Oklahoma Police Pension and Retirement System

A Component Unit of the State of Oklahoma

Comprehensive Annual Financial Report

For the Fiscal Years Ended June 30, 2016 and 2015

Oklahoma Police Pension and Retirement System

MISSION

To provide secure retirement benefits for members and their beneficiaries.

VISION

To be the best State Retirement System in Oklahoma through outstanding communication, education, customer service and financial stability.

VALUES AND BEHAVIORS

*The Oklahoma Police Pension and Retirement System values its **members**, both active and retired, and the important contributions they make **protecting the citizens** of Oklahoma.*

*Expect the OPPRS **staff** to exhibit integrity, ethical conduct, professionalism and a **commitment to superior performance** through teamwork, communication, mutual respect and cooperation driven to produce results.*

*Effectively **communicate** new statute and rule changes to municipalities, members and staff. Use technology, such as the OPPRS website, to provide information in a timely manner.*

*Use every opportunity to continually **educate** members, municipalities, the OPPRS board and staff.*

*Utilize the most current **technology** to manage and operate the OPPRS.*

*Provide every member a forum for timely and fair **due process** regarding applications and appeals.*

*Strive to maintain **financial stability** by actively managing a broadly diversified investment portfolio designed to cover the current and future cost of benefits.*

GOALS

Provide exceptional communication and education to our membership.

Adopt new technology that can be effectively and efficiently utilized to manage the OPPRS.

Encourage teamwork and training to provide workflow continuity as staffing evolves.

Support the Oklahoma State Legislature regarding laws impacting the OPPRS and its members.

Oklahoma Police Pension and Retirement System

A Component Unit of the State of Oklahoma

Comprehensive Annual Financial Report

For the Fiscal Years Ended June 30, 2016 and 2015

Steven K. Snyder
Executive Director
Chief Investment Officer

Prepared by the Finance Department of the Oklahoma Police Pension and Retirement System

Deric Berousek
Chief Financial Officer

Judy Q. Cong
Comptroller

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Oklahoma City, OK 73116-7335
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(Fax) 405-840-8465
(Toll Free) 1-800-347-6552
http:\\www.opprs.ok.gov

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Introductory Section

OKLAHOMA POLICE PENSION &
RETIREMENT SYSTEM
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OKLAHOMA CITY, OK 73116-7335
TELEPHONE (405) 840-3555 · FAX (405) 840-8465 · 1-800-347-6552
WWW.OPPRS.OK.GOV

Letter of Transmittal

November 23, 2016

To the Board of Trustees and Members of the Oklahoma Police Pension and Retirement System:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Oklahoma Police Pension and Retirement System (OPPRS) for the fiscal years ended June 30, 2016 and June 30, 2015. The objective of this report is to present a concise and complete picture of the Plan's financial, actuarial and investment results.

Responsibility for the accuracy of data, as well as the completeness and fairness of the presentation of this report, rests with the OPPRS management. Management relies on a comprehensive framework of internal controls to provide a reasonable, but not absolute, assurance that the financial statements are free of material misstatements. Management has established internal controls to protect the assets of OPPRS from loss, theft, or misuse, and continually reviews the control structure to ensure that the costs are reasonable in relation to the benefits provided.

The basic financial statements are prepared in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board. Finley & Cook, PLLC, has audited the financial statements included in this report and issued an unmodified opinion on the financial statements for the years ended June 30, 2016 and 2015, respectively. The Independent Auditors' Report is located at the front of the financial section within this report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditors' Report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A compliments this letter of transmittal and should be read in conjunction with it.

Profile of the System

The Oklahoma Police Pension and Retirement System (the "System") was established by legislative act and became effective on January 1, 1981. The System is administrator of a multi-employer, cost-sharing defined benefit pension plan that provides participants with retirement, death, and disability benefits as well as a deferred option plan (the "Deferred Option"), as established by the State of Oklahoma. These plans are considered a single plan for financial reporting purposes. The System is a component unit of the State of Oklahoma financial reporting entity, and is combined with other similar defined benefit pension trust funds to comprise the fiduciary-pension trust funds within the State's financial reports. The System covers substantially all police officers employed by the 138 participating municipalities and state agencies within the State of Oklahoma. The mission of the System is to provide secure retirement benefits for the members of the System and their beneficiaries.

The Oklahoma Police Pension and Retirement Board is comprised of thirteen (13) members. Seven Board members are elected by members of the System (six are active police officers, and one is a retired member). One Board member is appointed by the Governor, one by the Speaker of the House, one by the President Pro Tempore of the Senate and one by the President of the Oklahoma Municipal League. The two remaining Board members are the State Insurance Commissioner or the Commissioner's designee and the Director of the Office of Management and Enterprise Services or the Director's designee.

The Oklahoma Police Pension and Retirement Board of Trustees (the "Board") is responsible for the operation, administration and management of the System. The Board also determines the general investment policy of the System's assets.

Revenues and Funding

A pension plan is considered well funded when it has sufficient reserves to meet all expected future obligations to its plan members. A pension plan must also have revenue sources sufficient to keep pace with future obligations. The primary sources of revenue for the System are member contributions, employer contributions, dedicated revenue from the State of Oklahoma, and investment income. For fiscal year 2016, contributions totaled $98 million, a $2.6 million increase over the prior year. Fiscal 2016 produced an investment loss of ($21.1) million, down $95.7 million from 2015's investment income of $74.6 million. Moderate equity returns, both domestically and abroad, and a low-rate fixed income environment combined to produce modestly negative investment returns for fiscal year 2016, especially when compared to those produced over the two prior years.

The System's funded status improved in fiscal 2016 to 98.7% from 98.2% in the prior year. This increase in the funded status of the plan is due primarily to moderate growth in the System's liabilities over the last few years combined with steady normal costs incurred by the plan. The System had unamortized deferred actuarial losses of $121.7 million at the end of fiscal 2016, reflective of the moderate investment returns that have been realized over the last few years.

The System's primary expenses are the payment of member retirement benefits. These payments include normal retirement benefits, refunds, deferred option payments and death benefits. The System also incurs administrative expenses in the form of employee salaries and benefits, legal fees, investment fees, data processing fees, and medical and travel costs. For fiscal 2016, total expenses of the system were $140.5 million, a decrease of $3.2 million from the prior fiscal year. This decrease was primarily due to a decrease in deferred option payments, as fewer members elected to retire during the year. Refunds and administrative expenses decreased slightly for the year, due primarily to reduced depreciation for the year.

Investments

In order to fulfill their fiduciary responsibilities, the Board retains investment managers to ensure that the assets of the system are being adequately invested at all times, and to assist with the development and implementation of a prudent asset allocation to maximize investment results while mitigating excessive risk. The Board utilizes an investment consultant firm to provide performance measurement of the portfolio, and this firm also compares the management of funds and the investment returns against other similar funds and trusts to ensure the effectiveness of implemented investment strategies.

The primary objective of the System's investment strategy is to obtain the highest maximum return on invested assets within an acceptable level of risk. The cornerstone of the investment strategy is to identify, locate and purchase investments that complement the existing portfolio of assets. New portfolio additions are generally anticipated to offer strong investment performance while improving the diversification of the portfolio. Likewise, investments that have underperformed their expectations, or that no long fit within the allocation model, are sold as it is prudent do so. Additionally, the Board periodically reviews the strategic asset allocation to ensure that expected return and risk (as measured by standard deviation) is consistent with the Systems long-term objectives and tolerance for risk. As a result of this investment structure, the System had a net yield on assets of (-1%) for fiscal 2016, an absolute decrease of 4% from the net yield of 3% for fiscal year 2015.

Legislation and Outlook

The following plan provision changes pertaining to the Oklahoma Police Pension and Retirement System were enacted by the Oklahoma Legislature during the 2016 and 2015 legislative sessions:

2016
House Bill 2273 – Amends the computation of final average salary to be based specifically on paid base salary in which required contributions have been made. Amends and clarifies the definition of paid base salary, including its components and exclusions. Adds additional language regarding the purchase of transferred credited service to comply with IRS rules regarding the use of Roth and non-Roth type accounts.

2015
Senate Bill 345 – Authorizes the Oklahoma Police Pension & Retirement System Board of Trustees to adopt rules for computation of the purchase price for transferred service credit and the purchase methods available, including time periods available to complete the purchase; and additional required language regarding distributions necessary for the System to remain an IRS qualified plan.

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 Police Pension and Retirement System for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015.

To earn this certificate an entity must publish a comprehensive annual financial report that conforms to GFOA's program requirements and standards. The CAFR must be efficiently and effectively presented, and must satisfy all legal requirements as well as conform to generally accepted accounting principles.

The GFOA Certificate of Achievement only covers a one year period. The Oklahoma Police Pension and Retirement System received its first Certificate for the fiscal year ended June 30, 2011. We believe this report continues to meet GFOA's Certificate program requirements, and we are submitting it to them.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire OPPRS staff. We would also like to credit the Board of Trustees for their unwavering efforts to maintain the highest level of professionalism in the financial management of the Oklahoma Police Pension and Retirement System.

Respectfully submitted,

Steven K. Snyder
Executive Director
Chief Investment Officer

Deric Berousek
Chief Financial Officer

OPPRS Board of Trustees

W.B. Smith
Chairman
District 7

Jim Keesee
Vice Chairman
District 4

Tom Custer
District 1

Craig Akard
District 2

Rick Smith
District 3

Ryan Perkins
District 5

Jeff Pierce
District 6

Andy McPherson
Governor Appointee

Timothy Foley
Speaker of the House of Representatives Appointee

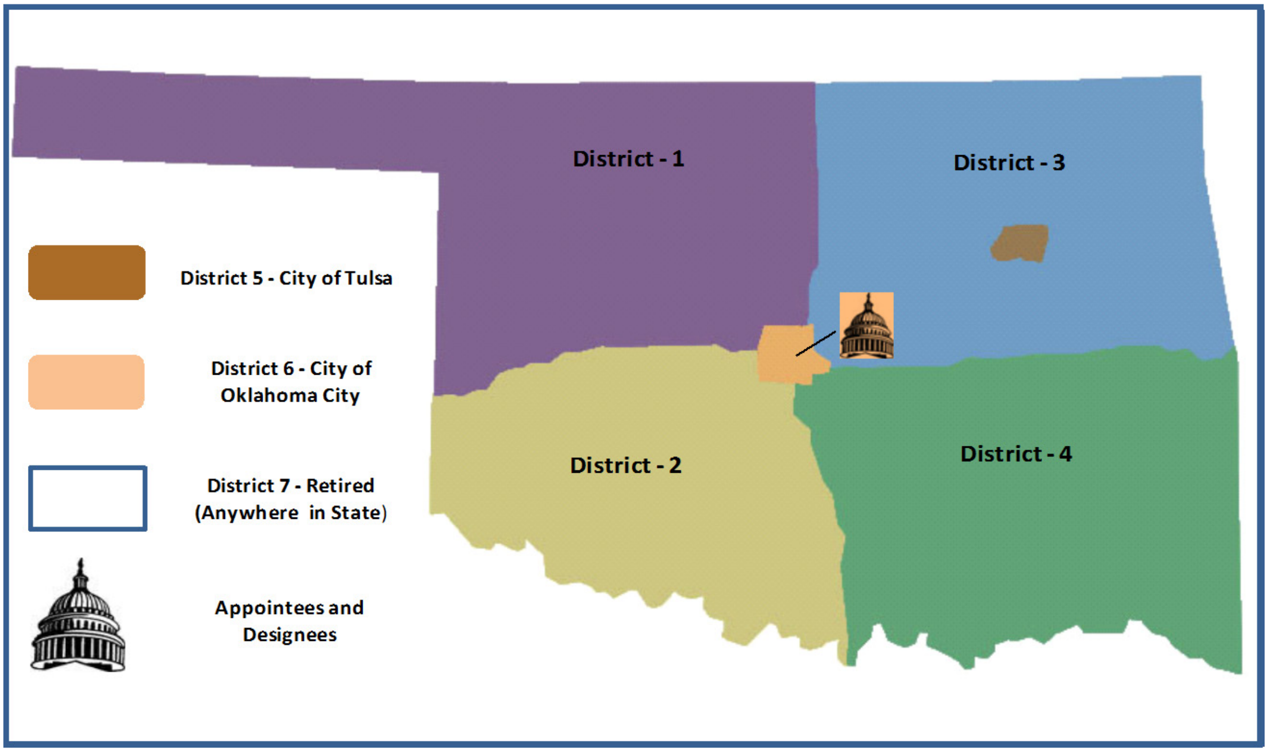
Susan Knight
Senate President Pro Tempore Appointee

Tony Davenport
Oklahoma Municipal League Appointee

Frank Stone
Designee of the State Insurance Commissioner

Brandy Manek
Designee-Director of the Office of Management and Enterprise Services

Oklahoma Police Pension Board - Districts, Appointees and Designees



District 1 Board Member- North of I-40 and west of I-35, excluding any area comprising Oklahoma City.

District 2 Board Member- South of I-40 and west I-35, excluding any area comprising Oklahoma City.

District 3 Board Member- North of I-40 and east of I-35, excluding any area comprising Oklahoma City or Tulsa.

District 4 Board Member- South of I-40 and east of I-35, excluding any area comprising Oklahoma City.

District 5 Board Member - Comprising the area within the City of Tulsa.

District 6 Board Member - Comprising the area within the City of Oklahoma City.

District 7 Board Member - The entire area of the State, but must be retired.

8th Member of the Board - Appointed by the Speaker of the House of Representatives.

9th Member of the Board - Appointed by the President Pro Tempore of the Senate.

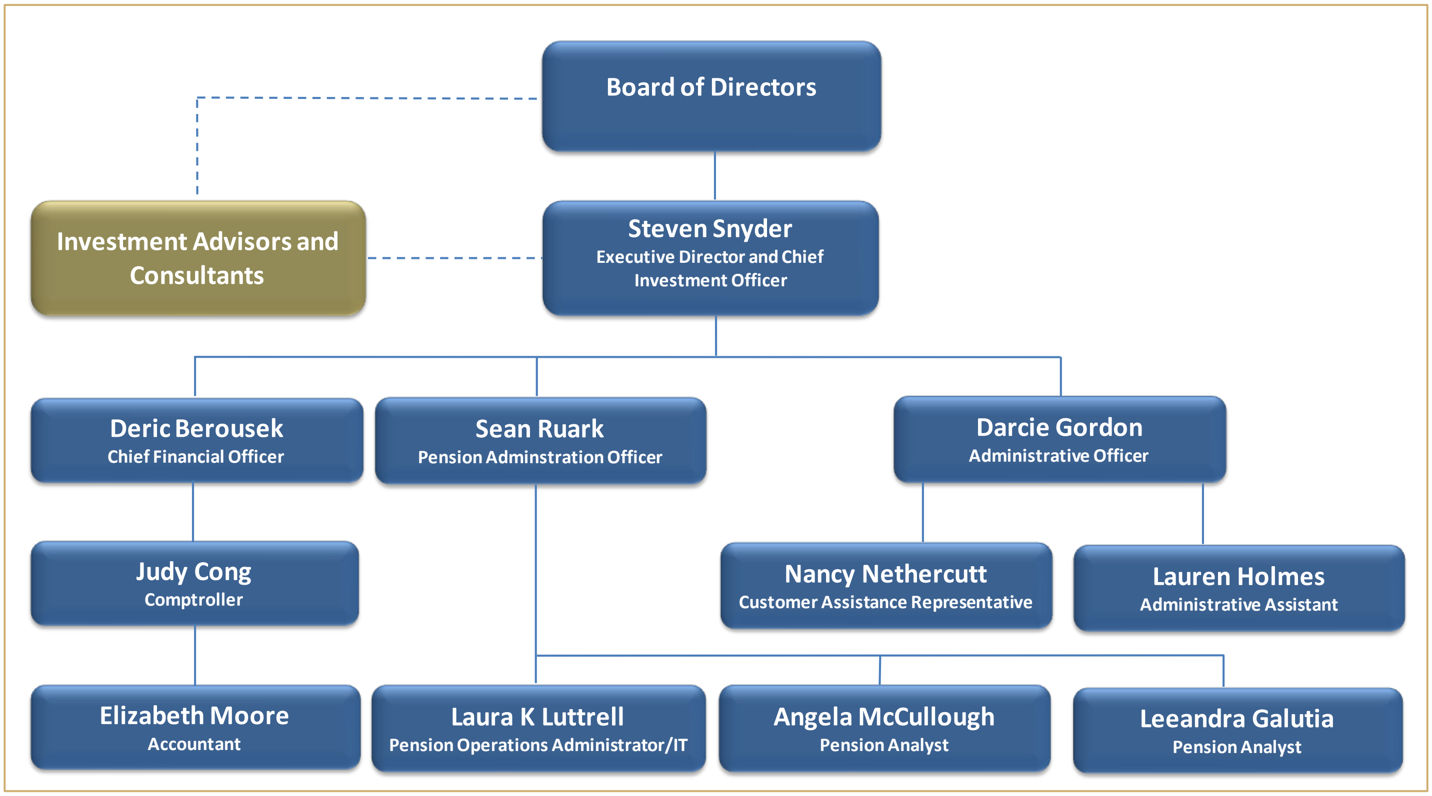
10th Member of the Board - Appointed by the Governor.

11th Member of the Board - Appointed by the President of the Oklahoma Municipal League.

12th Member of the Board - The State Insurance Commissioner or the Commissioner's designee.

13th Member of the Board - The Director of Management and Enterprise Services (formerly the Office of State Finance), or the Director's designee.

Organization of the Oklahoma Police Pension and Retirement System



Professional Advisors and Consultants*

Actuary
Cavanaugh Macdonald Consulting
3906 Raynor Parkway, Suite 106
Bellevue, NE 68123

Property Management Services
Wiggin Properties, LLC
5801 N. Broadway, Suite 120
Oklahoma City, OK 73118

Investment Consultant
Asset Consulting Group, LLC
231 S. Bemiston, 14th Floor
St. Louis, MO 63105

Independent Auditor
Finley & Cook, PLLC
1421 E. 45th Street
Shawnee, OK 74804

Legal Services (Tax and Pensions)
Davis, Graham & Stubbs, LLC
1550 Seventeenth Street, Suite 500
Denver, CO

Master Trustee (Custodian)
Bank of New York Mellon
135 Santilli Highway, 026-0313
Everett, MA 02149

* - The schedule of Investment Expenses and Professional Consultant Fees in the Other Supplementary Information Section and the Schedule of Investment Fees (pg. 89) & Broker Commissions (pg. 90) in the Investment Section contain additional information regarding professional advisors and consultants.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Oklahoma Police Pension & Retirement System

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

Financial Section

Financial Section

FINLEY & COOK
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
the Oklahoma Police Pension and Retirement System

Report on the Financial Statements

We have audited the accompanying financial statements of the Oklahoma Police Pension and Retirement Plan (the "Plan"), administered by the Oklahoma Police Pension and Retirement System, which is a part of the State of Oklahoma financial reporting entity, which comprise the statements of fiduciary net position as of June 30, 2016 and 2015, and the related statements of changes in fiduciary net position for the years 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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.

(Continued)

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INDEPENDENT AUDITORS' REPORT, CONTINUED

Opinion

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2016 the Plan adopted new accounting guidance, Statement No. 72 of the Governmental Accounting Standards Board, *Fair Value Measurement and Application* (GASB 72). Adoption of this statement resulted in presentation changes to the financial statements and revised disclosures related to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 17 through 21 and the schedule of changes in the employers' net pension liability, the schedule of employers' net pension liability, the schedule of contributions from employers and other contributing entities, the schedule of investment returns, and the notes to the required supplementary information in Exhibits I, II, III, IV, and V be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plan's basic financial statements. The introductory section, the investment section, the actuarial section, the statistical section, and Schedules I, II, and III are presented for purposes of additional analysis and are not a required part of the basic financial statements.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Other Matters, Continued

Other Information, Continued

The supplementary information in Schedules I, II, and III is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the supplementary information in Schedules I, II, and III is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory, investment, actuarial, and statistical sections have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2016, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

Finley & Cook, PLLC

Shawnee, Oklahoma
September 19, 2016

Management's Discussion and Analysis

This discussion and analysis is presented by the management of the Oklahoma Police Pension and Retirement System, administrator of the Oklahoma Police Pension and Retirement Plan (collectively the "System" or "OPPRS"). This narrative and analysis offers a summary review of the System's financial activity for the fiscal years ended June 30, 2016, 2015 and 2014. The letter of transmittal preceding this narrative and the System's financial statements which follow should be referred to in conjunction with this analysis.

