" and "Refunds" columns of the **Schedule of Expenses by Type** included elsewhere in this Statistical Section.

Year	Benefits			Refunds				Total Benefit
Ended	Age and		Beneficiary		Transfers to	Member		Payments
June 30,	Service	Disability	Death	Withdrawals	Other Systems	Death	Other	and Refunds
2015	$ 522,513,529	$ 14,775,998	$ 5,199,181	$ 10,562,956	$ 3,988,925	$ 897,939	$ 160,984	$ 558,099,512
2014	498,432,095	17,292,985	4,916,095	10,276,798	3,881,544	682,179	37,906	535,519,602
2013	480,885,816	17,325,263	4,425,820	10,423,136	3,191,104	897,727	133,433	517,282,299
2012	462,439,623	17,279,429	4,590,841	11,225,699	2,260,790	725,434	119,791	498,641,607
2011	441,043,149	16,590,662	4,428,752	9,043,642	2,716,718	807,918	88,480	474,719,321
2010	408,662,665	16,131,274	4,466,117	7,460,216	2,720,008	808,993	69,162	440,318,435
2009	389,166,873	16,151,439	4,718,268	7,657,424	3,047,569	701,543	109,654	421,552,770
2008	358,520,250	15,250,019	4,203,834	8,006,385	4,118,726	634,375	88,656	390,822,245
2007	342,527,423	14,479,586	4,038,256	7,406,143	3,651,333	647,848	110,453	372,861,042
2006	316,766,569	13,627,957	3,983,822	7,244,881	3,198,425	624,328	52,954	345,498,936

Funded Ratio Chart

As of July 1



Rate of Return by Type of Investment

Year Ended June 30,	Fixed Income	U.S. Equity	International Equity	Total
2015	2.5 %	7.9 %	(4.4) %	3.2 %
2014	5.1	25.6	21.9	18.0
2013	(1.0)	22.7	13.9	12.0
2012	11.5	4.1	(12.5)	2.4
2011	4.6	32.2	30.0	21.2
2010	12.9	16.4	10.0	13.8
2009	4.6	(27.5)	(29.6)	(15.4)
2008	8.5	(13.0)	(7.6)	(4.2)
2007	6.2	19.4	29.0	16.4
2006	(2.0)	9.9	26.2	8.0

Schedule of Retired Members by Type of Benefit

June 30, 2015

Amount of Monthly Benefit	Number of Retirees	Type of Retirement					Option Selected			
		1	2	3	4	5	1	2	3	4
$1 – 1,000	14,965	8,325	3,087	2,199	1,089	265	8,558	3,080	3,092	235
1,001 – 2,000	11,028	9,461	320	837	408	2	6,184	1,968	2,703	173
2,001 – 3,000	4,631	4,370	25	219	17	-	2,362	871	1,294	104
3,001 – 4,000	1,404	1,314	6	83	1	-	674	251	454	25
4,001 – 5,000	466	457	-	9	-	-	233	86	139	8
Over 5,000	260	255	-	5	-	-	145	36	77	2
Totals	**32,754**	**24,182**	**3,438**	**3,352**	**1,515**	**267**	**18,156**	**6,292**	**7,759**	**547**

Type of Retirement

Type 1 – *Normal retirement for age and service:* Eligible at (1) age 62 or (2) when the sum of the member's age plus years of service equals 80 points for those who became members before July 1, 1992 and 90 points for those becoming members after that date.

Type 2 – *Early retirement:* Eligible beginning at age 55 with ten (10) years of participating service.

Type 3 – *Survivor payment:* Normal or early retirement.

Type 4 – *Disability:* Eligible if member is qualified for payment of disability benefits as certified by the Social Security Administration, has eight (8) years of credited service, and has terminated employment.

Type 5 – *Survivor payment:* Disability retirement.

Option Selected

Option 1 – *Single-life annuity:* The maximum benefit is paid for the member's lifetime.

Option 2 – *Option A – ½ Joint and Survivor Annuity:* The member will receive a reduced retirement benefit for life and ½ of the reduced retirement benefit will be paid to the surviving joint annuitant for their lifetime.