Financial Highlights

	For the Fiscal Year Ended June 30, (amounts in thousands)					
	2016	2015	2014	% Change 2016 from 2015	% Change 2015 from 2014	% Change 2014 from 2013
Fiduciary Net Position	$ 2,201,671	$ 2,264,996	$ 2,238,466	-2.8%	1.2%	13.3%
Contributions:						
Participating Cities	38,533	37,261	35,547	3.4%	4.8%	2.6%
Plan members	23,787	22,867	22,131	4.0%	3.3%	2.8%
Insurance Pemium Tax	35,915	35,490	31,329	1.2%	13.3%	-0.3%
Net Investment Income (loss)	(21,104)	74,554	294,897	-128.3%	-74.7%	33.3%
Benefits paid, including refunds and deferred option benefits	138,625	141,693	119,241	-2.2%	18.8%	3.8%
Change in Fiduciary Net Position	(63,325)	26,530	262,801			
Funded Ratio of the Plan	98.7%	98.2%	94.6%	0.5%	3.8%	5.9%
Total Plan Membership	9,049	8,833	8,802	2.4%	0.4%	2.6%

- System fiduciary net position decreased $(63.3) million, or 2.8%, to $2.20 billion for fiscal year 2016, due to negative investment returns in a challenging return environment. Moderate investment performance in fiscal year 2015 increased net position by $26.5 million, or 1.2%, to $2.26 billion. A positive investment climate in fiscal year 2014 increased the System's net position by 13.3% or $262.8 million over the prior fiscal year.
- The System's fiscal year 2016 (actuarially) funded ratio increased by .5% to 98.7% from 98.2% for fiscal year 2015. This change was modest and resulted primarily from stable actuarial asset and liability values for the year. The System's funded ratio increased 3.8% in fiscal year 2015 to 98.2% from 94.6% in fiscal year 2014 due to significant gains in the actuarial value of assets for the year. Overall, with a funded ratio 98.7%, the plan remains financially sound and exceptionally positioned to meet future liabilities.
- The System saw its total net membership grow by 216 in fiscal year 2016 after a net increase of 31 members in fiscal 2015. In fiscal year 2014 the System's total membership grew by 222 members over fiscal year 2013. Fiscal 2016 contributions from participating employers and plan members increased by 3.4% and 4.0%, respectively, for the year. Continued stable State insurance premium tax collections for fiscal 2016 increased the System's portion of this tax slightly by 1.2%, providing $425,000 more to the System than in fiscal 2015.

Overview of the Financial Statements

This discussion and analysis introduces the System's basic financial statements. They are comprised of 1) *The Statement of Fiduciary Net Position*, 2) *The Statement of Changes in Fiduciary Net Position*, and 3) *Notes to the Financial Statements.* This report also includes required supplementary information and other supplemental schedules. The System is a defined benefit, cost-sharing, multi-employer pension plan and is a component unit of the State of Oklahoma. The System, combined with other similar plans, form the State of Oklahoma's fiduciary pension trust funds. The financial statements are presented using the flow of economic resources measurement focus and the accrual basis of accounting, similar in most regards to that of private business.

The System's *Statement of Fiduciary Net Position* presents the ending balance of assets and liabilities at a specific moment in time. Assets of the system include cash and cash equivalents, investments, receivables and capital assets. System liabilities are primarily accounts and benefits payable. The difference between assets and liabilities produce a "net position" balance representing the fair value of assets held in trust to pay future benefits. Net positions shown increasing over time indicate improving financial conditions within the System, while a decrease in net position represents a decline in financial condition.

The S*tatement of Changes in Fiduciary Net Position* details the sources of income and uses of resources that affected the System's financial performance for a specified period or periods. The System's primary income sources are from city and member contributions, a dedicated portion of the State of Oklahoma Insurance Premium Tax, investment gains or losses and investment income. Retirement benefits, investment charges and administrative costs are the primary expenses of the System.

The *Notes to the Financial Statements* immediately following the System's financial statements should be considered an integral part of the financial statements. The notes cover significant details about the System's financial structure and activities, providing a more complete understanding of the System's financial results.

A *required supplementary information* section follows the notes. It includes the schedule of changes in employers' net pension liability, schedule of employers' net pension liability, schedule of contributions from employers and other contributing entities, and the schedule of investment returns. These schedules offer a useful means of assessing the long-term changes in the systems assets and liabilities, total pension liabilities, changes in the Plan's net pension liability, and how effectively contributors to the System have met the actuarially determined contributions needed.

Other supplementary information contains several schedules that provide significant details regarding investment expenses, administrative expenses, and fees paid to consultants.

Condensed Financial Analysis

Condensed financial information for the System is presented in the following tables. This information provides a summary of System's financial activity for the years ended June 30, 2016, 2015 and 2014.

Condensed Summary of Fiduciary Net Position

	For the Fiscal Year Ended June 30, (amounts in thousands) 2016	2015	2014	% Change 2016 from 2015	% Change 2015 from 2014	% Change 2014 from 2013
Cash and cash equivalents	$ 40,021	$ 48,062	$ 30,240	-16.7%	58.9%	-54.2%
Receivables	15,929	14,430	12,197	10.4%	18.3%	-5.5%
Investments, at fair value	2,149,725	2,207,881	2,198,731	-2.6%	0.4%	15.8%
Securities lending collateral	-	-	9,315	0.0%	-100.0%	-53.4%
Capital assets	-	101	304	-100.0%	-66.8%	-40.0%
Total Assets	2,205,675	2,270,474	2,250,787	-2.9%	0.9%	12.6%
Other liabilities	4,004	5,478	3,006	-26.9%	82.2%	4.1%
Securities lending collateral	-	-	9,315	0.0%	-100.0%	-53.4%
Total Liabilities	4,004	5,478	12,321	-26.9%	-55.5%	-46.2%
Fiduciary Net Position	$ 2,201,671	$ 2,264,996	$2,238,466	-2.8%	1.2%	13.3%

Condensed Summary of Changes in Fiduciary Net Position

	For the Fiscal Year Ended June 30, (amounts in thousands) 2016	2015	2014	% Change 2016 from 2015	% Change 2015 from 2014	% Change 2014 from 2013
Contributions	$ 98,235	$ 95,618	$ 89,007	2.7%	7.4%	1.6%
Net investment income	(21,104)	74,554	294,897	N/M*	-74.7%	33.3%
Total Additions	77,131	170,172	383,904	-54.7%	-55.7%	24.3%
Benefits and refunds paid	108,360	102,924	99,120	5.3%	3.8%	3.4%
Deferred option benefits paid	30,265	38,769	20,121	-21.9%	92.7%	5.8%
Administrative expenses	1,831	1,949	1,862	-6.1%	4.7%	-9.3%
Total Deductions	140,456	143,642	121,103	-2.2%	18.6%	3.6%
Total Changes in Fiduciary Net Position	(63,325)	26,530	262,801	N/M*	-89.9%	37.0%
Beginning Fiduciary Net Position	2,264,996	2,238,466	1,975,665	1.2%	13.3%	10.8%
Ending Fiduciary Net Position	$ 2,201,671	$ 2,264,996	$ 2,238,466	-2.8%	1.2%	13.3%

* - (N/M) Percentage change is not meaningful when a period's comparative amount is negative.

Analysis of Overall Financial Position and Results of Operations

For the fiscal year ended June 30, 2016, the System's fiduciary net position decreased $63.3 million, or 2.8%, to $2.20 billion, due primarily to a directionless and challenging investment climate that presented limited and varied returns by asset class during the year. Contributions from participating employers and plan members registered moderate increases in FY 2016, while insurance premium tax collections from the State were stable and slightly improved for the year, signifying stable economic conditions. The System's equity exposure performance was slightly negative for the fiscal year. Fixed income investments achieved a slight positive return, but continue to experience rate hike concerns in combination with continued historically low yields. Real assets, consisting primarily of real estate and commodities, held up well for the year and were the best performing investment class for FY 2016. Fiscal year 2015 investment returns were $74.6 million, solidly up in a difficult return year, but well short of the record performance in 2014. Members receiving benefits increased by 119 to 3,577 for fiscal year 2016, increasing benefit payments by 5.3% to $108.4 million, an increase of $5.4 million over fiscal year 2015. Payouts to deferred option participants for fiscal 2016 decreased slightly by $8.5 million over fiscal 2015, a 21.9% decrease for the year, as a substantially fewer members elected retirement during 2016 versus the average of the previous two fiscal years. Since deferred option payouts are individual retirement elections, this expense can fluctuate considerably from one year to the next.

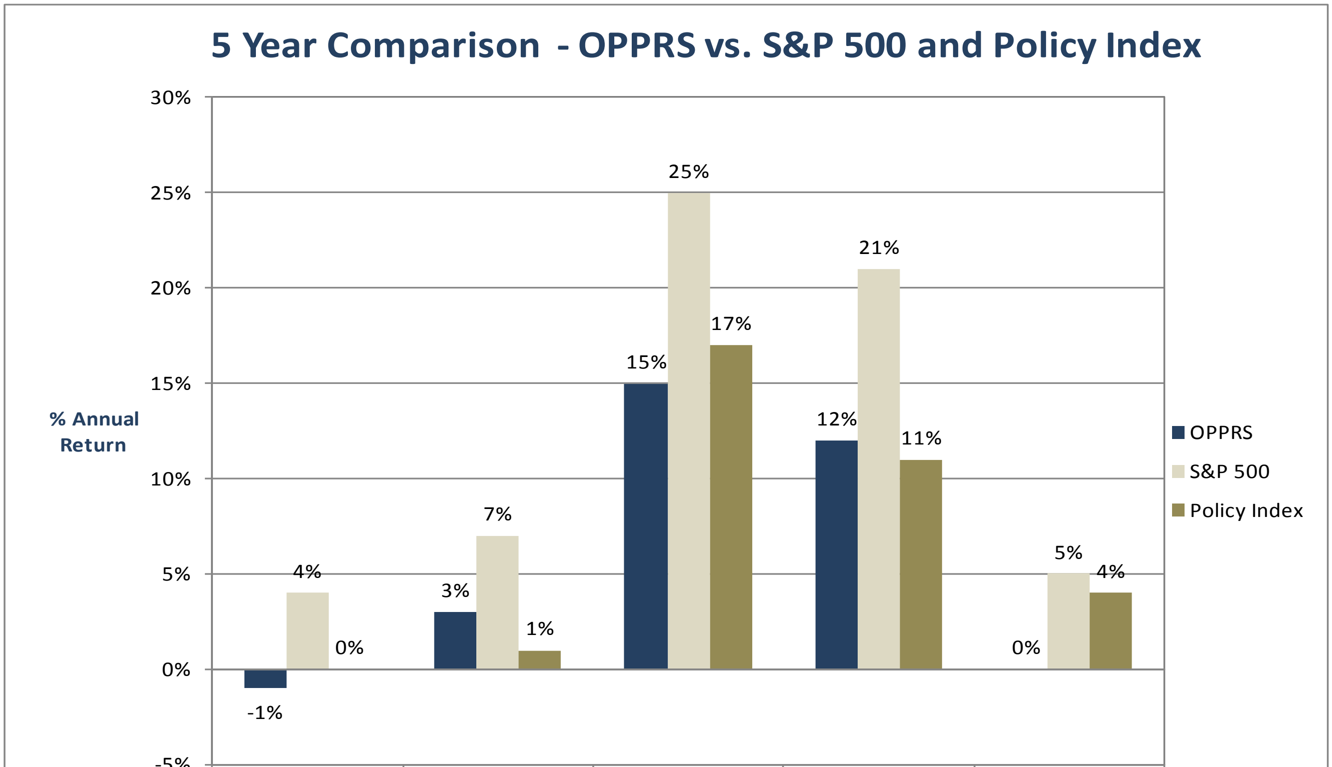
Fiscal year ended June 30, 2015 fiduciary net position increased $26.5 million, or 1.2%, over fiscal 2014, primarily due to modest net investment income of $74.5 million for the year. Substantial market returns contributed $294.9 million in net investment income during fiscal 2014. Contributions were up significantly for fiscal 2015, increasing 7.4% over fiscal 2014 to $95.6 million. Regular benefit payments increased in fiscal 2015 by 3.8% to $102.9 million, as expected, based on significant deferred option payouts which increased by $18.6 million, or 92.7% over fiscal 2014.

The System is funded by contributions from participating cities and their police officers, a dedicated percentage of the State of Oklahoma's insurance premium tax, and returns generated by investing the System's assets. In total, contributions were up 2.7% during fiscal year 2016 compared to fiscal year 2015, due primarily to modest increases in member and employer contributions with a slight increase in insurance premium tax collections. Insurance premium tax collections increased by $.4 million to $35.9 million for the year, while member and employer contributions increased $.9 million and $1.3 million, respectively. Contributions increased significantly during fiscal year 2015 compared to fiscal year 2014, due primarily to an increase in insurance premium tax collections for the year. Presently the System receives 14% of the State's total insurance premium tax collected. The System received $35.9 million, $35.5 million, and $31.3 million for the fiscal years ended June 30, 2016, 2015 and 2014, respectively.

For fiscal year 2016, total benefit payments, including refunds and deferred option benefits, decreased -2.2% to $138.6 million, over fiscal year 2015. This was due primarily to an easing in the number of members retiring in fiscal 2016 over the elevated number of members electing retirement in 2015. Both 2016 and 2015 still showed elevated payments from the deferred option plans versus 2014. The increased retirements and deferred option participation for fiscal year 2015 led to an 18.8% increase in total benefit payments, to $141.7 million, over fiscal year 2014.

Administrative expenses are composed primarily of payroll and related expenses for the employees of the System, legal and professional fees, data processing fees, medical and travel costs, and depreciation. Total administrative expenses for the year ended June 30, 2016, decreased -6.1% over fiscal year 2015, due primarily to a small decline in personnel related costs and a sizable decrease in depreciation charges. Total administrative expenses for fiscal year ended June 30, 2015, increased 4.7% over the fiscal year 2014 due to increased professional fees for the year.

The System's net yield on average assets was approximately -.61% for the fiscal year ended June 30, 2016, as moderate equity losses offset marginally positive fixed income returns. Since the System values its investments at fair value, increasing volatility in both local and global markets can have a significant impact on the net position and operating results of the System. The System's net yield on average assets as compared to the S&P 500 stock index, an unmanaged pool of domestic equities, and its policy index, a combination of unmanaged domestic and international equity indices, were as follows for the periods ended June 30:



	2016	2015	2014	2013	2012
OPPRS	-1%	3%	15%	12%	0%
S&P 500	4%	7%	25%	21%	5%
Policy Index	0%	1%	17%	11%	4%

The System has experienced moderate total return performance over the last 5 years, with broad asset diversification policies designed to provide high participation up market returns while offering significant downside protection during difficult market conditions. Although the System is directly impacted by overall stock market changes, investments are made based on the expectation of long-term performance and in the best interest of the System's members. With over $2.20 billion of assets allocated across a highly diversified range of investments, the System has the financial resources to maintain its current investment strategies while continually pursuing suitable investment options that will benefit its members.

Other Matters

As a matter of policy, the System attempts to stay fully invested at all times. Consequently, the System's Fiduciary Net Position could be negatively affected should global stock and bond market volatility increase, or should such markets encounter an extended period of decline.

Requests for Information

This financial report is designed to provide a general overview of the System'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 Executive Director or Chief Financial Officer, Oklahoma Police Pension and Retirement System, 1001 N.W. 63rd Street, Suite 305, Oklahoma City, OK 73116-7335. Additional information may also be obtained by visiting the System's website located at www.OPPRS.ok.gov.

OKLAHOMA POLICE PENSION AND RETIREMENT PLAN
Administered by
OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

STATEMENTS OF FIDUCIARY NET POSITION

June 30,	*2016*	*2015*
	(Amounts in Thousands)	
Assets		
Cash and cash equivalents	$ 40,021	48,062
Receivables:		
Interest and dividends receivable	2,882	3,030
Contributions receivable from cities	1,671	1,478
Contributions receivable from participants	1,019	904
Insurance premium tax receivable	7,439	7,684
Receivable from brokers	2,918	1,334
Total receivables	15,929	14,430
Investments, at fair value:		
U.S. government securities	25,337	22,177
Domestic corporate bonds	152,450	138,566
International corporate bonds and bond funds	190,549	210,307
Domestic equities	533,222	551,319
International equities	299,849	322,805
Private equity—non-real estate	188,696	199,400
Low volatility hedge funds	179,304	194,001
Long/Short hedge funds	302,409	307,623
Real estate—core and private equity	194,182	167,775
Commodities	79,627	90,008
Direct real estate—Columbus Square	4,100	3,900
Total investments, at fair value	2,149,725	2,207,881
Capital assets	-	101
Total assets	2,205,675	2,270,474
Liabilities		
Payable to brokers	932	860
Accounts payable	871	856
Deferred option benefits due and currently payable	2,201	3,762
Total liabilities	4,004	5,478
Fiduciary net position restricted for pensions	$ 2,201,671	2,264,996

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA POLICE PENSION AND RETIREMENT PLAN
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STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

Years Ended June 30,	*2016*	*2015*
	(Amounts in Thousands)	
Additions		
Contributions:		
Cities	$ 38,533	37,261
Plan members	23,787	22,867
Insurance premium tax	35,915	35,490
Total contributions	98,235	95,618
Investment income:		
From investing activities:		
Net (depreciation) appreciation in fair value of investments	(24,165)	65,594
Interest	6,842	7,612
Dividends	9,109	14,030
Other	412	578
Total investment (loss) income	(7,802)	87,814
Less investment expense	(13,302)	(13,312)
(Loss) income from investing activities	(21,104)	74,502
From securities lending activities:		
Securities lending income	-	24
Securities lending expenses:		
Borrower rebates, net	-	41
Management fees	-	(13)
Income from securities lending activities	-	52
Net investment (loss) income	(21,104)	74,554
Total additions	77,131	170,172
Deductions		
Benefits paid	106,326	100,889
Deferred option benefits	30,265	38,769
Refunds of contributions	2,034	2,035
Administrative expenses	1,831	1,949
Total deductions	140,456	143,642
Net (decrease) increase in net position	(63,325)	26,530
Net position restricted for pensions:		
Beginning of year	2,264,996	2,238,466
End of year	$ 2,201,671	2,264,996

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA POLICE PENSION AND RETIREMENT PLAN
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NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

(1) NATURE OF OPERATIONS

The Oklahoma Police Pension and Retirement System (the "System") was established by legislative act and became effective on January 1, 1981. The System is the administrator of a multiple-employer, cost-sharing defined benefit pension plan that provides participants with retirement, death, and disability benefits and a deferred option plan (the "Deferred Option"), both established by the State of Oklahoma. These plans are considered a single plan for financial reporting purposes. The System is part of the State of Oklahoma financial reporting entity and is included in the State of Oklahoma's financial reports as a pension trust fund. The System covers substantially all police officers employed by the 138 participating municipalities and state agencies within the state of Oklahoma. The System administers the Oklahoma Police Pension and Retirement Plan (the "Plan"). For report purposes, the System is deemed to be the administrator of the Plan. The State of Oklahoma remits, through the Oklahoma Insurance Department, a portion of the insurance premium taxes collected by authority of the State. As a result of these contributions, the State is considered a non-employer contributing entity to the Plan.

The System is a part of the State of Oklahoma financial reporting entity, which is combined with other similar funds (multiple-employer, cost-sharing) to comprise the fiduciary-pension trust funds of the State of Oklahoma.

The Oklahoma Police Pension and Retirement System Board of Trustees (the "Board") is responsible for the operation, administration, and management of the System. The Board also determines the general investment policy of the System's assets. The Board is comprised of 13 members. Six members are active System members and represent specific geographic areas of the state. They must work for a police department physically located in the district they serve. The 7th district shall be represented by a retired member of the System and encompasses the entire state area. These elected members serve 3-year terms. The remaining six members are either governmental office holders or are appointed as follows: one by the Speaker of the House of Representatives, one by the President Pro Tempore of the Senate, one by the Governor, and one by the President of the Oklahoma Municipal League; the final two members of the Board are the State Insurance Commissioner or designee and the Director of the Office of Management and Enterprise services or designee. The appointees and office holders or designees all serve a 4-year term, with the governor appointee's term being coterminous with that office. The appointees of the board or designees of ex officio members should have either demonstrated professional experience in investment or funds management, demonstrated experience in the banking profession, be licensed to practice law in the state and have demonstrated professional experience in commercial matters, or be licensed by the Oklahoma Accountancy Board to practice in this state as a public accountant or a certified public accountant.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) NATURE OF OPERATIONS, CONTINUED

The System's participants at June 30 consisted of:

	2016	2015
Retirees and beneficiaries currently receiving benefits	3,550	3,448
Vested members with deferred benefits	132	125
Deferred Option plan members	19	22
	3,701	3,595
Active plan members:		
Vested	2,430	2,362
Nonvested	2,918	2,876
Total active plan members	5,348	5,238
Total members	9,049	8,833
Number of participating municipalities and state agencies	138	137

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies followed by the Plan.

Basis of Accounting

The financial statements are prepared using 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 date. The financial statements are in conformity with provisions of Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans—an Amendment of GASB Statement No. 25* (GASB 67).

The Plan is administered by the System, a part of the State of Oklahoma financial reporting entity, which together with other similar pension and retirement funds comprise the fiduciary-pension trust funds of the State of Oklahoma. Administrative expenses are paid with funds provided by operations of the Plan.

See Independent Auditors' Report.

OKLAHOMA POLICE PENSION AND RETIREMENT PLAN
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recent Accounting Pronouncements

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. The Plan adopted this statement on July 1, 2015. Adoption of this statement resulted in presentation changes to the financial statements and revised disclosures related to the financial statements.

In June 2015, GASB issued 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 73). GASB 73 addresses accounting and financial reporting for pensions that do not meet the criteria for applying GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), and amends certain disclosure requirements of GASB 67 and GASB 68. GASB 73 amendments include restricting additional disclosures related to 10-year schedules required by GASB 67 to be limited to factors over which the plan or government has influence, such as a change in investment policies. Amendments also address payables to a plan that are not separately financed specific liabilities, and the timing of employer recognition of revenue for the support of nonemployer contributing entities. The Plan adopted this statement on July 1, 2015. The adoption had no significant impact on the Plan's financial statements.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 74). GASB 74 seeks to improve the usefulness of information about postemployment benefits (OPEB) other than pensions. This statement provides guidance for reporting and disclosure of defined benefit and defined contribution OPEB plans. The Plan adopted this statement July 1, 2015. The Plan has no items to be reported, and the adoption had no significant impact on the Plan's financial statements.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recent Accounting Pronouncements, Continued

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). GASB 75 addresses employer and governmental non-employer contributing entities accounting and financial reporting when participating in an OPEB plan. This statement requires proper recognition of OPEB liabilities by employers and requires a more comprehensive measure of OPEB expense. More robust disclosures will also improve transparency and accountability. GASB 75 is effective for financial statements for the periods beginning after June 15, 2017. The Plan will adopt GASB 75 effective July 1, 2017, for the June 30, 2018, reporting year. The Plan does not expect GASB 75 to have a significant impact on the financial statements.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (GASB 76). GASB 76 identifies accounting sources used to prepare state and local government financial statements in conformity with GAAP, and established a GAAP hierarchy of these resources. This Statement improves financial reporting by raising the category of GAAP Implementation Guides in the GAAP hierarchy, by emphasizing the importance of analogies to authoritative literature when an accounting event is not specified in authoritative GAAP, and by requiring the consideration of consistency with GASB Concept Statements when evaluating accounting treatments in non-authoritative GAAP. The Plan adopted this statement on July 1, 2015. The adoption had no significant impact on the Plan's financial statements.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures* (GASB 77). GASB 77 provides financial reporting and disclosure guidance to governments that have either entered into tax abatement agreements or that have revenues affected by tax abatements entered into by another government. Governments will generally use tax abatements to encourage specific economic development that benefit either the government or its citizens by forgoing certain taxes. The Plan will adopt GASB 77 effective July 1, 2016, for the June 30, 2017, reporting year. The Plan does not expect GASB 77 to have a significant impact on the financial statements.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recent Accounting Pronouncements, Continued

In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* (GASB 78). GASB 78 addresses an issue that arose as a result of the employer reporting for pension plans under GASB 68. Certain state and local governments participate in a cost-sharing multi-employer pension plan that (1) is not a state or local government plan, (2) provides defined benefits to both state and local government employees, as well as to employers and employees that are not state and local governments, and (3) has no predominant state or local governmental employer. This Statement establishes the requirements for recognition, reporting, disclosures, and required supplementary information for governmental employers that provide pensions through pension plans with the above-mentioned characteristics. The Plan will adopt GASB 78 effective July 1, 2016, for the June 30, 2017, reporting year. The Plan does not expect GASB 78 to have a significant impact on the financial statements.

In December 2015, GASB issued Statement No. 79, *Certain Investment Pools and Pool Participants* (GASB 79). GASB 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. Specific criteria address (1) the way the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. The Plan adopted this statement on July 1, 2015. The adoption of this Statement had no significant impact on the financial statements.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units* (GASB 80). GASB 80 amends blending requirements for the financial statements of component units to include criteria requiring blending of a component unit organized as a not-for-profit corporation in which the primary government is the sole corporate member. The Plan will adopt GASB 80 effective July 1, 2016, for the June 30, 2017, reporting year. The Plan does not expect GASB 80 to have a significant impact on the financial statements.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements* (GASB 81). GASB 81 provides recognition and measurement guidance for situations in which a government is one of the beneficiaries of an irrevocable split-interest agreement. Irrevocable split-interest agreements are a type of giving by a donor to provide resources to two or more beneficiaries, including governments. GASB 81 provides the recognition and reporting requirements applicable when a government is one of the parties to such an agreement. The Plan will adopt GASB 81 effective July, 1 2017, for the June 30, 2018, reporting year. The Plan does not expect GASB 81 to have a significant impact on the financial statements.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recent Accounting Pronouncements, Continued

In March 2016, GASB issued Statement No. 82, *Pension Issues* (GASB 82). GASB 82 addresses issues that arose for pension plans and participating employers when implementing GASB 67 and GASB 68. Under GASB 82, "covered payroll" will be the metric used to prepare ratios and other measures in schedules included in required supplementary information. This change replaces "covered-employee payroll," the presentation required by GASB 67 and GASB 68, since this particular data element presented operational challenges to pension plans. GASB 82 also now clarifies that a deviation, as defined by the Actuarial Standards Board, when selecting the assumptions used to determine total pension and liability related measures, is not considered to be in conformity with GASB 67 and GASB 68. And lastly, in certain circumstances, employers may make a portion or the entire employee required contributions to a pension plan on behalf of the employee. Under GASB 82, these contributions are classified as plan member contributions for GASB 67. For purposes of GASB 68, including determining an employer's proportion, those amounts should also be considered employee contributions. The Plan adopted this statement July 1 2015. The adoption had no significant impact on the Plan's financial statements.

Use of Estimates

The preparation of the Plan's financial statements in conformity with accounting principles generally accepted in the United States requires management of the Plan to make significant estimates and assumptions that affect the reported amounts of net position restricted for pensions at the date of the financial statements and the actuarial information in Exhibits I, II, and III included in the required supplementary information as of the benefit information date, the changes in the Plan's 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.

Risks and Uncertainties

Contributions to the Plan and the actuarial information in Exhibits I, II, and III included in the required supplementary information 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.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Plan Contributions

Contributions to the Plan are recognized when due pursuant to formal commitments, as well as statutory or contractual requirements.

Plan Benefit Payments and Refunds

Benefits and refunds of the Plan are recognized when due and payable in accordance with the terms of the Plan.

Receivables

At June 30, 2016 and 2015, the Plan had no long-term receivables. All the receivables reflected in the statement of fiduciary net position are expected to be received and available for use by the Plan in its operations. Also, no allowance for any uncollectible portions is considered necessary.

Investments

Management of the Plan is authorized to invest in eligible investments as approved by the Board as set forth in its investment policy. The Board reviews and updates the plan investment policy at least annually, making changes as deemed necessary to achieve policy goals. An investment policy change can be made anytime the need should arise at the discretion of the Board.

Investment Allocation Policy—The Board's asset allocation policy will currently maintain approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

Significant Investment Policy Changes Made During the Year—During the year ended June 30, 2016, the Board expanded the Global Fixed Income allocation to provide greater detail. The Global Fixed Income category, with an allocation range of 10% to 20% has been replaced by Core Bonds with an allocation range of 7.5% to 20%, and Multi-Sector with an allocation range of 5% to 10%. No significant investment policy changes were made during the year ended June 30, 2015.

Rate of Return—For the years ended June 30, 2016 and 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (0.94)% and 3.36%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investments, Continued

Method Used to Value Investments—As a key part of the Plan's activities, it holds investments that are measured and reported at fair value on a recurring basis. Generally accepted accounting principles establish a fair value hierarchy for the determination and measurement of fair value. This hierarchy is based on the type of valuation inputs needed to measure the fair value of an asset. The hierarchy generally is as follows:

1. Level 1—Unadjusted quoted prices in active markets for identical assets.

2. Level 2—Quoted prices for similar assets, or inputs that are observable or other forms of market corroborated inputs.

3. Level 3—Pricing based on best available information, including primarily unobservable inputs and assumptions market participants would use in pricing the asset.

Short-term investments include an investment fund composed of an investment in units of a commingled trust fund of the Plan's custodial agent (which is valued at amortized cost, which approximates fair value), commercial paper, treasury bills, and U.S. government agency securities. Active manager accounts holding debt 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 in active markets, and 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 or manager based on quoted sales prices of the underlying securities. The fair value of hedge fund and private equity investments are priced by each respective manager using a combination of observable and unobservable inputs. The fair value of the real estate is determined from independent appraisals and discounted income approaches. Investments which do not have an established market are reported at estimated fair value based on primarily unobservable inputs.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investments, Continued

Method Used to Value Investments, Continued

Net investment income (loss) includes net appreciation (depreciation) in the fair value of investments, interest income, dividend income, investment income from real estate, securities lending income and expenses, and investment expenses, which includes 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. Investment income from real estate includes the Plan's share of income from operations, net appreciation (depreciation) in the fair value of the underlying real estate properties, and the Plan's real estate investment management fees. The fair value of the limited partnerships is determined by managers of the partnerships based on the values of the underlying assets.

The Plan's international investment managers 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. The gains and losses on these contracts are included in income in the period in which the exchange rates change.

The Plan may invest in various traditional financial instruments that fall under the broad definition of derivatives. The Plan's derivatives may include collateralized mortgage obligations, convertible stocks and bonds, and variable rate instruments. These investments do not increase investment risk beyond allowable limits specified in the Plan's investment policy.

The Plan's investment policy provides for investments in any 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 market 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 such changes could materially affect the amounts reported in the statements of fiduciary net position.

The investment policy limits the concentration of each portfolio manager. Except as noted below, no investment with a single firm exceeds 5% of the Plan's net position.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investments, Continued

The Plan invests in domestic equity index funds, domestic equity commingled trust funds, and international equity funds. 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 market risk associated with any derivative investments held in these funds is not apparent. The degree of market 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.

The following tables present individual investments held by a single organization that exceed 5%* of the Plan's fiduciary net position at June 30:

Classification of Investment	Name of Organization	Shares Held	2016 Cost	2016 Fair Value
			(Amounts in Thousands)	
Alternative investments	PAAMCO	179,300,721	$ 105,000	179,304
Alternative investments	Grosvenor	302,409,344	215,200	302,409
Domestic stocks	Northern Trust	17,032,364	354,290	386,004
International stocks	Mondrian	3,939,387	56,861	113,048
Corporate bonds and private equity	Oaktree Capital Mgmt.	15,677,274	120,576	121,636

* While the investment with a single entity may exceed 5% of the Plan's net position, each investment is comprised of numerous individual securities. As such, no individual security exceeds the 5% threshold.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investments, Continued

Classification of Investment	Name of Organization	Shares Held	2015 Cost	2015 Fair Value
			(Amounts in Thousands)	
Alternative investments	PAAMCO	194,001,413	$ 105,000	194,001
Alternative investments	Grosvenor	307,622,456	201,700	307,622
Domestic stocks	Northern Trust	17,934,301	373,051	394,296
International stocks	Mondrian	3,939,387	56,861	122,074
Corporate bonds and private equity	Oaktree Capital Mgmt.	17,900,261	144,748	155,140

* While the investment with a single entity may exceed 5% of the Plan's net position, each investment is comprised of numerous individual securities. As such, no individual security exceeds the 5% threshold.

Repurchase/Reverse Repurchase Agreement

The Plan has a master repurchase/reverse repurchase agreement. Under the agreement, the Plan may enter into a purchase/sale of a security with a simultaneous agreement to resell/repurchase the security at a specified future date and price. The Plan did not enter into any transactions under this agreement during fiscal year 2016 or 2015.

Capital Assets

Capital assets, which consist of software, are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful life of the related asset (5 years). Depreciation of the new software began in fiscal year 2011 and amounted to approximately $101,405 for fiscal year 2016 and $203,000 for fiscal year 2015. Capital assets were fully depreciated as of June 30, 2016.

Income Taxes

The Plan is exempt from federal and state income taxes.

See Independent Auditors' Report.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Plan Termination

In the event the Plan terminates, the Oklahoma Statutes contain no provision for the order of distribution of the net position of the Plan. Plan termination would take an act of the Oklahoma Legislature, at which time the order of distribution of the Plan's net position would be addressed.

Administrative Items

__Operating Leases__

The Plan had an operating lease which ended June 30, 2016. The lease has been renewed for the period July 1, 2016, through June 30, 2017. Total lease expense was approximately $89,000 and $90,000 the years ended June 30, 2016 and 2015, respectively.

__Compensated Absences__

Employees of the System earn annual vacation leave at the rate of 10 hours per month for up to 5 years of service, 12 hours per month for service of 5 to 10 years, 13.3 hours per month for service of 10 to 20 years, and 16.7 hours per month for over 20 years of service. Unused annual leave may be accumulated to a maximum of 480 hours. All accrued leave is payable upon termination, resignation, retirement, or death. As of June 30, 2016 and 2015, approximately $129,000 and $128,000, respectively, was included in accounts payable as the accrual for compensated absences.

The changes in the accrual for compensated absences for the years ended June 30 were as follows:

	2016	2015
Balance at beginning of year	$ 128,134	123,577
Additions and transfers	63,044	55,042
Amount used	(61,894)	(50,485)
Balance at end of year	$ 129,284	128,134

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Administrative Items, Continued

Retirement Expense

Employees of the System are eligible to participate in the Oklahoma Public Employees Retirement Plan, which is administered by the Oklahoma Public Employees Retirement System (OPERS). OPERS is a multiple-employer, cost-sharing public retirement defined benefit pension plan and a defined contribution plan. OPERS provides retirement, disability, and death benefits to its plan members and beneficiaries. OPERS issues a publicly available financial report which includes financial statements and required supplementary information for OPERS. That report may be obtained by writing to the Oklahoma Public Employees Retirement System, 5801 N. Broadway Extension, Suite 200, Oklahoma City, OK 73118.

Defined Benefit Plan

Employees of the System are required to contribute 3.5% of their annual covered salary. The System is required to contribute at an actuarially determined rate, which was 16.5% of annual covered payroll as of June 30, 2016, 2015, and 2014. During 2016, 2015, and 2014, totals of $151,095, $154,541, and $141,308, respectively, were paid to OPERS. The System has contributed 100% of required contributions to OPERS for 2016, 2015, and 2014. The System's and the employees' portions of those amounts were as follows:

	2016	2015	2014
System's portion	$ 124,653	127,496	116,579
Employees' portion	26,442	27,045	24,729
	$ 151,095	154,541	141,308

The Plan adopted GASB 68 as of July 1, 2014, as it applies to its participation in OPERS. The effects on the financial statements of the Plan as a result of the adoption of GASB 68 are considered immaterial.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Administrative Items, Continued

Defined Contribution Plan

Effective November 1, 2015, OPERS established the Pathfinder Defined Contribution Plan ("Pathfinder"), a mandatory defined contribution plan for eligible state employees who first become employed by a participating employer on or after November 1, 2015, and have no prior participation in OPERS. Under Pathfinder, members will choose a contribution rate which will be matched by their employer up to 7%. During the year ended June 30, 2016, the System and employees had no contributions to Pathfinder.

Risk Management

The Risk Management Division of the Department of Central Services (the "Division") is empowered by the authority of Title 74 O.S. Supp. 1993, Section 85.34 et seq. The Division is responsible for the acquisition and administration of all insurance purchased by the State of Oklahoma or administration of any self-insurance plans and programs adopted for use by the State of Oklahoma for certain organizations and bodies outside of state government, at the sole expense of such organizations and bodies.

The Division is authorized to settle claims of the State of Oklahoma and shall govern the dispensation and/or settlement of claims against a political subdivision. In no event shall self-insurance coverage provided by the State of Oklahoma, an agency, or other covered entity exceed the limitations on the maximum dollar amount of liability specified by the Oklahoma Government Tort Claims Act, as provided by Title 51 O.S. Supp. 1988, Section 154. The Division oversees the collection of liability claims owed to the State of Oklahoma incurred as the result of a loss through the wrongful or negligent act of a private person or other entity.

The Division is also charged with the responsibility to immediately notify the attorney general of any claims against the State of Oklahoma presented to the Division. The Division purchases insurance policies through third-party insurance carriers that ultimately inherit the risk of loss. The Division annually assesses each State agency, including the System, their pro rata share of the premiums purchased. The System has no obligations to any claims submitted against the System.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Date of Review of Subsequent Events

The Plan has evaluated subsequent events through September 19, 2016, the date that the financial statements were available to be issued, and determined that no subsequent events have occurred which require adjustment to or disclosure in the financial statements.

(3) DESCRIPTION OF THE PLAN

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the Oklahoma Statutes for more complete information.

General

The Plan is a multiple-employer, cost-sharing defined benefit pension plan covering members who have actively participated in being a police officer for an Oklahoma municipality or state agency which is a member of the Plan.

Contributions

The contribution requirements of the Plan are at an established rate determined by Oklahoma statute and are not based on actuarial calculations.

An eligible municipality may join the Plan on the first day of any month. Upon approval by the Board, its membership is irrevocable. All persons employed as police officers are required to participate in the Plan upon initial employment with the police department of the participating municipality. The Oklahoma Legislature has authority to establish and amend contribution amounts. Until July 1, 1991, each municipality contributed to the System 10% of the actual base salary of each participant employed by the municipality. Beginning July 1, 1991, municipality contributions increased by 1/2% per year and continued this increase until July 1, 1996, when the contribution level reached 13%, which it remains at currently. Each participant of the Plan contributes 8% of their actual paid base salary. Additional funds are provided to the Plan by the State of Oklahoma, a non-employer contributing entity, through a 14% allocation of the tax on premiums collected by insurance companies operating in Oklahoma and by the net investment income generated on assets held by the Plan. The Plan is responsible for paying administrative costs. Administrative costs of the Plan are paid by using the earnings from the invested assets of the Plan.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(3) DESCRIPTION OF THE PLAN, CONTINUED

Benefits

In general, the Plan provides defined retirement benefits based on members' final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. The Plan's benefits are established and amended by State statute. Retirement provisions are as follows:

- The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

- Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

- Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(3) DESCRIPTION OF THE PLAN, CONTINUED

Benefits, Continued

- Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit. Effective July 1, 1999, a $5,000 death benefit is also paid, in addition to any survivor's pension benefits under the Plan, to the participant's beneficiary or estate for active or retired members.