Option 3 – *Option B – 100% Joint and Survivor Annuity:* A reduced benefit is paid to the member for life and the same benefit is paid to a surviving joint annuitant for their lifetime.

Option 4 – *Option C – Single-life Annuity with a 10-Year Certain Period:* The member will receive a reduced benefit for their lifetime. If the member dies within ten years of when the benefit payments began, the monthly payment will be made to the beneficiary for the balance of the 10-year period.

Deferred Members

At June 30, 2015, there are 5,863 former members with deferred future benefits.

Schedule of Average Benefit Payments

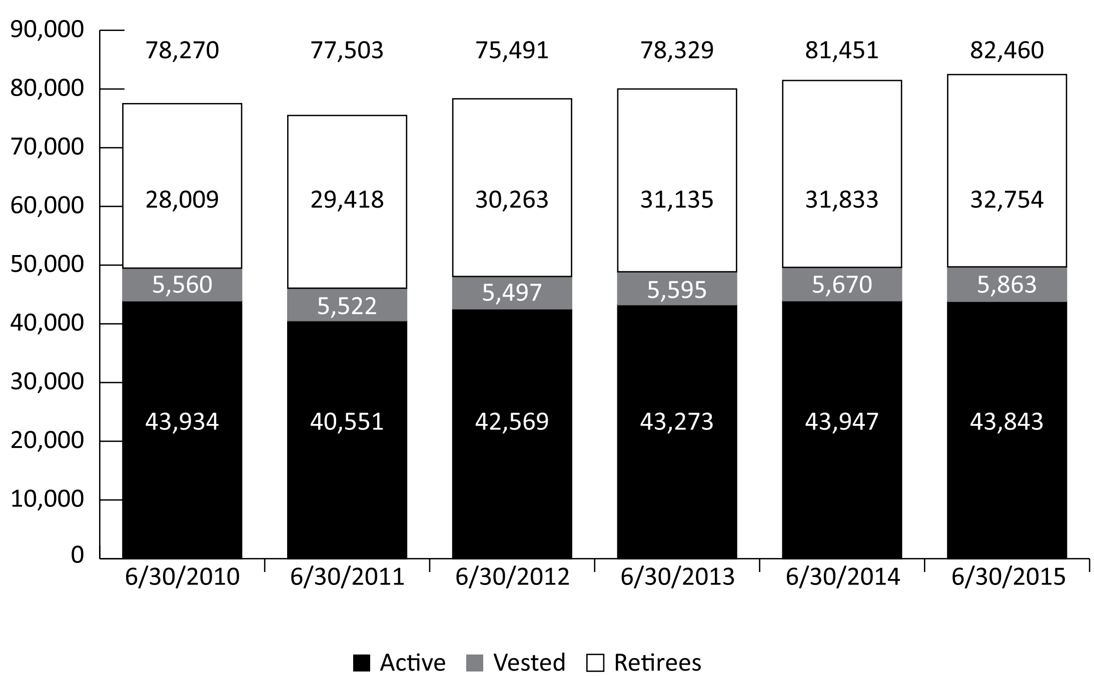
Retirement Effective Dates	Years of Credited Service						
July 1, 2005 to June 30, 2015	**0 to 5**	**6 to 10**	**11 to 15**	**16 to 20**	**21 to 25**	**26 to 30**	**31+**
Period 7/1/05 to 6/30/06							
Average Monthly Benefit	$ -	$ 387	$ 573	$ 933	$ 1,392	$ 1,902	$ 2,591
Average Final Average Salary	$ -	$ 2,352	$ 2,472	$ 2,858	$ 3,071	$ 3,435	$ 3,679
Number of Active Retirees	-	166	251	262	276	186	162
Period 7/1/06 to 6/30/07							
Average Monthly Benefit	$ 139	$ 401	$ 603	$ 1,010	$ 1,530	$ 1,997	$ 2,760
Average Final Average Salary	$ 1,536	$ 2,398	$ 2,544	$ 2,831	$ 3,259	$ 3,638	$ 3,734
Number of Active Retirees	6	206	255	268	301	241	213
Period 7/1/07 to 6/30/08							
Average Monthly Benefit	$ 127	$ 396	$ 593	$ 959	$ 1,418	$ 1,933	$ 2,535
Average Final Average Salary	$ 1,502	$ 2,374	$ 2,590	$ 2,917	$ 3,189	$ 3,466	$ 3,816
Number of Active Retirees	2	187	296	276	296	283	181
Period 7/1/08 to 6/30/09							