- The Deferred Option allows participants otherwise eligible for a normal retirement benefit to defer terminating employment and drawing retirement benefits for a period not to exceed 5 years. Under the Deferred Option, retirement benefits are calculated based on compensation and service at the time of election and a separate account is established for each participant. During the participation period, the employee's retirement benefit is credited to the participant's account along with a portion of the employer's contribution and interest. Interest is credited at a rate of 2% below the rate of return on the investment portfolio of the Plan, with a guaranteed minimum interest equal to the assumed actuarial interest of 7.5%. Employee contributions cease once participation in the Deferred Option is elected. At the conclusion of participation in the Deferred Option, the participant will receive the balance in the separate account under payment terms allowed by the Deferred Option and will then begin receiving retirement benefit payments as calculated at the time of election.

- In the 2003 Legislative Session, Senate Bill 688 and House Bill 1464 created a "Back" DROP for members of the System. The "Back" DROP is a modified deferred retirement option plan. The "Back" DROP allows the member flexibility by not having to commit to terminate employment within 5 years. Once a member has met their normal retirement period of 20 years, the member can choose, upon retirement, to be treated as if the member had entered into the "Back" DROP. A member, however, cannot receive credit to the "Back" DROP account based upon any years prior to when the member reached their normal retirement date. Once a member is ready to retire, the member can make the election to participate in the "Back" DROP and can receive a "Back" DROP benefit based upon up to 5 years of participation. The member's regular retirement benefit will not take into account any years of service credited to the "Back" DROP.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(3) DESCRIPTION OF THE PLAN, CONTINUED

Benefits, Continued

- In 2006, the Board approved a method of payment called the Deferred Option Payout Provision (the "Payout Provision"). The Payout Provision allows a retired member who has completed participation in the Deferred Option or the "Back" DROP the ability to leave their account balance in the Plan. The retired member's account balance will be commingled and reinvested with the total assets, and therefore the member will not be able to direct their personal investments. Written election must be made to the Board no more than 30 days following the termination of employment.

- Upon participating in the Payout Provision, a retired member shall not be guaranteed a minimum rate of return on their investment. A retired member shall earn interest on their account as follows:

  a) The retired member shall earn two percentage points below the net annual rate of return of the investment portfolio of the System.

  b) If the portfolio earns less than a 2% rate of return, but more than zero, the retired member shall earn zero percentage points.

  c) If the portfolio earns less than zero percentage points, there shall be a deduction from the retired member's balance equal to the net annual rate of return of the investment portfolio of the System.

  Interest as earned above shall be credited to the retired member's account.

The Oklahoma Legislature has the authority to grant percentage increases or special one-time payments to persons receiving benefits from the Plan. Additionally, certain retirees are entitled to receive a cost-of-living adjustment (COLA) when a COLA is granted to active police officers in the retiree's city. Participants eligible to receive both types of benefit increases are to receive the greater of the legislative increase or the benefit increase the participant would receive pursuant to the COLA provision.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(4) CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Cash Equivalents

At June 30, cash and cash equivalents were composed of the following:

		2016	2015
		(Amounts in Thousands)	
Short-term investments:			
OK INVEST	$	19,509	22,461
Domestic		20,460	25,600
Total short-term investments		39,969	48,061
Cash—Commerce Bank; BNY Mellon		52	1
Total cash and cash equivalents	$	40,021	48,062

At June 30, 2016 and 2015, as a result of outstanding checks and deposits, the carrying amount of the Plan's OK INVEST account totaled $19,509,952 and $22,461,205, respectively, and the bank balance totaled $22,334,861 and $25,554,314, respectively. The carrying amounts of the domestic short-term investment and cash on deposit with BNY Mellon and Commerce Bank were the same as the bank balances at June 30, 2016 and 2015.

Included in cash and cash equivalents are investments included in the State of Oklahoma's OK INVEST Portfolio. Because these investments are controlled by the State of Oklahoma and the balances change on a daily basis, they are considered cash equivalents. The balances are overnight funds consisting of U.S. agencies, mortgage-backed agencies, U.S. Treasury notes, municipal bonds, foreign bonds, tri-party repurchase agreements, certificates of deposit, commercial paper, and money market mutual funds. As of June 30, the investment balances were as follows:

		2016	2015
U.S. agencies	$	9,205,549	10,259,108
Mortgage-backed agencies		8,983,514	10,025,350
U.S. Treasury notes		290,920	295,785
Municipal bonds		387,719	354,331
Certificates of deposit		808,003	697,755
Commercial paper		195,122	713,802
Money market mutual funds		2,464,034	3,208,183
	$	22,334,861	25,554,314

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(4) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Cash and Cash Equivalents, Continued

The Plan's other short-term investments consist of temporary investments in commingled trust funds of the Plan's custodial agent, commercial paper, treasury bills, and U.S. government agency securities. The commingled trust funds are composed of high-grade money market instruments with short maturities. Each participant shares the risk of loss in proportion to their respective investment in the funds.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of a counterparty, the Plan will not be able to recover the value of its investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the Plan, and are held by a counterparty or the counterparty's trust department but not in the name of the Plan. While the investment policy does not specifically address custodial credit risk of deposits, it does limit the amount of cash and short-term investments to no more than 5% of each manager's portfolio. At June 30, 2016 and 2015, approximately $20,460,000 and $25,600,000, respectively, of cash and cash equivalents was uninsured and uncollateralized. The policy also provides that investment collateral be held by a third-party custodian with whom the Plan has a current custodial agreement in the Plan's name.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(4) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

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 investment policy limits foreign equity investments to 15% of total assets through its asset allocation policy. Investments in equities and fixed-income securities as of June 30 are shown by monetary unit to indicate possible foreign currency risk.

	2016		
Currency	Equities	Corporate Bonds and Bond Funds	Total
	(Amounts in Thousands)		
Commingled funds:			
Barings Focused International Equity Fund	$ 93,032	-	93,032
Mondrian International Equity Fund	113,048	-	113,048
Northern Trust Emerging Mkts. Index Fund	63,653	-	63,653
Wasatch Emerging Markets Small Capitalization Fund	30,116	-	30,116
Loomis Sayles World Bond Fund	-	95,889	95,889
Oaktree Global High Yield Bond Fund	-	80,259	80,259
OCM International Convertible Fund	-	14,401	14,401
	$ 299,849	190,549	490,398

	2015		
Currency	Equities	Corporate Bonds and Bond Funds	Total
	(Amounts in Thousands)		
Commingled funds:			
Barings Focused International Equity Fund	$ 98,297	-	98,297
Mondrian International Equity Fund	122,074	-	122,074
Vontobel Global Emerging Markets Fund	68,723	-	68,723
Wasatch Emerging Markets Small Capitalization Fund	33,711	-	33,711
Loomis Sayles World Bond Fund	-	87,357	87,357
Oaktree Global High Yield Bond Fund	-	103,173	103,173
OCM International Convertible Fund	-	19,777	19,777
	$ 322,805	210,307	533,112

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(4) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Foreign Currency Risk, Continued

The Plan was exposed to foreign currency risk through investments in the following commingled funds:

- Barings Focused International Equity Fund—The fund seeks long-term capital growth by investing in a concentrated portfolio of equity securities from developed international markets combined with a limited number of equities from emerging markets.
- Mondrian International Equity Fund—The fund's investment objective is long-term total return through a value-driven approach of equity selection. The fund pursues this strategy by investing primarily in non-U.S. and emerging market equity securities.
- Northern Trust Emerging Markets Index Fund—The fund invests in equity securities and will seek to replicate the MSCI Emerging Markets Equity Index. The fund will primarily hold equity securities in business enterprises domiciled outside the U.S.
- Vontobel Global Emerging Markets Fund—The fund seeks capital appreciation by investing, under normal market conditions, at least 75% of its assets in the equity securities of companies located in developing or emerging markets.
- Wasatch Emerging Markets Small Capitalization Fund—The fund seeks long-term capital growth by investing primarily in equity securities of small companies located in emerging markets. Companies will generally have a market capitalization of less than $3 billion when purchased, and holdings will generally span broadly across countries and sectors.
- Loomis Sayles World Bond Fund—The fund normally invests at least 80% of its assets in fixed-income securities. The fund focuses primarily on investment grade fixed-income securities worldwide, although it may invest up to 20% of its fair value in lower rated fixed-income securities. Securities held by the fund may be denominated in any currency, may be from issuers located in emerging markets, or may be fixed-income securities of any maturity.
- Oaktree Global High Yield Bond Fund—The fund invests primarily in corporate high-yield bonds, emphasizing issuers in North America and Europe.
- OCM (Oaktree Capital Management) International Convertible Fund—The fund seeks a high level of total return through a combination of current income and capital appreciation by investing primarily in convertible securities of issuers located outside the United States. Convertible securities may consist of bonds, debentures, notes, preferred stock, or other securities that can be converted to common stock or other equity securities.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(4) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Credit Risk

Fixed-income securities are subject to credit risk. Credit quality rating is one method of assessing the ability of the issuer to meet its obligation. The investment portfolio for domestic fixed-income securities requires the portfolio to maintain an average of A+ or higher. For international fixed-income securities, the investment policy requires the portfolio to invest in securities equal to or better than Moody's Baa3 or Standard & Poor's BBB. Exposure to credit risk as of June 30 was as follows:

Investment Type	Moody's Ratings (Unless Noted)	Fair Value	Fair Value as a Percent of Total Fixed Maturity Fair Value
	2016		
	(Amounts in Thousands)		
U.S. government agency securities	Aaa	$ 8,338	32.91%
U.S. Treasury securities	UST [1]	16,999	67.09%
Total U.S. government securities		**$ 25,337**	**100.00%**
Domestic corporate bonds	Aaa	$ 44,120	28.93%
	AA+ (SP)	1,171	0.77%
	Aa2	7,864	5.16%
	AA (SP)	1,433	0.94%
	Aa3	3,608	2.37%
	AA- (SP)	1,368	0.90%
	A1	2,254	1.48%
	A2	7,929	5.20%
	A3	18,473	12.12%
	Baa1	32,082	21.04%
	Baa2	13,677	8.97%
	Baa3	4,191	2.75%
	Ba1	1,340	0.88%
	Ba2	606	0.40%
	Not Rated	12,334	8.09%
Total domestic corporate bonds		**$ 152,450**	**100.00%**
International corporate bonds and bond funds	Not Rated	$ 190,549	100.00%
Total international corporate bonds and bond funds		**$ 190,549**	**100.00%**

[1] U.S. Treasury securities.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(4) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Credit Risk, Continued

	2015		
Investment Type	Moody's Ratings (Unless Noted)	Fair Value	Fair Value as a Percent of Total Fixed Maturity Fair Value
	(Amounts in Thousands)		
U.S. government agency securities	Aaa	$ 10,909	49.19%
U.S. Treasury securities	UST [1]	11,268	50.81%
Total U.S. government securities		**$ 22,177**	**100.00%**
Domestic corporate bonds	Aaa	$ 35,624	25.71%
	A- (SP)	1,434	1.03%
	Aa1	302	0.22%
	AA+ (SP)	257	0.19%
	Aa2	5,711	4.12%
	AA (SP)	1,150	0.83%
	Aa3	2,302	1.66%
	A1	4,204	3.03%
	A2	7,625	5.50%
	A3	15,981	11.53%
	A+ (SP)	837	0.60%
	Baa1	31,795	22.95%
	Baa2	11,952	8.63%
	Baa3	4,709	3.40%
	BBB- (SP)	151	0.11%
	Not Rated	14,532	10.49%
Total domestic corporate bonds		**$ 138,566**	**100.00%**
International corporate bonds and bond funds	Not Rated	$ 210,307	100.00%
Total international corporate bonds and bond funds		**$ 210,307**	**100.00%**

[1] U.S. Treasury securities.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(4) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. While all investments are subject to market changes, securities invested in index funds are more sensitive to market risk. Although the investment policy does not specifically address the duration of fixed-income securities, the Plan does monitor interest rate risk by monitoring the performance of each investment manager. As of June 30, the Plan had the following investments with maturities.

	2016				
	Investment Maturities at Fair Value (in Years)				
Investment Type	Less Than 5	5 or More, Less Than 10	10 or More	Investments with No Duration	Total Fair Value
	(Amounts in Thousands)				
U.S. government securities:					
U.S. government agency	$ -	-	8,338	-	8,338
U.S. Treasury	6,714	10,285	-	-	16,999
Total U.S. government securities	6,714	10,285	8,338	-	25,337
Domestic corporate bonds:					
Commercial mortgage-backed securities	-	-	7,971	-	7,971
Corporates and other credit	51,679	20,080	22,086	-	93,845
U.S. government mortgages	631	3,845	33,824	-	38,300
Venture capital	-	-	-	6,517	6,517
U.S. fixed-income funds	-	-	-	5,817	5,817
Total domestic corporate bonds	52,310	23,925	63,881	12,334	152,450
International corporate bonds and bond funds	-	-	-	190,549	190,549
	$ 59,024	34,210	72,219	202,883	368,336

As noted above, the Plan had approximately $38,300,000 of investments in U.S. government mortgages, of which $20,209,000 represents FNMA loans and $18,091,000 represents FHLMC mortgages. U.S. government agency securities of $8,338,000 represent GNMA mortgages.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(4) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Interest Rate Risk, Continued

	2015				
	Investment Maturities at Fair Value (in Years)				
Investment Type	Less Than 5	5 or More, Less Than 10	10 or More	Investments with No Duration	Total Fair Value
	(Amounts in Thousands)				
U.S. government securities:					
U.S. government agency	$ 2,549	-	8,360	-	10,909
U.S. Treasury	2,512	8,756	-	-	11,268
Total U.S. government securities	5,061	8,756	8,360	-	22,177
Domestic corporate bonds:					
Commercial mortgage-backed securities	-	-	9,224	-	9,224
Corporates and other credit	45,965	24,378	14,389	-	84,732
U.S. government mortgages	760	1,428	27,890	-	30,078
Venture capital	-	-	-	4,380	4,380
U.S. fixed-income funds	-	-	-	10,152	10,152
Total domestic corporate bonds	46,725	25,806	51,503	14,532	138,566
International corporate bonds and bond funds	-	-	-	210,307	210,307
	$ 51,786	34,562	59,863	224,839	371,050

As noted above, the Plan had approximately $30,078,000 of investments in U.S. government mortgages, of which $11,365,000 represents FNMA loans and $18,713,000 represents FHLMC mortgages. U.S. government agency securities of $10,909,000 represent GNMA mortgages.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(4) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Investments Measured at Fair Value

		Fair Value Measurements at Reporting Date Using		
June 30, 2016	Amounts Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level		*Amounts in Thousands*		
Cash and cash equivalents:				
OK INVEST—State managed short-term high liquidity	$ 19,509	-	19,509	-
BNY Mellon—STIF-type investment; high liquidity	20,460	-	20,460	-
Total cash equivalents measured at fair value	$ 39,969	-	39,969	-
Debt securities:				
U.S. government agency	$ 8,338	-	8,338	-
U.S. Treasury	16,999	16,999	-	-
Domestic corporate bonds:				
Commercial mortgage-backed securities	7,971	-	7,971	-
Corporate bonds	93,845	-	93,845	-
U.S. government mortgages	38,300	-	38,300	-
Oaktree High Income Convertible Fund	6,517	-	6,517	-
Oaktree Commingled U.S. Fixed Income Fund	5,817	-	5,817	-
International corporate bonds:				
Oaktree Global High Yield Bond Fund	80,259	-	80,259	-
OCM International Convertible Bond Fund	14,401	-	14,401	-
Loomis Sayles World Bond Fund	95,889	-	95,889	-
Total debt securities	368,336	16,999	351,337	-
Equity securities—domestic				
Common stock—custodial account	182	182	-	-
Domestic Large Cap— Northern Trust Russell 1000 Index Fd	386,004	-	386,004	-
Domestic Small Cap Value Focus—Boston Partners	85,200	85,200	-	-
Domestic Small Cap Growth Focus—Cortina	61,836	61,836	-	-
Total domestic equities	533,222	147,218	386,004	-

(Continued)

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(4) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Investments Measured at Fair Value, Continued

June 30, 2016	Amounts Measured at Fair Value	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level, Continued		*Amounts in Thousands*		
Equity securities—international				
Intl. Equities—Barings Focused Intl Equity Fund (developed mkts)	93,032	-	93,032	-
Intl. Equities—Value Focus—Mondrian Partners	113,048	-	113,048	-
Intl. Emerging Markets—Wasatch EM Small Cap Fund	30,116	-	30,116	-
Intl. Emerging Markets—Northern Trust EM Index Fund	63,653	-	63,653	-
Total international equities	299,849	-	299,849	-
Private equity:				
Private equity—non-real estate focused	188,696	-	-	188,696
Real estate	61,277	-	-	61,277
Total private equity	249,973	-	-	249,973
Real estate—direct ownership—income producing:				
Total direct ownership real estate	4,100	-	-	4,100
Investments measured at net asset value (NAV):				
Low Volatility Hedge Fund—PAAMCO	179,304			
Long/Short Equity—Hedge Fund—Grosvenor Class A & B	302,409			
Core Real Estate—JP Morgan Strategic Property Fund	98,343			
Core Real Estate—Blackstone Property Partners	34,562			
Commodities—Gresham Partners—TAP Fund	49,962			
Commodities—Mt. Lucas—MLM Macro-Peak	29,665			
Total investments measured at NAV	694,245			
Total investments measured at fair value	$ 2,149,725			

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(4) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Investments Measured at Fair Value, Continued

		Fair Value Measurements at Reporting Date Using		
June 30, 2015	Amounts Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level		*Amounts in Thousands*		
Cash and cash equivalents:				
OK INVEST—State managed short-term high liquidity	$ 22,461	-	22,461	-
BNY Mellon—STIF-type investment; high liquidity	25,600	-	25,600	-
Total cash equivalents measured at fair value	$ 48,061	-	48,061	-
Debt securities:				
U.S. government agency	$ 10,909	-	10,909	-
U.S. Treasury	11,268	11,268	-	-
Domestic corporate bonds:				
Commercial mortgage-backed securities	9,224	-	9,224	-
Corporate bonds	84,732	-	84,732	-
U.S. government mortgages	30,078	-	30,078	-
Oaktree High Income Convertible Fund	4,380	-	4,380	-
Oaktree Commingled U.S. Fixed Income Fund	10,152	-	10,152	-
International corporate bonds:				
Oaktree Global High Yield Bond Fund	103,173	-	103,173	-
OCM International Convertible Bond Fund	19,777	-	19,777	-
Loomis Sayles World Bond Fund	87,357	-	87,357	-
Total debt securities	371,050	11,268	359,782	-
Equity securities—domestic				
Common stock—custodial account	183	183	-	-
Domestic Large Cap—Northern Trust Russell 1000 Index Fd	394,295	-	394,295	-
Domestic Small Cap Value Focus—Boston Partners	88,989	88,989	-	-
Domestic Small Cap Growth Focus—Cortina	67,852	67,852	-	-
Total domestic equities	551,319	157,024	394,295	-

(Continued)

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(4) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Investments Measured at Fair Value, Continued

June 30, 2015	Amounts Measured at Fair Value	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level, Continued		*Amounts in Thousands*		
Equity securities—international				
Intl. Equities—Barings Focused Intl Equity Fund (developed mkts)	98,297	-	98,297	-
Intl. Equities—Value Focus—Mondrian Partners	122,074	-	122,074	-
Intl. Emerging Markets—Wasatch EM Small Cap Fund	33,711	-	33,711	-
Intl. Emerging Markets—Vontobel Global EM Fund	68,723	-	68,723	-
Total international equities	322,805	-	322,805	-
Private equity:				
Private equity—non-real estate focused	199,400	-	-	199,400
Real estate	56,941	-	-	56,941
Total private equity	256,341	-	-	256,341
Real estate—direct ownership—income producing:				
Total direct ownership real estate	3,900	-	-	3,900
Investments measured at net asset value (NAV):				
Low Volatility Hedge Fund—PAAMCO	194,001			
Long/Short Equity—Hedge Fund—Grosvenor Class A & B	307,623			
Core Real Estate—JP Morgan Strategic Property Fund	89,383			
Core Real Estate—Blackstone Property Partners	21,451			
Commodities—Gresham Partners—TAP Fund	59,281			
Commodities—Mt. Lucas—MLM Macro-Peak	30,727			
Total investments measured at NAV	702,466			
Total investments measured at fair value	$ 2,207,881			

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(4) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Investments Measured at Fair Value, Continued

Fair Value of Cash and Cash Equivalents—Short-term investments include cash equivalents held at the State Treasurer's office and an investment fund composed of units of a commingled trust fund of the Plan's custodial agent, commercial paper, treasury bills, and U.S. government agency securities. These investments offer high, immediate liquidity and are readily converted to cash. The funds are comprised primarily of very short-term debt instruments, and are valued at amortized cost, which also approximates fair value. For determining fair value, the instruments held are valued using actual quoted prices or by using matrix pricing, a method of pricing securities based on their relationship to benchmark quoted market prices. Both of these investments are classified in Level 2 of the fair value hierarchy based on the development of an aggregate daily value of the individual instruments in each fund that are typically classified in either Level 1 or Level 2 of the fair value hierarchy.

Fair Value of Debt Securities—The Plan holds a diversified mix of debt instruments through an active domestic bond manager, Agincourt, and has international debt exposure through the Loomis Sayles Global Bond Fund. Agincourt generally holds a mix of U.S. government agency securities and U.S government mortgages, U.S. Treasury securities, domestic corporate bonds and commercial mortgage-backed securities. U.S. Treasury securities are classified in Level 1 of the fair value hierarchy, using quoted prices in active markets. The remaining debt securities are classified in Level 2 of the fair value hierarchy, valued using a matrix pricing technique. This method values securities based on their relationship to benchmark quoted prices. The Loomis Sayles Global Bond Fund is a global debt instrument commingled fund, and is classified in Level 2 of the fair value hierarchy based the development of a total value through the aggregation of Level 1 and Level 2 quoted prices for instruments held by the fund.

The Plan also holds as an actively managed investment account with Oaktree Capital Management that focuses primarily on domestic and international fixed income and debt type securities. The account holds the following four separate investment mandates:

High Income Convertible Fund

Commingled U.S. Fixed Income Fund

Global High Yield Bond Fund

International Convertible Bond Fund

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(4) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Investments Measured at Fair Value, Continued

Fair Value of Debt Securities—Continued

The investments in these different style mandates are held in commingled accounts where the underlying investments are priced in either Level 1 or Level 2 of the fair value hierarchy, using either quoted prices in active markets or other market corroborated inputs. The Oaktree account is classified in Level 2 of the fair value hierarchy based on the aggregation of the investments held in the various funds. Oaktree prices the various funds monthly and offers monthly liquidity.

Fair Value of Equity Securities—The Plan holds equity securities through a number of managers, both actively and passively managed. They are as follows:

DOMESTIC

Northern Trust Collective Russell 1000 Index Fund—The Plan holds a proportionate share of a fund managed by Northern Trust that seeks to correlate the holdings of the Russell 1000 index fund, a basket of passively managed holdings to serve as a benchmark for the U.S. equity market. The equities that comprise this index are all domestic, publicly traded securities and are daily priced. The Northern Trust Collective Russell 1000 Index Fund is a commingled fund and is classified in Level 2 of the fair value hierarchy, as its total value is calculated daily through the aggregation of Level 1 quoted prices, providing the equivalent of the Russell 1000 index, a daily priced basket of assets. The Plan has daily liquidity access to its investment in this fund.

Boston Partners (Small Cap Value Focus)—The Plan has an active investment manager that focuses on domestic small to mid-capitalization sized companies with a mandate to follow the value style of investing. Boston Partners manages an account through the Plan's custodian, and purchases securities in the primary active domestic equity markets. The Boston Partners Account is classified in Level 1 of the fair value hierarchy since all securities are priced at quoted market prices in active markets for identical assets.

Cortina (Small Cap Growth Focus)—The Plan has an active investment manager focused on the small to micro segment of the equities market with a mandate to pursue the growth style of investing. Cortina actively manages an account through the Plan's custodian and deals in equity securities in the domestic market. The Cortina account is classified in Level 1 of the fair value hierarchy since all securities are priced at quoted market prices in active markets for identical securities.

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(4) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Investments Measured at Fair Value, Continued

Fair Value of Equity Securities—Continued

INTERNATIONAL

Barings Focused International Equity—The Plan participates in a commingled equity fund that focuses on a smaller number of equity securities located primarily in international developed markets. This investment is a commingled fund of international equity securities that are typically priced based on quoted market prices in active markets around the globe. This fund is classified in Level 2 of the fair value hierarchy, as the price of the fund is derived from securities that are all priced at quoted market prices in active markets. This fund prices and provides liquidity to its investors on a monthly basis.

Mondrian Partners International Equity Fund L.P.—The Plan participates in a fund managed by Mondrian Partners that invests primarily in non-US equity securities, with a focus on the value style of investing. This fund is classified in Level 2 in the fair value hierarchy since the price of the fund is derived from securities that are all priced at quoted market prices in active markets. The fund prices and provides liquidity to its investors on a monthly basis.

Northern Trust Emerging Markets Index Fund—In order to maintain investment policy exposure to international markets, the Plan used the proceeds from exiting the Vontobel Fund in March 2016 to invest in a passive vehicle that accesses international markets. This fund invests in equity securities located primarily outside the United States and will seek to replicate the MSCI Emerging Markets Equity Index in performance. This fund is classified in Level 2 of the fair value hierarchy since the price of the fund is derived from the holdings in the fund which are all actively quoted in active markets. The fund prices its asset value daily and provides very short-term liquidity.

Wasatch Emerging Markets Small Capitalization Fund—The Plan invests in a Wasatch fund that is focused on small-capitalization equity securities that are located in non-U.S. emerging markets. The Wasatch fund is a commingled investment trust that is managed for institutional investors. The fund is classified in Level 2 of the fair value hierarchy, as the holdings of the fund are all priced at quoted market prices in active markets, allowing the fund sponsor to develop daily net asset value pricing and liquidity.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(4) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Investments Measured at Fair Value, Continued

Fair Value of Equity Securities—Continued

INTERNATIONAL, CONTINUED

Vontobel Global Emerging Markets Fund—The Plan invests in a global emerging markets fund managed by Vontobel. This fund invests primarily in non-U.S. emerging market equity securities around the globe. The Vontobel fund is a commingled investment fund for institutional investors. The fund is classified in Level 2 of the fair value hierarchy, as the holdings of the fund are priced at quoted market prices in active markets. The fund prices on a monthly basis and offers investors monthly liquidity with 15 days prior notice. Due to a change in the management of this fund, the Plan exited the Vontobel fund on March 31, 2016.

Fair Value of Private Equity—The Plan participates in a number of private equity partnerships as a limited partner. Private equity investments are structured to be operated by a general partner, usually highly experienced in the specific focus of the fund, who calls for investments from the limited partners when a suitable investment opportunity arises. As such, investments in private equity can generally never be redeemed, but instead participate in distributions from the fund as liquidation of the underlying assets are realized.

Several of the limited partnerships invest in equity securities outside of 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. In addition, some of the partnerships may engage in hedging transactions involving derivative instruments as a part of their investment strategy.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(4) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Investments Measured at Fair Value, Continued

Fair Value of Private Equity—Continued

The Plan's private equity (PE) investments have a long investment horizon of 5 to 10 years, are not liquid, and the Plan generally holds this type of investment to maturity. Depending on the type of holdings within a given partnership, the investment horizon can be extended if the general partner deems the remaining investments in the fund still hold significant future value and a majority of limited partners concur. The Plan's PE general partners typically make fair value determinations on the investments in each of their respective funds quarterly using a variety of pricing techniques including, but not limited to, observable transaction values for similar investments, third-party bids, appraisals of both properties and businesses, and public market capitalization of similar or like businesses. Each PE fund then calculates the fair value of the Plan's ownership of the partners' capital on a quarterly basis. The Plan classifies all private equity investments in Level 3 of the fair value hierarchy, as most investments of this type require unobservable inputs and other ancillary market metrics to determine fair value. Although most PE interests are marketable in a secondary market, the Plan generally does not sell its interests early at values less than its interest in the partnership. At June 30, 2016, the Plan was invested in 64 different PE (6 of which were real estate PE) partnerships and had remaining commitments of $159 million for the non-real estate PE partnerships and $27 million for the real estate PE partnerships. At June 30, 2015, the Plan was invested in 59 different private equity strategies (5 of which were in real estate PE) and had remaining commitments of $93 million for the non-real estate PE partnerships and $18 million for the real estate PE partnerships. The Plan entered into 8 new private equity partnership agreements during fiscal 2016 (7 non-real estate PE partnerships and 1 real estate PE partnership), each having an average contract maturity of 10 years (with the exception of 1 that has a 5-year maturity). These new PE investments will require total commitments of $88 million for the non-real estate partnerships and $15 million for the real estate partnership. The Plan entered into 6 new private equity partnership agreements during fiscal 2015 (5 non-real estate PE and 1 real estate PE), each with an average contract maturity of 10 years, for a total commitment of $48 million ($38 million non-real estate PE and $10 million real estate PE). The Plan has commitments of $84 million remaining to partnership investments entered into prior to 2016, with an estimated maturity between 2 to 9 years. The Plan had commitments of $63 million remaining to partnership investments entered into prior to 2015, with an estimated 2 to 9 years to maturity. Since the Plan follows a rolling year PE strategy, new PE investments are made as older PE investments reach their expiration.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

(4) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Investments Measured at Fair Value, Continued

Fair Value of Private Equity—Continued

The Plan is invested in the following private equity strategies:

BUYOUT—This private equity strategy seeks to invest capital in mature businesses that have the potential for growth in value from efficiencies gained through structural, strategic management, and operational improvements.

DISTRESSED—Under the distressed strategy, a fund will invest in the debt of companies that are struggling, with the intent of influencing the process by which the company restructures its debt, narrows its focus, or implements a plan for a turnaround in its operations. Distressed investments of this nature can be debt, equity, or other types of lending.

MEZZANINE—Private equity funds that pursue the mezzanine strategy will usually make unsecured loans or purchase preferred equity, often in smaller capitalization companies, where the unsecured risk is typically offset by the prospect of higher returns.

VENTURE CAPITAL—The venture strategy primarily seeks to invest in early-stage, high-potential, high-growth companies. This type of investment is usually through equity ownership in the company, where the private equity general partner can lend expertise and facilitate growth. Investment returns are usually realized if the portfolio company is taken public through an IPO or the fund may sell its equity investment to another investor.

EMERGING MARKETS AND OTHER—Private equity investment in emerging markets may make use of one or more of the above-listed strategies in smaller global markets in an effort to realize returns by identifying and capitalizing on new startup companies, as well as market inefficiencies. Investments in the other category are generally highly focused private equity funds that seek to maximize returns through a specific market segment, such as energy or healthcare.

FUND OF FUNDS—Under a fund of funds private equity investment, the general partner seeks to build a combination of private equity investments that will work synergistically together to maximize returns and minimize the risk of loss.

REAL ESTATE—Private equity investment in real estate may encompass several of the above-mentioned strategies, based on the skill and experience of the general partner. Generally, real estate private equity investments seek to capitalize on distressed situations, as well as seek to identify lucrative investments that produce a high level of current income.

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(4) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Investments Measured at Fair Value, Continued

Fair Value of Private Equity—Continued

The Plan is invested with four separate private equity real estate managers, some with more than one fund by a given manager. The Plan's managers are Siguler Guff, The Realty Associates, Cerberus, and Hall Capital Partners. The fair value of real estate investments are determined by each manager respectively at each valuation date and rely primarily on third-party appraisals and other unobservable inputs. Siguler Guff's advisory board may request an independent appraisal of any portfolio investment within 30 days of the fund's audited financial statements. The Realty Associates utilizes independent appraisers to value properties at a frequency of no less than once every 3 years after acquisition. Cerberus follows detailed internal valuation policies and procedures and may engage independent valuation consultants on an as-needed basis. Hall Capital Partners values investments in the fund on an income approach rather than base valuations on cyclical appraisals.

Fair Value of Investments Measured at Net Asset Value (NAV)

Low-Volatility Hedge Fund—PAAMCO—The Plan is invested in a hedge fund managed by Pacific Alternative Asset Management Company (PAAMCO) structured as a fund of funds to manage and moderate volatility of the value of the investment. The fund uses a number of sub-managers to achieve its desired level of diversification, but is limited to a maximum number of 55 sub-managers. This fund uses a multitude of investment strategies and will invest in debt, equities, credit instruments, distressed debt, merger arbitrage, and sovereign and convertible debt, as well as take both long and short equity positions. This investment is valued at NAV monthly and provides quarterly redemptions with at least 60 days' written notice.

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(4) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Investments Measured at Fair Value, Continued

Fair Value of Investments Measured at Net Asset Value (NAV), Continued

Long/Short Equity Hedge Fund—Grosvenor Class A & B—The Plan has two hedge fund investments with Grosvenor Capital Management. Both of these investments are structured as fund of funds and utilize a number of sub-managers that invest in long and short positions of U.S. and international equity securities. The Class A investment is highly diversified and will generally have between 20 and 30 sub-managers at any given time that will be selected and managed by Grosvenor at its discretion. The Class B investment is more concentrated and will generally have 15 or fewer sub-managers that are selected by the System's investment consultant, ACG, with confirmation by Grosvenor. Grosvenor does not have primary investment discretion over the Class B shares. While the Class A investment takes a more market neutral approach to allocations, the Class B investment is designed to capture more upside movement within the markets and has a greater focus on long bias positions. These funds are valued at NAV monthly, and the Class A shares are redeemable at the end of each calendar quarter with 70 days' prior written notice. The Class B shares are redeemable at any time, subject to any gates or lockups by the underlying sub-managers. Recent additions to the Class B fund subject to lockup were $13 million on June 1, 2015, and $13 million on March 30, 2016.

Core Real Estate—JP Morgan Strategic Property and Blackstone Property Partners—The Plan invests in two core real property funds: the JP Morgan Strategic Property fund and the Blackstone Property Partners Limited Partnership. Both of these funds invest in core real properties seeking to realize capital appreciation on its portfolio while also generating a high level of current income. These funds both make strategic property acquisitions primarily in the U.S. As part of JPMorgan's and Blackstone Property Partners' valuation process, independent appraisers value properties on an annual basis (at a minimum). Both funds are valued at NAV monthly. The JP Morgan fund allows withdrawals *once per quarter subject to "available cash" as determined by a pool trustee with 45 days' advance* written notice. The Blackstone Property Partners fund has an initial lockup period of 24 months, after which withdrawals are available at the end of each quarter with 90 days' advance written notice. The Plan's lockup period in the Blackstone Property partnership will expire on December 31, 2017.

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(4) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Investments Measured at Fair Value, Continued

Fair Value of Investments Measured at Net Asset Value (NAV), Continued

Commodities—Gresham Partners (TAP Fund) and MLM Macro Peak—The Plan has investments in two commodities funds with distinctly different approaches. The Gresham TAP (Tangible Asset Program) fund is a commingled investment fund that invests in long-only, fully collateralized tangible commodity futures. It seeks to provide diversification to a portfolio of traditional investments through low correlation to stocks and bonds, and trades across most commodities markets. The MLM Macro-Peak fund, structured as a liquid limited partnership, is a global macro strategy managed by Mount Lucas. This fund trades in the world's major asset classes and financial markets, including equity, global fixed income, currency, and commodity sectors following internally developed proprietary trading models. Both of these funds are priced at NAV on a monthly basis. The Gresham TAP fund offers monthly liquidity with at least 5 days' written notice. The MLM Macro-Peak fund also offers monthly liquidity with at least 10 days' written notice. Under the MLM Macro-Peak fund, 90% of the cash proceeds are ordinarily paid within 10 days, with the remaining 10% balance paid within 60 days.

Foreign Currency Transactions

The Plan has certain investment managers that trade on foreign exchanges. Foreign currency gains and losses are calculated at the transaction date using the current exchange rate, and assets are remeasured to U.S. dollars using the exchange rate as of each month end. During the years ended June 30, 2016 and 2015, there were no foreign currency gains and no remeasurement losses.

(5) DERIVATIVES AND OTHER INSTRUMENTS

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates, or financial indexes. They include futures contracts, swap contracts, options contracts, and forward foreign currency exchange. The Plan's investment policy notes that in order to achieve maximum returns, the Plan may diversify between various investments, including common stocks, bonds, real estate, private equity, venture equity and other hedge fund strategies, short-term cash instruments, and other investments deemed suitable. The investment policy also requires investment managers to follow certain controls and documentation and risk management procedures. The Plan did not have any direct derivative investments at June 30, 2016 or 2015. Investments in limited partnerships (alternative investments) and commingled funds may include derivatives. The Plan's investments in alternative investments are reflected at fair value, and any exposure is limited to its investment in the partnership and any unfunded commitment. Commingled funds have been reviewed to ensure they are in compliance with the Plan's investment policy.

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(5) DERIVATIVES AND OTHER INSTRUMENTS, CONTINUED

The Plan invests in mortgage-backed securities, which are reported at fair value in the statements of fiduciary net position and are based on the cash flows from interest and principal payments by the underlying mortgages. As a result, they are sensitive to prepayments by mortgagees, which are likely in declining interest rate environments, thereby reducing the values of these securities. The Plan invests in mortgage-backed securities to diversify the portfolio and increase the return while minimizing the extent of risk. Details regarding interest rate risks for these investments are included under the interest rate risk disclosures.

(6) INVESTMENT IN BUILDING

The Plan owns a building (Columbus Square) originally purchased for approximately $1.5 million, and it is held as a long-term investment. The building is accounted for at fair value based on periodic appraisals. Rental income and expenses associated with the building are reported currently. The Plan utilizes part of the building for its administrative offices and charges itself rent, which is reflected as administrative expense and other investment income. The fair value of the building at June 30, 2016 and 2015, was estimated at approximately $4.1 million and $3.9 million, respectively.

(7) CAPITAL ASSETS

The Plan has only one class of capital assets, consisting of software. A summary as of June 30 is as follows:

	Balance at June 30, 2015	Additions	Disposals	Balance at June 30, 2016
Cost	$ 1,014,045	-	-	1,014,045
Accumulated amortization	(912,640)	(101,405)	-	(1,014,045)
Capital assets, net	$ 101,405	(101,405)	-	-

	Balance at June 30, 2014	Additions	Disposals	Balance at June 30, 2015
Cost	$ 1,014,045	-	-	1,014,045
Accumulated amortization	(709,831)	(202,809)	-	(912,640)
Capital assets, net	$ 304,214	(202,809)	-	101,405

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(8) DEFERRED OPTION BENEFITS

As noted previously, the Plan has Deferred Option, “Back” DROP, and Payout Provision benefits available to its members. A summary of the changes in the various options as of June 30 is as follows:

	2016			
	Deferred Option	"Back" DROP	Payout Provision	Total
	(Amounts in Thousands)			
Beginning balance	$ 3,646	3,762	3,580	10,988
Employer contributions	108	2,003	-	2,111
Member contributions	-	2,466	-	2,466
Plan reassignments	-	(1,590)	1,590	-
Deferred benefits	892	17,864	-	18,756
Payments	(2,266)	(27,811)	(1,749)	(31,826)
Interest	250	5,507	(30)	5,727
Ending balance	$ 2,630	2,201	3,391	8,222

	2015			
	Deferred Option	"Back" DROP	Payout Provision	Total
	(Amounts in Thousands)			
Beginning balance	$ 4,266	1,122	3,762	9,150
Employer contributions	133	2,580	-	2,713
Member contributions	-	3,175	-	3,175
Plan reassignments	-	(621)	621	-
Deferred benefits	1,124	22,746	-	23,870
Payments	(2,162)	(33,104)	(862)	(36,128)
Interest	285	7,864	59	8,208
Ending balance	$ 3,646	3,762	3,580	10,988

See Independent Auditors’ Report.

OKLAHOMA POLICE PENSION AND RETIREMENT PLAN
Administered by
OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(9) NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS

The components of the net pension liability of the participating employers at June 30, 2016, were as follows:

	(Amounts in Thousands)
Total pension liability	$ 2,354,815
Plan fiduciary net position	2,201,671
Employers' net pension liability	$ 153,144
Plan fiduciary net position as a percentage of the total pension liability	93.50%

Actuarial assumptions—The total pension liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	4.5% to 17% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Cost-of-living adjustments	Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary.
Mortality rates:	Active employees (pre-retirement): RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA. Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA. Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years.