Average Monthly Benefit	$ 116	$ 420	$ 596	$ 1,062	$ 1,554	$ 2,157	$ 2,786
Average Final Average Salary	$ 1,590	$ 2,578	$ 2,664	$ 3,069	$ 3,384	$ 3,756	$ 4,039
Number of Active Retirees	3	216	326	277	307	272	187
Period 7/1/09 to 6/30/10							
Average Monthly Benefit	$ 153	$ 431	$ 649	$ 1,075	$ 1,572	$ 2,057	$ 2,773
Average Final Average Salary	$ 1,699	$ 2,693	$ 2,822	$ 3,190	$ 3,466	$ 3,780	$ 4,058
Number of Active Retirees	3	223	308	292	343	340	291
Period 7/1/10 to 6/30/11							
Average Monthly Benefit	$ 59	$ 476	$ 661	$ 1,116	$ 1,665	$ 2,083	$ 2,946
Average Final Average Salary	$ 1,759	$ 2,821	$ 2,815	$ 3,215	$ 3,597	$ 3,788	$ 4,205
Number of Active Retirees	1	280	355	333	442	413	357
Period 7/1/11 to 6/30/12							
Average Monthly Benefit	$ 95	$ 456	$ 671	$ 1,023	$ 1,612	$ 2,126	$ 2,866
Average Final Average Salary	$ 1,590	$ 2,824	$ 3,006	$ 3,078	$ 3,854	$ 3,869	$ 4,218
Number of Active Retirees	1	252	286	297	291	281	273
Period 7/1/12 to 6/30/13							
Average Monthly Benefit	$ 193	$ 462	$ 745	$ 1,172	$ 1,663	$ 2,204	$ 3,031
Average Final Average Salary	$ 1,928	$ 2,859	$ 3,068	$ 3,644	$ 3,664	$ 3,838	$ 4,214
Number of Active Retirees	1	259	343	261	324	294	272
Period 7/1/13 to 6/30/14							
Average Monthly Benefit	$ -	$ 476	$ 741	$ 1,107	$ 1,620	$ 2,382	$ 2,790
Average Final Average Salary	$ -	$ 3,060	$ 3,069	$ 3,325	$ 3,579	$ 4,176	$ 4,202
Number of Active Retirees	-	292	331	243	295	245	256
Period 7/1/14 to 6/30/15							
Average Monthly Benefit	$ 623	$ 487	$ 771	$ 1,216	$ 1,728	$ 2,360	$ 3,003
Average Final Average Salary	$ 2,387	$ 2,924	$ 3,146	$ 3,484	$ 3,687	$ 4,252	$ 4,303
Number of Active Retirees	2	292	323	311	331	321	310