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 2007 to June 2012.

See Independent Auditors' Report.

OKLAHOMA POLICE PENSION AND RETIREMENT PLAN
Administered by
OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(9) NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS, CONTINUED

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, (see discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed income	3.27%
Domestic equity	5.16%
International equity	8.61%
Real estate	4.97%
Private equity	8.32%
Commodities	2.42%

Discount rate—The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by the Oklahoma Statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

See Independent Auditors' Report.

OKLAHOMA POLICE PENSION AND RETIREMENT PLAN
Administered by
OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(9) NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS, CONTINUED

Sensitivity of the net pension liability to changes in the discount rate—The following presents the net pension liability of the employers, calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
		(Amounts in Thousands)	
Employers' net pension liability (asset)	$ 401,800	153,144	(56,808)

(10) PLAN TERMINATION AND STATE FUNDING

The Plan has not developed an allocation method if it were to terminate. The Oklahoma Legislature is required by statute to make such appropriation as necessary to assure that benefit payments are made.

A suggested minimum contribution from the State of Oklahoma is computed annually by an actuary hired by the State of Oklahoma. However, funding by the State of Oklahoma to the Plan is based on statutorily determined amounts rather than the actuarial calculations of the amount required to fund the Plan.

(11) FEDERAL INCOME TAX STATUS

As an instrumentality of the State of Oklahoma, the Plan is tax-exempt. It is not subject to the Employee Retirement Income Security Act of 1974, as amended. The Plan has received favorable determination from the Internal Revenue Service (IRS) regarding its tax-exempt status. The Plan has been amended since receiving the determination letter. However, the Plan administrator believes that the Plan is designed and is currently being operated in substantial compliance with the applicable requirements of the Internal Revenue Code.

(12) HISTORICAL INFORMATION

Historical trend information designed to provide information about the Plan's progress made in accumulating sufficient assets to pay benefits when due is presented in Exhibits I, II, III, and IV.

See Independent Auditors' Report.

OKLAHOMA POLICE PENSION AND RETIREMENT PLAN
Administered by
OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(13) LEGISLATIVE AMENDMENTS

The following is a summary of significant plan provision changes that were enacted by the Oklahoma Legislature during 2016 and 2015:

2016

- House Bill 2273—Amends the computation of final average salary to be based specifically on paid base salary in which required contributions have been made. Amends and clarifies the definition of paid base salary, including its components and exclusions. Adds additional language regarding the purchase of transferred credited service to comply with IRS rules regarding the use of Roth and non-Roth type accounts.

2015

- Senate Bill 345—Authorizes the Oklahoma Police Pension and Retirement System Board of Trustees to adopt rules for computation of the purchase price for transferred service credit and the purchase methods available, including time periods available to complete the purchase; additional required language regarding distributions necessary for the System to remain an IRS qualified plan.

(14) CONTINGENCIES

The Plan is involved in legal proceedings in the normal course of operations, none of which, in the opinion of management, will have a material effect on the net position or changes in net position of the Plan.

See Independent Auditors' Report.

SUPPLEMENTARY INFORMATION REQUIRED BY GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 67

Exhibit I

OKLAHOMA POLICE PENSION AND RETIREMENT PLAN
Administered by
OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY
Last 8 Fiscal Years ***(Dollar Amounts in Thousands)***

	2016	2015	2014	2013	2012	2011	2010	2009
Total pension liability								
Service cost	$ 58,695	54,592	53,042	56,160	54,059	66,974	65,756	62,139
Interest	165,076	164,141	159,256	150,394	144,742	174,238	169,827	161,028
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	596	(12,764)	(18,258)	7,194	(10,069)	(96,100)	(38,037)	(7,660)
Changes in assumptions	-	-	-	(2,444)	-	(422,901) *	-	-
Benefit payments, including refunds of member contributions	(138,625)	(141,693)	(119,241)	(114,835)	(113,300)	(104,044)	(110,427)	(94,114)
Net change in total pension liability	85,742	64,276	74,799	96,469	75,432	(381,833)	87,119	121,393
Total pension liability—beginning	2,269,073	2,204,797	2,129,998	2,033,529	1,958,097	2,339,930	2,252,811	2,131,418
Total pension liability—ending (a)	$ 2,354,815	2,269,073	2,204,797	2,129,998	2,033,529	1,958,097	2,339,930	2,252,811

*The decrease was due to legislation which changed the actuarial assumptions to no longer include cost-of-living adjustments (COLA's).

Information to present a 10-year history is not readily available.

(Continued)

See Independent Auditors' Report.
See accompanying notes to required supplementary information.

Exhibit I, Continued

OKLAHOMA POLICE PENSION AND RETIREMENT PLAN
Administered by
OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY, CONTINUED
Last 8 Fiscal Years ***(Dollar Amounts in Thousands)***

	2016	2015	2014	2013	2012	2011	2010	2009
Plan fiduciary net position								
Contributions—employers (cities)	$ 38,533	37,261	35,547	34,645	32,896	31,846	32,240	31,675
Contributions—members	23,787	22,867	22,131	21,518	20,113	19,489	19,626	19,139
Contributions—State of Oklahoma, a non-employer contributing entity	35,915	35,490	31,329	31,412	28,092	24,645	22,292	26,913
Net investment income	(21,104)	74,554	294,897	221,174	8,374	282,305	163,058	(283,519)
Benefit payments, including refunds of member contributions	(138,625)	(141,693)	(119,241)	(114,835)	(113,300)	(104,044)	(110,427)	(94,114)
Administrative expense	(1,831)	(1,949)	(1,862)	(2,053)	(1,952)	(1,712)	(1,708)	(2,176)
Net change in plan fiduciary net position	(63,325)	26,530	262,801	191,861	(25,777)	252,529	125,081	(302,082)
Plan fiduciary net position—beginning	2,264,996	2,238,466	1,975,665	1,783,804	1,809,581	1,557,052	1,431,971	1,734,053
Plan fiduciary net position—ending (b)	$ 2,201,671	2,264,996	2,238,466	1,975,665	1,783,804	1,809,581	1,557,052	1,431,971
Plan's net pension liability (asset) (a) - (b)	$ 153,144	4,077	(33,669)	154,333	249,725	148,516	782,878	820,840

Information to present a 10-year history is not readily available.

See Independent Auditors' Report.
See accompanying notes to required supplementary information.

Exhibit II

OKLAHOMA POLICE PENSION AND RETIREMENT PLAN
Administered by
OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY
Last 8 Fiscal Years ***(Dollar Amounts in Thousands)***

	2016	2015	2014	2013	2012	2011	2010	2009
Total pension liability	$ 2,354,815	2,269,073	2,204,797	2,129,998	2,033,529	1,958,097	2,339,930	2,252,811
Plan fiduciary net position	2,201,671	2,264,996	2,238,466	1,975,665	1,783,804	1,809,581	1,557,052	1,431,971
Plan's net pension liability (asset)	$ 153,144	4,077	(33,669)	154,333	249,725	148,516	782,878	820,840
Plan fiduciary net position as a percentage of the total pension liability	93.50%	99.82%	101.53%	92.75%	87.72%	92.42%	66.54%	63.56%
Covered-employee payroll	$ 296,408	295,307	289,502	279,014	266,038	257,505	249,583	253,956
Plan's net pension liability (asset) as a percentage of covered-employee payroll	51.67%	1.38%	(11.63)%	55.31%	93.87%	57.67%	313.67%	323.22%

Information to present a 10-year history is not readily available.

See Independent Auditors' Report.
See accompanying notes to required supplementary information.

Exhibit III

OKLAHOMA POLICE PENSION AND RETIREMENT PLAN
Administered by
OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES
Last 10 Fiscal Years ***(Dollar Amounts in Thousands)***

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	$ 45,054	63,908	90,283	79,314	64,746	146,816	132,456	102,610	100,561	95,082
Contributions in relation to the actuarially determined contribution:										
Employers (Cities)	38,533	37,261	35,547	34,645	32,896	31,846	32,240	31,675	30,061	28,258
State of Oklahoma, a non-employer contributing entity	35,915	35,490	31,329	31,412	28,092	24,645	22,292	26,913	26,020	28,122
	74,448	72,751	66,876	66,057	60,988	56,491	54,532	58,588	56,081	56,380
Contribution (excess) deficiency	$ (29,394)	(8,843)	23,407	13,257	3,758	90,325	77,924	44,022	44,480	38,702
Covered-employee payroll	$ 296,408	295,307	289,502	279,014	266,038	257,505	249,583	253,956	239,805	220,885
Contributions as a percentage of covered-employee payroll	25.12%	24.64%	23.10%	23.68%	22.92%	21.94%	21.85%	23.07%	23.39%	25.52%

See Independent Auditors' Report.
See accompanying notes to required supplementary information.

Exhibit IV

OKLAHOMA POLICE PENSION AND RETIREMENT PLAN
Administered by
OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

SCHEDULE OF INVESTMENT RETURNS
Last 4 Fiscal Years

	2016	2015	2014	2013
Annual money-weighted rate of return, net of investment expense	(0.94)%	3.36%	15.04%	12.56%

Information to present a 10-year history is not readily available.

See Independent Auditors' Report.
See accompanying notes to required supplementary information.

Exhibit V

OKLAHOMA POLICE PENSION AND RETIREMENT PLAN
Administered by
OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2016

The information presented in the required supplementary schedules was determined as part of an actuarial valuation by an independent enrolled actuary (Cavanaugh Macdonald Consulting, LLC) at the dates indicated. Additional information as of the July 1, 2016, valuation follows:

Assumptions

Actuarial cost method:	Entry age
Amortization method:	Level dollar—open
Remaining amortization:	5 years
Asset valuation method:	5-year smoothed
Actuarial assumptions:	
Investment rate of return:	7.5%
Projected salary increases*:	4.5% to 17%
Cost-of-living adjustments:	Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary.

* Includes inflation at 3%.

See Independent Auditors' Report.

SUPPLEMENTARY INFORMATION

Schedule I

OKLAHOMA POLICE PENSION AND RETIREMENT PLAN
Administered by
OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

SCHEDULE OF INVESTMENT EXPENSES

Years Ended June 30,		*2016*	*2015*
		(Amounts in Thousands)	
Investment management fees:			
Fixed income managers:			
Global Fixed Income	$	1,098	1,297
Low Volatility		1,649	1,724
Equity managers:			
Domestic Equity		2,561	2,672
International Equity		1,757	2,378
Private Equity		2,394	2,842
Real estate:			
Real estate		2,338	886
Commodities		664	687
Total investment management fees		12,461	12,486
Investment consultant fees		650	650
Investment custodial fees		191	176
Total investment expenses	$	13,302	13,312

See Independent Auditors' Report.

Schedule II

OKLAHOMA POLICE PENSION AND RETIREMENT PLAN
Administered by
OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

SCHEDULE OF ADMINISTRATIVE EXPENSES

Years Ended June 30,	*2016*	*2015*
	(Amounts in Thousands)	
Staff salaries	$ 778	803
FICA and retirement	185	190
Insurance	122	118
Total personnel services	1,085	1,111
Actuarial	59	84
Audit	66	67
Legal	201	175
Total professional/consultant services	326	326
Office space and equipment	89	90
Total rental	89	90
Travel	36	48
Maintenance	77	53
Depreciation	101	203
Computer/data	7	9
Other	110	109
Total miscellaneous	331	422
Total administrative expenses	$ 1,831	1,949

See Independent Auditors' Report.

Schedule III

OKLAHOMA POLICE PENSION AND RETIREMENT PLAN
Administered by
OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

SCHEDULE OF PROFESSIONAL/CONSULTANT FEES

Years Ended June 30,		*2016*	*2015*
		(Amounts in Thousands)	
Professional/Consultant	**Service**		
Buck Consultants	Actuarial	$ 59	67
Cavanaugh MacDonald Consulting	Actuarial	-	17
Finley & Cook, PLLC	Audit	66	67
Davis, Graham, Stubbs, LLP	Legal	186	161
Attorney General	Legal	15	14
		$ 326	326

See Independent Auditors' Report.

Investment Section

Investment Section

ACG | ASSET CONSULTING GROUP

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Saint Louis, Missouri 63105
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REPORT ON INVESTMENT ACTIVITIES

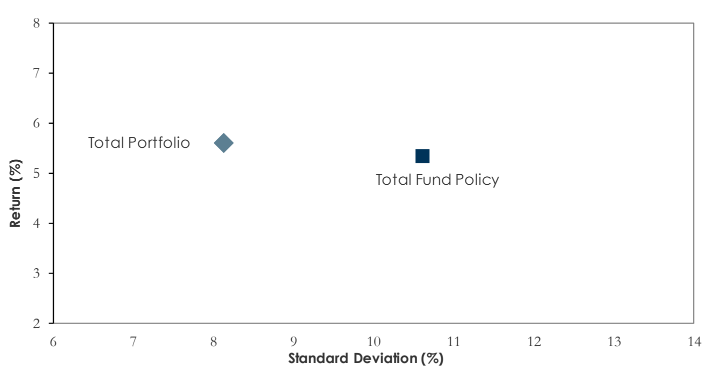
October 13, 2016

Mr. Steven K. Snyder
Executive Director/Chief Investment Officer
Oklahoma Police Pension and Retirement System
1001 N.W. 63rd St., Suite 305
Oklahoma City, OK 73116-7335

Dear Steve:

The Oklahoma Police Pension and Retirement System's (OPPRS) investment portfolio has been constructed with an emphasis on risk mitigation and a goal of achieving favorable long term risk-adjusted returns. Because of the strength of the Retirement System's funded status, special attention is given to reduced volatility, downside protection, and attention to liquidity needs. For the fiscal year ending June 30, 2016, the OPPRS' portfolio generated a gross investment return of -0.17%, in line with the policy benchmark return of -0.15%. Over the three year period ending June 30, 2016, the total portfolio has produced an annualized return of 6.18% relative to a return of 5.70% for its policy benchmark. For the recent 10-year period ending June 30, 2016, the OPPRS' portfolio has generated an annualized return of 5.60% versus 5.35% for its benchmark. The OPPRS' portfolio has achieved its results over each of these time periods with approximately 20% less volatility than that of its benchmark, and has produced superior risk-adjusted returns. The risk conscious approach adopted by OPPRS over the long term has resulted in a more favorable risk-adjusted return profile than its median peer and benchmark as depicted below, and is influenced by the overall health of the Retirement System's assets relative to its liabilities. The calculation methodology used in our performance reports is consistent with the methodology prescribed by the CFA Institute. In providing these results, we rely on the timeliness and accuracy of financial data provided by the OPPRS' custodian bank and its investment managers.

Risk vs. Return Analysis (10-Year Annualized)
June 30, 2016



Statistics - 10 Years
Periods Ending June 30, 2016

	Oklahoma Police Pension	Total Fund Policy
Return	5.60%	5.35%
Standard Deviation	8.13%	10.62%
Sharpe Ratio	0.58	0.42
Beta	0.74	1.00

The major asset category returns are also summarized as follows:

Total Portfolio Rates of Return Summary & Universe Rankings
Periods Ending June 30, 2016

	10 Years	(Rank)
Total Fund	**5.60%**	**56**
Policy Index[1]	5.35%	
Median Total Fund (55-70% Equity)	5.69%	
Total Equity Composite	**5.59%**	
MSCI ACWI	4.82%	
Global Bonds Composite	**5.35%**	
Barclays Capital Universal	5.30%	
Barclays Capital Aggregate	5.13%	
Real Assets Composite	**5.26%**	
NFI ODCE Net	5.19%	

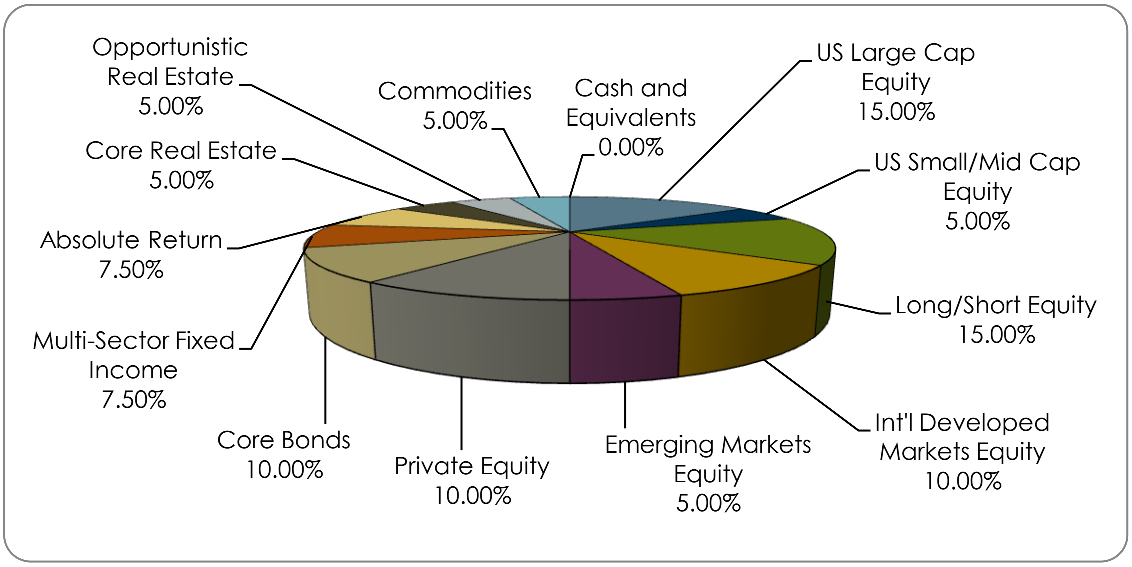
[1]The Total Fund Policy Index history

06-30-07	The index consists of 55.0% Russell 3000, 35.0% Barclays Universal, 10.0% MSCI EAFE
11-30-07	The index consists of 55.0% Russell 3000, 10.0% MSCI EAFE, 30% Barclays Universal, 5.0% NFI ODCE Net
08-31-12	The index consists of 65.0% MSCI ACWI, 30.0% Barclays Universal, 5.0% NFI ODCE Net
08-31-14	The index consists of 60.0% MSCI ACWI, 30.0% Barclays Universal, 5.0% NFI ODCE Net, 5.0% Bloomberg Commodity
04-30-16	The index consists of 60.0% MSCI ACWI, 25.0% Barclays Universal, 10.0% NFI ODCE Net, 5.0% Bloomberg Commodity

Asset Consulting Group works with the Oklahoma Police Pension & Retirement System's Board to maintain an Investment Policy and asset allocation strategy that are designed to meet the long term objectives of OPPRS. We meet formally with the Board on a monthly basis to assess the capital markets, the overall investment landscape and the unique considerations of OPPRS. We report on current investment activity, provide perspective on the market environment and make recommendations as appropriate to enhance or modify the investment strategy and/or its component parts. We provide monthly reports and more comprehensive quarterly reports to inform the Board of progress towards meeting the long-term objectives of OPPRS and to highlight areas of interest, opportunity and/or for potential discussion. In addition, we provide education on an ongoing basis in the areas most relevant to the investment objectives and needs of OPPRS.

The OPPRS investment strategy has been developed and periodically reviewed and modified following thorough analysis of many alternatives evaluated and the current investment opportunity set. The strategy is reviewed periodically, and refined as appropriate to ensure compatibility with the expected long-term return objectives, unique considerations of OPPRS and the Board's risk tolerance. The primary objective of this approach is to implement a plan of action which will result in the highest probability of meeting long term investment objectives within an acceptable level of risk. The portfolio is highly diversified across asset classes, strategies, styles, geographies, currencies, capitalizations, liquidity, type, number of instruments and other methods. As of June 30, 2016 the OPPRS targeted asset allocation consisted of:

Periods Ending June 30, 2016
Policy Asset Allocation



As always, I am available to you, your staff and your Board to discuss this information in further detail.

Sincerely,

George A. Tarlas, CFA
Senior Managing Director

Schedule of Largest Assets Held
For the Fiscal Year Ended June 30, 2016

The Plan's ten largest stock, fixed income and partnership holdings at June 30, 2016.