Principal Participating Employer

The Oklahoma Public Employees Retirement System is a multiple-employer cost-sharing public employee retirement plan. The Plan covers all state employees that are not covered by six other plans and employees of participating county and local agencies in the State. The State of Oklahoma is the principal participating employer. A list of participating state, county and local agencies is included elsewhere in this Statistical Section.

Year Ended June 30,	Covered Employees of the State	Percent of Total System
2015	33,002	75.3 %
2014	33,242	75.6
2013	32,671	75.5
2012	32,403	76.1
2011	32,840	81.0
2010	34,086	77.6
2009	35,209	77.1
2008	34,659	76.8
2007	34,726	77.7
2006	34,673	76.1

Demographics Chart



Participating Employers

State Agencies

ABLE Commission
Abstractors, Board of
Accountancy, Board of Public
Aeronautics Commission
Agriculture, Department of
Architects, Board of Governors
Arts Council, State
Attorney General's Office
Auditor and Inspector
Banking Department
Behavioral Health Licensure, Board of
Boll Weevil Eradication Organization
Bond Advisor, Office of the State
Children and Youth, Commission on
Chiropractic Examiners, Board of
Commerce, Department of
Conservation Commission
Construction Industries Board
Consumer Credit, Department of
Corporation Commission
Corrections, Department of
Cosmetology, Board of
Council on Judicial Complaints
Court of Criminal Appeals
Davis Gun Museum
Dentistry, Board of
Disability Concerns, Office of
District Attorneys' Council
District Courts
Education, Department of
Educational Television Authority
Election Board, State
Emergency Management
Employment Security Commission
Engineers and Surveyors, Board of
Environmental Quality, Department of
Ethics Commission
Finance, State Office of
Fire Marshall Commission, State
Firefighters Pension and Retirement
Board
Funeral Board
Governor's Office
Grand River Dam Authority
Health, Department of
Heath Care Authority
Historical Society
Horse Racing Commission
House of Representatives
Housing Finance Agency
Human Services, Department of
Indigent Defense System
Industrial Finance Authority
Insurance Department, State
Interstate Oil Compact Commission
Investigation, State Bureau of
Juvenile Affairs, Office of
Labor, Department of
Land Office, Commissioners of the
Law Enforcement Education and
Training, Council on
Law Enforcement Retirement System
Legislative Service Bureau
Libraries, Department of
Licensed Alcohol and Drug Counselors,
Board of
Licensed Social Workers, Registration
Board of
Lieutenant Governor, Office of
Liquefied Petroleum Gas Administration
Lottery Commission
Marginally Producing Oil and Gas Wells,
Commission on
J.D. McCarty Center
Medical Licensure Board
Medicolegal Investigations, Board of
Mental Health & Substance Abuse,
Department of
Merit Protection Commission
Military Department
Mines, Department of
Motor Vehicle Commission
Multiple Injury Trust Fund
Municipal Power Authority
Narcotics and Dangerous Drugs Control,
Bureau of
Nursing, Board of
Nursing Home Administrators, Board of
Examiners for
Optometry Board
Ordinance Works Authority
Osteopathic Examiners, State Board of
Pardon and Parole Board
Peanut Commission
Pharmacy, Board of
Physicians Manpower Training
Commission
Police Pension and Retirement
Psychologists Examiners, Board of
Public Employees Retirement System
Public Safety, Department of
Quartz Mountain Arts and Conference
Center Nature Park
Real Estate Commission
Rehabilitation, Department of
Scenic Rivers Commission
Science and Technology, Center for
Advancement of
Secretary of State, Office of the
Securities Commission
Senate, State
Space Industry Development Authority
Speech Pathology and Audiology Board
State and Education Employees Group
Insurance Board
Supreme Court
Tax Commission
Teacher Preparation, Commission on
Test for Alcohol and Drug Influence
Board
Tobacco Settlement Trusts
Tourism and Recreation Department
Transportation, Department of
Treasurer's Office, State
Turnpike Authority
Uniform Building Code Commission
University Health Sciences Center
University Hospitals Authority
Used Motor Vehicles and Parts
Commission
Veterans Affairs, Department of
Veterinary Medical Examiners,
State Board of
Waters Resources Board
Wheat Commission
Will Rogers Memorial Commission
Workers' Compensation Commission

Counties and County Governmental Units

Adair County
Alfalfa County
Alfalfa County Rural Water District
Atoka County
Atoka County Rural Water District #2
Atoka County Rural Water District #4
Beaver County
Beaver County Memorial Hospital
Beckham County
Blaine County
Bryan County
Caddo County
Canadian County
Carter County
Cherokee County
Choctaw County
Choctaw County Ambulance
Cimarron County
Cleveland County

Participating Employers (continued)

Coal County
Comanche County
Comanche County Facilities Authority
Cotton County
Craig County
Craig County General Hospital
Creek County
Creek County Rural Water District #3
Creek County Rural Water District #5
Custer County
Delaware County
Delaware County E-911 Trust Authority
Delaware County Solid Waste Trust Authority
Dewey County
Ellis County
Garfield County
Garvin County
Grady County
Grady County Criminal Justice Authority
Grady County EMS
Grant County
Greer County
Greer County Special Ambulance Service
Harmon County
Harper County
Haskell County
Hughes County
Jackson County
Jefferson County
Johnston County
Johnston County Rural Water District
Kay County
Kingfisher County
Kiowa County
Latimer County
LeFlore County
LeFlore County EMS
LeFlore County Rural Water and Sewer
LeFlore County Rural Water District #3
Lincoln County
Lincoln County E-911 Trust Authority
Logan County
Love County
Major County
Major County EMS
Marshall County
Mayes County
Mayes County Rural Water District #3
Mayes Emergency Services Trust Authority
McClain County
McClain-Grady County EMS
McCurtain County
McCurtain County EMS
McIntosh County
Murray County
Muskogee County
Muskogee County EMS
Noble County
Nowata County
Nowata Consolidated Rural Water District #1
Okfuskee County
Okmulgee County
Okmulgee County Criminal Justice Authority
Osage County
Ottawa County
Ottawa County E-911 Authority
Pawnee County
Payne County
Pittsburg County
Pittsburg County Rural Water District #7
Pontotoc County
Pottawatomie County
Pottawatomie County Public Safety Center
Pushmataha County
Roger Mills County
Rogers County
Seminole County
Sequoyah County
Sequoyah County 911 Trust Authority
Sequoyah County Rural Water District #7
Stephens County
Texas County
Tillman County
Tillman County EMS
Tillman County Rural Water District
Wagoner County
Washington County
Washita County
Woods County
Woodward County

Towns, Cities and Municipal Governmental Units

Anadarko Housing Authority
Arnett, Town of
Beaver, City of
Bixby, City of
Bixby Public Works
Cheyenne, City of
Commerce, City of
Cyril, Town of
Fairfax, Town of
Fort Supply, Town of
Grandfield, City of
Grove, City of
Grove Municipal Airport Managing Authority
Heavener, City of
Heavener Utility Authority
Hinton, Town of
Holdenville, City of
Holdenville Housing Authority
Hugo, City of
Idabel Housing Authority
Indianola Rural Water District #18
Ketchum, City of
Ketchum Public Works
Kingfisher, City of
Mangum, City of
Mountain View, City of
Muskogee City-County 911 Trust Authority
Okarche, City of
Poteau Valley Improvement Authority
Rush Springs, Town of
Ryan, City of
Sentinel, Town of
Shattuck, City of
Sportsmen Acres, Town of
Stigler, City of
Tahlequah, City of
Vici, Town of
Watonga Housing Authority
Watts Public Works Authority
Wewoka, City of
Wilson, City of

Other Governmental Units

Association of South Central Oklahoma Government
Circuit Engineering District #4
Circuit Engineering District #6
Eastern Oklahoma Circuit Engineering District #2
Eastern Oklahoma District Library
Grand Gateway Economic Development Association
Kiamichi Economical Development District of Oklahoma
Midwestern Oklahoma Development Authority
Northern Oklahoma Development Authority
Northwestern Oklahoma Solid Waste Disposal Authority
Oklahoma Environmental Management Authority
Southeast Circuit Engineering District #3
Southwestern Oklahoma Ambulance Authority
Southwestern Oklahoma Developmental Authority
Tri-County Rural Water District

Member Statistics

Inactive members as of July 1, 2015	Number	Amount of Annual Benefit
Members receiving benefits		
Retired	27,624	$ 475,128,676
Surviving spouses	3,614	38,775,748
Disabled	1,516	14,875,484
Total	**32,754**	**$ 528,779,908**
Members with deferred benefits		
Vested terminated	3,085	$ 29,679,529
Assumed deferred vested members (estimated benefits)	2,778	27,591,250
Total	**5,863**	**$ 57,270,779**