Largest Stock Holdings (by Fair Value)

Security	Shares Held	Fair Value
Drew Industries	21,217	$ 1,800,050
Parsley Energy Inc.	62,623	1,694,578
Nxstage Medical Inc.	70,309	1,524,299
Graphic Packaging Holding Co.	115,598	1,449,599
Wesco International	27,029	1,391,723
Arrow Electronics Inc.	21,636	1,339,268
World Fuel Services Corporation	27,824	1,321,362
Validus Holdings Ltd.	27,045	1,314,117
Huntington Ingalls Industries	7,168	1,204,439
Air Lease Corporation	44,256	1,185,176

Largest Fixed Income Holdings (by Fair Value)

Security	Par Value	Fair Value
U.S. Treasury Bond	7,115,000	$ 10,285,657
GNMA II Pool #0MA0783	7,174,066	7,646,478
U.S. Treasury Note	6,280,000	6,713,697
FHLMC Pool #G0-8653	5,048,197	5,238,363
FNMA Pool S#0AS6830	4,942,861	5,226,136
FHLMC Pool #C0-44441	3,353,431	3,484,517
FNMA Pool #0AB2092	2,849,307	3,103,579
FNMA Pool #AH3394	2,757,599	2,965,329
FNMA Pool AS7343	2,294,927	2,383,763
FNMA Pool #0AH2366	1,914,593	2,030,579

Largest Limited Partnership Holdings (by Fair Value)

Limited Partnership	Fair Value
Firstmark Capital I	$ 21,226,028
Arsenal Capital Partners II	12,332,726
Sun Capital Partners V	11,375,611
Weathergage Venture Capital II	9,753,750
Arsenal Capital Partners III	8,986,769
Knightsbridge Venture Capital	8,927,965
Weathergage Venture Capital I	7,410,230
Warburg Pincus X	7,351,665
Warburg Pincus IX	7,224,630
Oaktree Opportunties Fund IX	7,173,653

A complete list of portfolio holdings may be requested from the OPPRS Accounting Department at 1001 NW 63rd Street, Suite 305, Oklahoma City, OK, 73116-7335.

Portfolio by Investment Type and Manager
For the Period Ended June 30, 2016

Investment Managers by Investment Type	Investment Class	Fair Value (000s)		% of Asset Class (boxed)	% of Total Portfolio
International Equity					
Baring Focused	Equity	$ 93,032		7.0%	4.2%
Mondrian International Equity Fund, LP	Equity	113,048		8.5%	5.2%
Northern Trust - Emerging Mkts Index Fund	Equity	63,653		4.8%	2.9%
Wasatch Small Cap	Equity	30,116		2.3%	1.4%
Domestic Equity					
Small/Mid Cap					
Common Stock - Custodial account	Equity	182		0.0%	0.0%
Boston Partners - Value	Equity	85,200		6.4%	3.9%
Cortina - Growth	Equity	61,836		4.7%	2.8%
Large Cap					
Northern Trust Index Russell 1000	Equity	386,004		29.2%	17.6%
Long/Short Equity					
Grosvenor A	Equity	172,663		13.0%	7.9%
Grosvenor B	Equity	129,746		9.8%	5.9%
Private Equity					
Various Managers *	Equity	188,696	(*)	14.3%	8.6%
Global Fixed Income					
Agincourt- Core	Fixed Income	165,453		30.2%	7.6%
Oaktree Capital Management	Fixed Income	106,995		19.5%	4.9%
Loomis Sayles	Fixed Income	95,888		17.5%	4.4%
Low Volatility Strategies					
PAAMCO - Newport Mesa	Fixed Income	179,304		32.7%	8.2%
Real Assets					
MLM Macro - Peak Partners L.P.	Commodities	29,665		10.7%	1.4%
The TAP Fund/Gresham	Commodities	49,962		18.0%	2.3%
JP Morgan Core Real Estate	Core RE	98,343		35.4%	4.5%
Blackstone Core Real Estate	Core RE	34,562		12.4%	1.6%
Cerberus Fund III	Opportunistic	21,897		7.9%	1.0%
Cerberus Fund IV	Opportunistic	1,316		0.5%	0.1%
Columbus Square - Direct Ownership	Opportunistic	4,100		1.5%	0.2%
Siguler Guff - Opportunistic	Opportunistic	8,223		3.0%	0.4%
Siguler Guff II- Opportunistic	Opportunistic	6,606		2.4%	0.3%
Hall Capital III	Opportunistic	2,606		0.9%	0.1%
TA Associates Realty X - Opportunistic	Opportunistic	20,629		7.4%	0.9%
Cash and Cash Equivalents					
OK Invest	Cash & Cash Eq.	19,561		48.9%	0.9%
Cash at BNY Mellon	Cash & Cash Eq.	20,460		51.1%	0.9%
Total Investments and Cash and Cash Equivalents		$ 2,189,746			100.0%

(*) See the following page for a detailed listing of Private Equity Managers.

Private Equity by Strategy and Manager
For the Period Ended June 30, 2016

Investment Focus and Manager	Market Value
Private Equity Investment Focus - Buyout	
Apollo Investment Fund VIII	$ 3,469,640
Arsenal Capital Partners Fund I L.P.	152,877
Arsenal Capital Partners Fund II, L.P.	12,501,742
Arsenal Capital Partners Fund III, L.P.	8,986,769
Calera Capital Fund III	2,087,786
Calera Capital Fund IV	1,428,073
CenterOak Equity I	21,769
Francisco Partners Fund IV	2,741,853
Levine Leichtman Capital Partners III, L.P.	3,962,534
Levine Leichtman Capital Partners IV, L.P.	4,820,030
Marathon Fund V, L.P.	11,985
Sun Capital Fund V	11,746,566
Thompson Street Capital Partners II GP, LP	3,504,669
Thompson Street Capital Partners III GP, LP	4,154,232
Thompson Street Capital Partners VI GP, LP	775,361
Subtotal - Buyout	60,365,886
Private Equity Investment Focus - Distressed	
Oaktree Opportunity Fund III	73,539
Oaktree Opportunity Fund IV	32,671
Oaktree Opportunity Fund V	125,307
Oaktree Opportunity Fund VI	219,345
Oaktree Opportunity Fund VII	853,731
Oaktree Opportunity Fund VIIB	707,783
Oaktree Opportunity Fund VIII	2,871,134
Oaktree Opportunity Fund IX	7,180,364
Oaktree Opportunity Fund X	1,343,021
Oaktree European Dislocation	1,470,096
Siguler Guff Distressed Opportunity Fund, L.L.C.	462,895
Siguler Guff Distressed Opportunity Fund II, L.L.C.	1,859,465
Siguler Guff Distressed Opportunity Fund III, L.L.C.	5,439,009
Subtotal - Distressed	22,638,360
Private Equity Investment Focus - Fund of Funds	
Lexington Cap VI-B	5,854,727
Subtotal - Fund of Funds	5,854,727
Private Equity Investment Focus - Mezzanine	
Newstone Capital Partners I, LP	398,324
Newstone Capital Partners II, LP	3,367,211
TCW/Crescent Mezzanine III, L.P.	320,999
TCW/Crescent Mezzanine IV, L.P.	377,567
TCW/Crescent Mezzanine V, L.P.	1,892,016
Subtotal - Mezzanine	6,356,117
Private Equity Investment Focus - Venture Capital	
Accel Europe, L.P.	5,232,882
FirstMark Cap Opportunity Fund I	2,403,067
FirstMarkVenture Fund I	20,978,007
FirstMarkVenture Fund II	6,621,212
FirstMarkVenture Fund II (Liquidating) Trust)	46,135
FirstMarkVenture Fund III	2,398,997
Midtown III	364,110
KnightsBridge	8,871,299
Lightspeed Venture Partner Fund VI, L.P.	849,804
Venture Lending & Leasing III, LLC	253,305
Warburg Pincus X	7,351,665
Warburg Pincus XI	7,224,630
Warburg Pincus XII	700,000
Weathergage Capital	7,410,230
Weathergage Capital II	9,753,750
Subtotal - Venture Capital	80,459,093
Private Equity Investment Focus - Emerging Markets	
Actis 4 Global	4,088,000
Subtotal - Emerging Markets	4,088,000
Private Equity Investment Focus - Other	
ArcLight Energy Vi	2,380,064
EnCap Energy Fund IX	5,103,524
EnCap Energy Fund X	1,450,611
Subtotal - Other	8,934,199
Total Private Equity Investments	$ 188,696,382

OPPRS Private Equity Investments

Private equity investments usually consist of a general partner as the active investor with a number of passive limited partners (like OPPRS) where all contribute to a combined fund and invest according to one of the following strategies:

Buyout - this strategy will invest capital in more mature businesses that have the potential for growth in value from efficiencies gained through structural, strategic management and operational improvements.

Distressed – under this strategy, the general partner will invest in the debt of companies that are struggling, with the intent of influencing the process by which the company restructures its debt, narrows its focus or implements a plan to turn around its operations. Distressed positions can involve debt, equity and lending investments.

Fund of Funds – this strategy combines many different investments approaches into a single investment.

Mezzanine – this strategy typically involves the partnership making either unsecured loans or purchasing preferred equity, often in smaller companies, where the unsecured risk is offset by higher returns.

Venture Capital – this strategy seeks to invest funds in early-stage, high-potential, high growth companies. This type of investment is usually through equity ownership in the developing company.

Emerging Markets – this strategy focuses on investing in companies in emerging economies around the globe.

Other – for this strategy, investments will usually be concentrated within a specific industry or region.

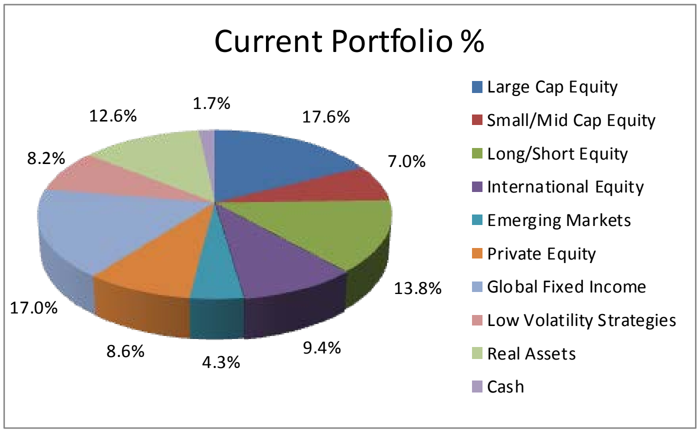
Net Performance Summary by Investment Manager
For the Period Ended June 30, 2016

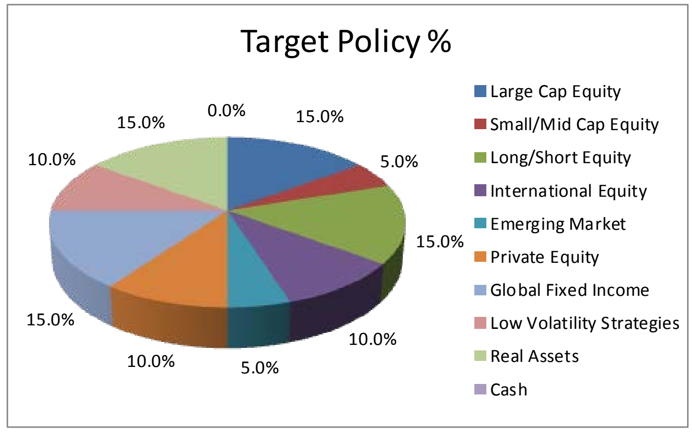
Investment Managers by Investment Type	One Quarter	One Year	Three Years	Five Years
	Investment Performance*			
International Equity				
Baring Focused	**0.38%**	**-5.06%**	**3.16%**	**N/A**
Mondrian	**-0.04%**	**-7.39%**	**3.81%**	**2.94%**
MSCI EAFE	*-1.19%*	*-9.72%*	*2.52%*	*2.15%*
Northern Trust Emerging Mkts Index	**N/A**	**N/A**	**N/A**	**N/A**
MSCI Emerging markets	*0.80%*	*-11.71%*	*-1.21%*	*-3.44%*
Wasatch Emerging Markets - Small Cap	**2.57%**	**-9.73%**	**-1.14%**	**N/A**
MSCI Emerging Markets Small Cap	*0.47%*	*-12.50%*	*0.28%*	*-1.99%*
Domestic Equity Managers				
Small/Mid Capitalization Equity				
Boston Partners - Value	**1.33%**	**-4.27%**	**8.28%**	**10.29%**
Russell 2500 Value	*4.37%*	*22.00%*	*8.14%*	*9.59%*
Cortina- Growth	**7.50%**	**-6.23%**	**N/A**	**N/A**
Russell 2000 Growth	*3.24%*	*-10.75%*	*7.74%*	*8.51%*
Large Capitalization Equity				
Northern Trust Russell 1000 Index Fund	**2.54%**	**2.96%**	**11.49%**	**11.89%**
Russell 1000	*2.54%*	*2.93%*	*11.49%*	*11.88%*
Long/Short Equity				
Grosvenor	**0.62%**	**-5.73%**	**4.67%**	**4.80%**
MSCI ACWI	*1.19%*	*-3.17%*	*6.60%*	*5.95%*
HFRI FOF Strategic	*0.75%*	*-7.76%*	*1.73%*	*1.45%*
Private Equity	**2.25%**	**5.78%**	**12.26%**	**10.81%**
Global Fixed Income Managers				
Agincourt- Core Bonds	**2.40%**	**6.25%**	**4.43%**	**4.26%**
Oaktree Capital Management	**3.38%**	**0.75%**	**4.29%**	**5.58%**
Barclays US Aggregate	*2.21%*	*6.00%*	*4.06%*	*3.76%*
Loomis Sayles	**4.05%**	**10.13%**	**2.66%**	**1.90%**
Citigroup World Gov't Bond	*3.41%*	*11.26%*	*2.65%*	*1.18%*
Low Volatility Strategies Managers				
PAAMCO - Newport Mesa	**0.70%**	**-6.75%**	**1.95%**	**3.06%**
HFRI FOF Conservative	*0.65%*	*-3.23%*	*1.97%*	*1.93%*
Real Assets				
MLM Macro - Peak Partners L.P. (Commodities)	**-0.51%**	**-2.34%**	**7.37%**	**4.35%**
Gresham Tap Fund (Commodities)	**11.53%**	**-15.72%**	**N/A**	**N/A**
Bloomberg Commodity	*12.78%*	*-13.32%*	*-10.55%*	*-10.82%*
Private Real Estate (Opportunistic)	**1.18%**	**14.76%**	**13.10%**	**N/A**
Columbus Square (Opportunistic-Plan owned)	**8.72%**	**26.85%**	**20.06%**	**18.73%**
Blackstone Property Partners (Core RE)	**3.37%**	**23.16%**	**N/A**	**N/A**
JP Morgan (Core RE)	**2.02%**	**11.10%**	**12.85%**	**12.97%**
NFI ODCE(net)	*0.00%*	*8.75%*	*11.24%*	*11.24%*
Cash and Cash Equivalents				
OK Invest	**0.47%**	**1.88%**	**1.91%**	**2.28%**
Cash at BNY Mellon ^	**4.44%**	**7.23%**	**2.32%**	**1.81%**
Total Portfolio	**2.12%**	**-0.17%**	**6.18%**	**6.34%**
Total Portfolio Net of Fees	**2.02%**	**-0.61%**	**5.72%**	**5.92%**
Policy Index (1)	*1.98%*	*-0.34%*	*5.64%*	*6.39%*

Source: Asset Consulting Group, Report June 30, 2016. All returns based on investment industry standards for return calculations.
***** - Returns are calculated using time-weighted return rates with trade date reprorting, daily weighting of cash flows and accruals due.
^ - Cash with custodian includes miscellaneous equity securities in process of liquidation.
(1) The Total Fund Policy Index History (by effective date of change)
10/1990 - The policy index consisted of 55.0% Russell 3000, 35.0% Barclays US Aggregate, 10.0% MSCI EAFE
06/2007 - The policy index consisted of 55.0% Russell 3000, 35.0% Barclays Universal, 10.0% MSCI EAFE
11/2007 - The policy index consisted of 55.0% Russell 3000, 30.0% Barclays Universal, 10.0% MSCI EAFE, 5.0% NFI ODCE Net
08/2012 - The policy index consisted of 65.0% MSCI ACWI, 30.0% Barclays Universal, 5.0% NFI ODCE Net
08/2014 - The policy Index consisted of 60.0% MSCI ACWI, 30.0% Barclays Universal, 5.0% NFI ODCE Net, 5.0% Bloomberg Commodity
04/2016 - The policy index consisted of 60.0% MSCI ACWI, 25.0% Barclays Unversal, 10.0% NFI IDCE Net, 5.0% Bloomberg Commodity

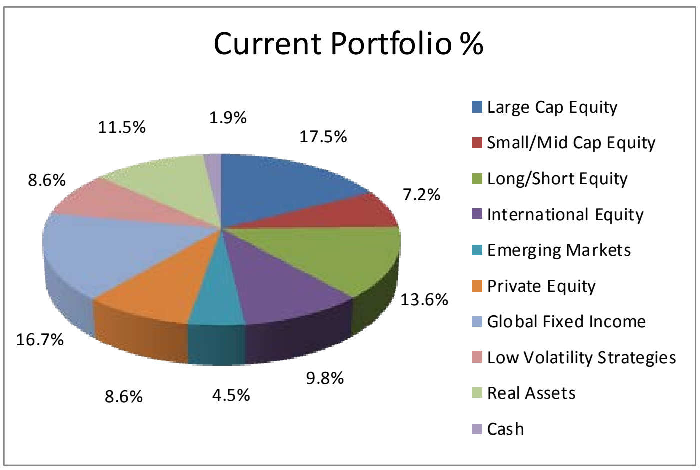
Current Portfolio versus Target Policy Allocation
For the Fiscal Years Ended June 30, 2016 and June 30, 2015

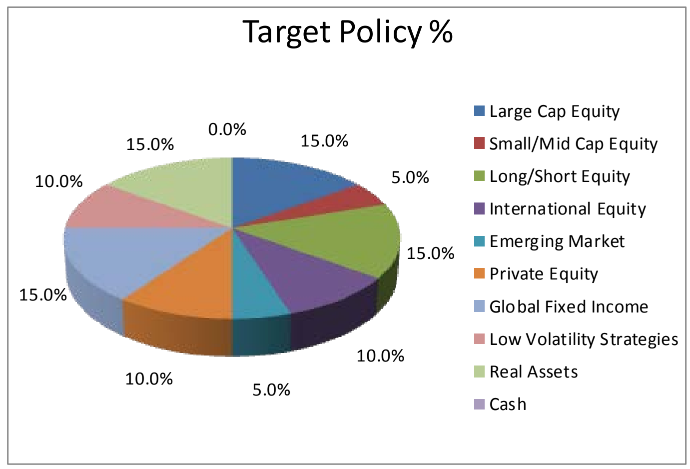
Period Ending June 30, 2016





Period Ending June 30, 2015





Schedule of Investment Fees
For the Fiscal Years Ended June 30, 2016 and 2015

Investment Managers Fees	2016	2015
Domestic Equity	$ 2,561,000	$ 2,672,000
Private Equity	2,394,000	2,842,000
International Equity	1,757,000	2,378,000
Real Estate	2,338,000	886,000
Commodities	664,000	687,000
Fixed Income-Low Volatility	1,649,000	1,724,000
Fixed Income	1,098,000	1,297,000
Subtotal - Investment Managers Fees	12,461,000	12,486,000
Custodian fee	191,000	176,000
Investment Consultant fee	650,000	650,000
Total Investment Management Fees	$ 13,302,000	$ 13,312,000