		Average		
Statistics for	**Number**	**Age**	**Service**	**Earnings**
Active members as of July 1, 2014				
Continuing	37,188	47.7	11.7	$ 40,013
New	6,759	37.3	1.1	26,682
Total	**43,947**	**46.4**	**10.2**	**$ 37,962**
Active members as of July 1, 2015				
Continuing	37,108	47.4	11.4	$ 41,555
New	6,735	37.2	1.2	27,928
Total	**43,843**	**45.9**	**9.9**	**$ 39,461**

Distribution of Retirees and Beneficiaries

	Number			Annual Benefits		
Age	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Under 50	110	94	204	$ 1,757,754	$ 1,026,723	$ 2,784,477
50-55	325	286	611	7,486,411	6,185,190	13,671,601
55-60	838	1,389	2,227	18,295,218	27,826,922	46,122,140
60-65	2,020	2,960	4,980	38,723,582	53,591,486	92,315,068
65-70	3,309	4,319	7,628	59,327,772	67,998,460	127,326,232
70-75	2,720	3,625	6,345	47,026,989	52,610,832	99,637,821
75-80	2,044	2,659	4,703	33,233,812	36,035,481	69,269,293
80-85	1,295	2,005	3,300	19,184,531	24,733,958	43,918,489
85-90	653	1,222	1,875	9,278,428	14,461,356	23,739,784
90-95	213	481	694	2,887,575	5,204,830	8,092,405
95-100	36	128	164	417,520	1,292,790	1,710,310
Over 100	1	22	23	6,077	186,211	192,288
Total	**13,564**	**19,190**	**32,754**	**$ 237,625,669**	**$ 291,154,239**	**$ 528,779,908**

Summary of Active Members

Age and years of credited service
Earnings tabulated are average rates of pay as of July 1, 2015

Age	Years of Service									Total
	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	
Under 25	1,796	9								**1,805**
Average Pay	$24,752	$33,349								**$24,795**
25 to 29	3,325	464	10							**3,799**
Average Pay	$30,583	$35,102	$40,486							**$31,161**
30 to 34	2,678	1,458	340	7						**4,483**
Average Pay	$32,537	$39,830	$39,932	$42,253						**$35,485**
35 to 39	2,116	1,339	856	260	1					**4,572**
Average Pay	$32,961	$40,353	$44,756	$45,000	$61,284					**$38,025**
40 to 44	1,782	1,197	918	777	167	9	1			**4,851**
Average Pay	$33,502	$39,623	$44,770	$47,743	$49,083	$44,842	$56,264			**$39,988**
45 to 49	1,776	1,109	855	837	511	283	17			**5,388**
Average Pay	$33,278	$39,093	$42,602	$46,188	$49,615	$52,636	$56,081			**$40,598**
50 to 54	1,429	979	930	835	657	800	362	34		**6,026**
Average Pay	$33,521	$38,558	$42,143	$46,147	$47,094	$53,466	$53,905	$57,873		**$42,909**
55 to 59	1,211	1,127	933	900	604	606	492	214	21	**6,108**
Average Pay	$34,391	$38,631	$42,137	$44,101	$46,553	$50,105	$55,761	$53,596	$55,234	**$43,015**
60 to 64	760	825	730	633	508	443	306	209	107	**4,521**
Average Pay	$37,636	$40,852	$42,509	$43,527	$45,881	$49,786	$54,588	$54,323	$57,146	**$44,332**
65 to 69	237	312	290	247	161	159	93	55	56	**1,610**
Average Pay	$35,145	$39,377	$43,979	$45,130	$44,567	$52,917	$55,244	$55,333	$60,473	**$44,517**
70 & up	122	137	140	93	65	64	32	10	17	**680**
Average Pay	$38,187	$36,734	$39,354	$41,256	$45,777	$44,425	$52,051	$40,454	$58,002	**$41,048**
Total	**17,232**	**8,956**	**6,002**	**4,589**	**2,674**	**2,364**	**1,303**	**522**	**201**	**43,843**
Average Pay	**$32,089**	**$39,279**	**$42,922**	**$45,437**	**$47,168**	**$51,501**	**$54,846**	**$54,097**	**$57,946**	**$39,461**

OPERS
OKLAHOMA

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