Schedule of Broker Commissions
For the Fiscal Year Ended June 30, 2016

Schedule of Broker Commissions

Broker Name\Location	Base Commission	Base amount Traded	Units Traded	Commission per Share
AVONDALE PARTNERS LLC, NASHVILLE	1,008.30	311,311.48	27,948	0.0360777
BAIRD, ROBERT W & CO INC, MILWAUKEE	10,381.73	4,883,750.88	218,264	0.0475650
BARCLAYS CAPITAL INC./LE, NEW JERSEY	327.84	40,017.03	16,392	0.0200000
BARCLAYS CAPITAL LE, JERSEY CITY	86.43	111,236.78	2,881	0.0300000
BB&T SECURITIES, LLC, RICHMOND	6,189.19	2,914,868.98	175,167	0.0353331
BENCHMARK COMPANY, LLC, NEW YORK	1,042.60	281,534.15	20,852	0.0500000
BERNSTEIN SANFORD C & CO, NEW YORK	3,695.04	6,061,640.44	264,144	0.0139887
BMO CAPITAL MARKETS CORP, NEW YORK	1,337.15	276,221.69	50,828	0.0263074
BNY CONVERGEX, NEW YORK	4,649.54	2,616,919.20	166,775	0.0278791
BTIG LLC, SAN FRANCISCO	1,565.16	481,857.59	39,129	0.0400000
BUCKINGHAM RESEARCH GRP INC, BROOKLYN	1,504.82	736,168.52	34,575	0.0435234
CANACCORD GENUITY INC.NEY YORK	1,242.95	426,772.57	24,859	0.0500000
CANTOR CLEARING SERV, NEW YORK	1,005.43	769,387.23	40,127	0.0250562
CANTOR CLEARING SERVICE, NEW YORK	114.14	38,380.18	4,354	0.0262150
CANTOR FITZGERALD & CO INC, NEW YORK	7,115.49	2,607,556.18	195,300	0.0364336
CITIGROUP GBL MKTS INC, NEW YORK	1,057.13	843,425.33	52,413	0.0201692
CJS SECURITIES INC, JERSEY CITY	1,788.09	881,151.23	59,603	0.0300000
COWEN AND COMPANY LLC, NEW YORK	1,034.80	195,619.16	20,696	0.0500000
CRAIG HALLUM, MINNEAPOLIS	3,028.98	490,986.99	99,450	0.0304573
CREDIT RESEARCH & TRADING LLC, JERSEY	255.25	79,871.35	5,105	0.0500000
CREDIT SUISSE, NEW YORK (CSUS)	2,035.69	2,151,171.01	88,272	0.0230616
CUTTONE & CO, JERSEY CITY	8.84	27,783.18	884	0.0100000
DAVIDSON(D A) & CO INC, NEW YORK	5,209.83	1,700,213.34	133,844	0.0389246
DEUTSCHE BK SECS INC, NY (NWSCUS33)	1,114.74	614,172.03	31,410	0.0354900
DOUGHERTY COMPANY, BROOKLYN	1,474.90	560,546.76	29,498	0.0500000
FBR CAPITAL MARKETS & CO, ARLINGTON	642.55	311,021.16	12,851	0.0500000
FIG PARTNERS LLC, ATLANTA	46.80	91,861.01	936	0.0500000
GOLDMAN SACHS & CO, NY	14,380.38	9,282,745.66	571,795	0.0251495
GOLDMAN SACHS EXECUTION & CLEARING, NY	8,505.08	7,866,536.78	378,777	0.0224541
ICBC FINCL SVCS, NEW YORK	1,764.87	1,013,571.92	58,155	0.0303477
INVESTMENT TECHNOLOGY GROUP, NEW YORK	211.59	119,680.21	8,927	0.0237023
ISI GROUP INC, NY	1,612.58	1,587,979.01	41,313	0.0390332
ITG INC, NEW YORK	374.64	1,025,897.53	44,926	0.0083390
J P MORGAN SECURITIES INC, BROOKLYN	1,084.79	765,661.46	45,426	0.0238804
J.P. MORGAN CLEARING CORP, NEW YORK	7,591.51	5,017,816.43	280,542	0.0270602
JANNEY MONTGOMERY SCOTT, PHILADELPHIA	347.16	49,147.52	11,572	0.0300000
JEFFERIES & CO INC, NEW YORK	20,075.24	5,406,956.77	447,191	0.0448919
JMP SECURITIES, SAN FRANCISCO	2,119.45	757,831.97	42,389	0.0500000
JONESTRADING INSTL SVCS LLC, WESTLAKE	2,561.48	1,241,827.57	64,302	0.0398352

Continued on the following page

Schedule of Broker Commissions (continued from previous page)
For the Fiscal Year Ended June 30, 2016

Broker Name\Location	Base Commission	Base amount Traded	Units Traded	Commission per Share
KEEFE BRUYETTE AND WOODS, JERSEY CITY	394.22	271,896.90	12,614.0000	0.0312526
KEYBANC CAPITAL MARKETS INC, JERSEY CITY	966.05	274,188.26	19,321.0000	0.0500000
KING (CL) & ASSOCIATES, ALBANY	1,775.22	560,388.68	49,867.0000	0.0355991
KNIGHT CLEARING SERVICES LLC, JERSEY CIT	5,117.10	2,013,898.67	141,033.0000	0.0362830
KNIGHT EQUITY MARKETS L.P.,JERSEY CITY	329.94	67,203.02	11,793.0000	0.0279776
LEERINK SWANN & CO, JERSEY CITY	310.80	490,530.03	6,216.0000	0.0500000
LIQUIDNET INC, BROOKLYN	830.21	412,467.96	28,999.0000	0.0286289
MACQUARIE CAPITAL (USA) INC., NEW YORK	806.16	739,476.36	20,154.0000	0.0400000
MACQUARIE SECURITIES(USA)INC JERSEY CITY	1,128.17	413,737.75	25,385.0000	0.0444424
MELLON FINANCIAL MRKTS LLC, JERSEY CITY	84.00	210,329.18	4,200.0000	0.0200000
MERRILL LYNCH PIERCE FENNER SMITH INC NY	27,823.37	13,137,550.55	995,972.0000	0.0279359
MORGAN STANLEY & CO INC, NY	1,025.56	437,858.62	34,453.0000	0.0297669
NATIONAL FINL SVCS CORP, NEW YORK	22,329.89	9,676,584.70	701,173.0000	0.0318465
NEEDHAM & CO, NEW YORK	228.85	106,876.64	4,577.0000	0.0500000
NEEDHAM AND COMPANY LLC, JERSEY CITY	638.76	139,570.99	19,188.0000	0.0332896
NORTHLAND SECS INC, JERSEY CITY	820.81	683,193.14	21,905.0000	0.0374714
OPPENHEIMER & CO INC, NEW YORK	3,459.99	1,576,435.81	86,920.0000	0.0398066
PERSHING LLC, JERSEY CITY	17,120.08	8,697,456.73	606,865.0000	0.0282107
PICKERING ENERGY PARTNERS, HOUSTON	979.20	113,248.53	19,584.0000	0.0500000
PIPER JAFFRAY & CO, MINNEAPOLIS	17,929.52	6,796,505.39	374,451.0000	0.0478822
RAYMOND JAMES & ASSOC INC, ST PETERSBURG	13,489.58	5,246,505.25	289,903.0000	0.0465314
RBC CAPITAL MARKETS LLC, NEW YORK	8,927.40	6,788,851.08	362,031.0000	0.0246592
SANDLER O'NEILL & PARTNERS, NEW YORK	298.60	105,422.91	5,972.0000	0.0500000
SIDOTI & CO LLC, NEW YORK	1,478.70	679,594.46	29,574.0000	0.0500000
SIMMONS & CO INTL, HOUSTON	898.90	249,049.96	17,978.0000	0.0500000
SJ LEVINSON & SONS LLC, JERSEY CITY	193.56	67,786.93	13,125.0000	0.0147474
STATE STREET BROKERAGE SVCS, BOSTON	761.58	279,884.58	22,682.0000	0.0335764
STATE STREET GLOBAL MARKETS LLC, BOSTON	1,857.27	965,485.53	58,444.0000	0.0317786
STEPHENS INC, LITTLE ROCK	10,479.03	5,158,792.33	371,576.0000	0.0282016
STIFEL NICOLAUS	11,470.06	5,004,528.02	319,605.0000	0.0358882
SUNTRUST CAPITAL MARKETS INC, ATLANTA	1,633.40	696,717.00	36,184.0000	0.0451415
TELSEY ADVISORY GROUP LLC, DALLAS	1,366.29	968,571.69	45,543.0000	0.0300000
UBS SECURITIES LLC, STAMFORD	3,027.36	6,152,246.02	232,916.0000	0.0129976
WEDBUSH MORGAN SECS INC, LOS ANGELES	1,522.91	407,874.40	52,933.0000	0.0287705
WEEDEN & CO, NEW YORK	420.58	199,628.29	23,914.0000	0.0175872
WELLS FARGO SECURITIES LLC, CHARLOTTE	3,258.35	1,256,331.86	65,167.0000	0.0500000
WELLS FARGO SECURITIES LLC, CHARLOTTE	3,401.34	2,089,862.48	93,631.0000	0.0363271
WILLIAM BLAIR & CO, CHICAGO	8,278.28	3,606,187.11	230,934.0000	0.0358470
WUNDERLICH SECURITIES INC, MEMPHIS	640.45	243,563.43	12,809.0000	0.0500000
TOTALS	$297,094	$151,627,380	9,281,463	0.0320094

Actuarial Section

Actuarial Section

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

Cavanaugh Macdonald
3906 Raynor Parkway, Suite 106
Bellevue, NE 68123

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www.CavMacConsulting.com

November 8, 2016

Board of Trustees
Oklahoma Police Pension and Retirement System
1001 NW 63rd Street, Suite 305
Oklahoma City, OK 73116-7335

Members of the Board:

We have completed an actuarial valuation of the Oklahoma Police Pension and Retirement System as of July 1, 2016 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, 2016.

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 Funding Progress* 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, 2016 was prepared by the prior actuarial firm.

The assumptions recommended by the prior 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, Brent Banister and Joe Nichols, 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,

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

Joseph A. Nichols, ASA, EA, MAAA, MSPA, FCA
Consulting Actuary

Oklahoma Police Pension & Retirement System
Actuarial Section

The Oklahoma Police Pension and Retirement System is funded on a statutory basis, with contribution rates for employee, employer and non-employer contributing entity established by statute. The Board, in conjunction with advice from the actuary, reviews the adequacy and appropriateness of the funding policy on a long-term basis. The System's actuary annually calculates an actuarially determined contribution (ADC) to assist with this determination. The actuarial section presents data primarily from a funding perspective, which can differ from the results determined for financial reporting purposes in the financial section. The actuarial assumptions used to calculate both the funding perspective and the financial perspective are materially the same. Exhibit III in the Required Supplementary Information portion of the Financial Section presents the ADC required and the contribution effort made toward the ADC by employers and the State of Oklahoma, a non-employer contributing entity.

Summary of Actuarial Valuation Results
As of July 1, 2016

	Actuarial Valuation as of		
	July 1, 2016	July 1, 2015	% Change
Summary of Costs			
Required State Contributions for Current Year	$ 10,437,520	$ 6,391,031	63.32 %
Actual State Contributions Received in Prior Year (1)	35,915,000	35,490,000	1.20
Funded Status			
Actuarial Accrued Liability	$ 2,354,815,000	$ 2,269,073,426	3.78 %
Actuarial Value of Assets	2,323,407,000	2,229,272,000	4.22
Unfunded Actuarial Accrued Liability	31,408,000	39,801,426	(21.09)
Funded Ratio	98.7%	98.2%	0.43
Market Value of Assets and Additional Liabilities			
Market Value of Assets	$ 2,201,671,000	$ 2,264,996,000	(2.80) %
Actuarial Present Value of Accumulated System Benefits (ASC 960)	2,235,297,000	2,095,684,066	6.66
Present Value of Projected System Future Benefits	2,931,205,000	2,810,402,462	4.30
Summary of Data			
Number of Members in Valuation			
Active Paid Members (vested and not vested)	4,679	4,570	2.39 %
Deferred Option Plan Members	19	22	(13.64)
Terminated Members with Refunds Due	669	668	0.15
Terminated Members with Deferred Benefits	132	125	5.60
Retired Members	2,683	2,602	3.11
Beneficiaries	727	707	2.83
Disabled Members	140	139	0.72
Total	9,049	8,833	2.45
Active Member Statistics			
Total Annual Compensation	$ 312,751,104	$ 293,483,501	6.57 %
Average Compensation	$ 66,841	$ 64,220	4.08
Average Age	39.8	41.2	(3.40)
Average Service	11.9	12.2	(2.46)

Schedule of Active Member Valuation Data

Valuation Date July 1,	Number of Members	Annual Payroll	Average Annual Payroll	Percentage Change in Average Payroll
2007	4,247	220,884,875	52,010	5.48%
2008	4,453	239,804,959	53,852	3.54%
2009	4,497	253,955,863	56,472	4.87%
2010	4,305	249,582,676	57,975	2.66%
2011	4,368	253,989,944	58,148	0.30%
2012	4,441	263,529,629	59,340	2.05%
2013	4,467	276,920,177	61,992	4.47%
2014	4,557	287,105,267	63,003	1.63%
2015	4,570	293,483,501	64,220	1.93%
2016	4,679	312,751,104	66,841	4.08%

Schedule of Retirants and Beneficiaries Added to and Removed from the Annuity Rolls

	Added to Rolls		Removed from Rolls		Rolls at Year End			
Fiscal Year Ended June 30,	Number of Additions	Annual Benefits	Number of Removals	Annual Benefits	Year End Roll Count	Annual Benefits	Percentage Increase	Average Annual Benefits
2007	168	$ 5,568,818	66	$ 1,639,140	2,650	$ 72,584,233	5.7%	$ 27,390
2008	138	6,784,790	69	1,740,133	2,719	77,628,890	7.0%	28,551
2009	125	4,465,126	59	1,644,802	2,785	80,449,214	3.6%	28,887
2010	259*	8,245,373	51	1,619,770	2,993	87,074,817	8.2%	29,093
2011	127	2,261,138	60	1,652,074	3,060	87,683,881	0.7%	28,655
2012	139	4,587,513	51	1,073,612	3,148	91,197,782	4.0%	28,970
2013	151	4,773,719	60	694,596	3,239	95,276,905	4.5%	29,416
2014	123	3,873,758	42	1,303,391	3,320	97,847,272	2.7%	29,472
2015	175	6,613,773	47	947,483	3,448	103,513,562	5.8%	30,021
2016	175	6,489,659	73	2,024,379	3,550	107,978,842	4.3%	30,417

** - Total headcount increased by 97 as a result of QDRO's (Qualified Domestic Relation Orders) being reported as a separate record.*

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/2007	1,627,476,000	2,035,653,471	408,177,471	79.9%	220,884,875	184.8%
7/1/2008	1,752,169,000	2,132,175,698	380,006,698	82.2%	239,804,959	158.5%
7/1/2009	1,717,566,000	2,253,133,775	535,567,775	76.2%	253,955,863	210.9%
7/1/2010	1,754,372,000	2,341,619,152	587,247,152	74.9%	249,582,676	235.3%
7/1/2011	1,822,702,000	1,959,976,006	137,274,006	93.0%	257,504,567	53.3%
7/1/2012	1,834,170,000	2,034,485,171	200,315,171	90.2%	266,038,359	75.3%
7/1/2013	1,902,581,000	2,131,172,172	228,591,172	89.3%	279,013,522	81.9%
7/1/2014	2,086,297,000	2,204,797,154	118,500,154	94.6%	289,502,327	40.9%
7/1/2015	2,229,272,000	2,269,073,426	39,801,426	98.2%	295,307,065	13.5%
7/1/2016	2,323,407,000	2,354,815,000	31,408,000	98.7%	312,751,000	10.0%

Solvency Test

The OPPRS 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 OPPRS 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 OPPRS 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 OPPRS.

	Aggregate Accrued Liability and Valuation Assets (in thousands)					Portion of Accrued Liabilities Covered by Assets			Funded
Valuation Year July 1,	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 Reported Assets *	(1)	(2)	(3)	Ratio of Total Accrued Actuarial Liability
2007	$ 144,440	$ 971,452	$ 919,761	$ 2,035,653	$ 1,627,476	100%	100%	55.6%	79.9%
2008	155,139	998,667	978,370	2,132,176	1,752,169	100%	100%	61.2%	82.2%
2009	166,888	1,045,726	1,040,520	2,253,134	1,717,566	100%	100%	48.5%	76.2%
2010	174,026	1,111,075	1,056,518	2,341,619	1,754,372	100%	100%	44.4%	74.9%
2011	184,781	944,082	831,113	1,959,976	1,822,702	100%	100%	83.5%	93.0%
2012	189,460	983,507	861,518	2,034,485	1,834,170	100%	100%	76.7%	90.2%
2013	199,233	1,037,457	894,482	2,131,172	1,902,581	100%	100%	74.4%	89.3%
2014	209,577	1,057,854	937,367	2,204,798	2,086,297	100%	100%	87.4%	94.6%
2015	214,686	1,112,856	941,532	2,269,074	2,229,272	100%	100%	95.8%	98.2%
2016	223,255	1,176,401	955,159	2,354,815	2,323,407	100%	100%	96.7%	98.7%

** - Actuarial Value of assets based on the smoothing technique adopted by the Board.*

Analysis of Financial Experience
As of July 1, 2016

1.	**Expected Actuarial Accrued Liability**	
	a. Actuarial Accrued Liability at July 1, 2015	$ 2,269,073,000
	b. Normal Cost and Expenses for Plan Year Ended June 30, 2016	56,564,000
	c. Benefit Payments and Expenses for Plan Year Ending June 30, 2016	(140,456,000)
	d. Change in Actuary	(1,462,000)
	e. Interest on (a), (b), (c) and (d)	169,141,000
	f. Change in Actuarial Accrued Liabilty at July 1, 2016 due to changes in Actuarial Assumptions	-
	g. Change in Actuarial Accrued Liability at July 1, 2016 due to changes in System Provisions	-
	h. Expected Actuarial Accrued Liability at July 1, 2016	2,352,860,000
2.	**Actuarial Accrued Liability at July 1, 2016**	**2,354,815,000**
3.	**Actuarial Liability Gain/(Loss) (1h. - 2)**	**(1,955,000)**
4.	**Expected Actuarial Value of Assets**	
	a. Actuarial Value of Assets at July 1, 2015	2,229,272,000
	b. Contributions Made for Plan Year Ending June 30, 2016	98,235,000
	c. Benefit Payments and Expenses for Plan Year Ending June 30, 2016	(140,456,000)
	d. Interest on (a + b - c) to End of Year	165,641,000
	e. Expected Actuarial Value of Assets at July 1, 2016	2,352,692,000
5.	**Actuarial Value of Assets at July 1, 2016**	2,323,407,000
6.	**Actuarial Asset Gain/(Loss) (5 - 4e.)**	**(29,285,000)**
7.	**Actuarial Gain/(Loss) (3 + 6)**	**(31,240,000)**

The actuarial gain/(loss) is comprised of both the liability gain/(loss) and the actuarial asset gain/(loss). Each of these represents the difference between the expected and actual values as of July 1, 2016.

Summary of Actuarial Assumptions and Methods

Actuarial Cost Method

Liabilities and contributions shown in this report are computed using the Individual Entry Age method of funding. Sometimes called the "funding method," this is a particular technique used by actuaries for establishing the amount of the annual actuarial cost of pension benefits, or normal cost, and the related unfunded actuarial accrued liability. Ordinarily the annual contribution to the System is comprised of (1) the normal cost; and (2) an amortization payment on the unfunded actuarial accrued liability.

Under the Entry Age Actuarial Cost Method, the Normal Cost is computed as the level percentage of pay which, if paid from the earliest time each member would have been eligible to join the System had it existed (thus entry age) until his retirement or termination, would accumulate with interest at the rate assumed in the valuation to a fund sufficient to pay all benefits under the System.

The Actuarial Accrued Liability under this method, at any point in time, is the theoretical amount of the fund that would have accumulated had annual contributions equal to the normal cost been made in prior years (it does not represent the liability for benefits accrued to the valuation date). The Unfunded Actuarial Accrued Liability is the excess of the actuarial accrued liability over the actuarial value of System assets on the valuation date.

Under this method, experience gains or losses, i.e. decreases or increases in actuarial accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

Asset Valuation Method

The actuarial value of assets is based on a five-year moving average of expected and actual market values determined as follows:

- at the beginning of each fiscal year, a preliminary expected actuarial asset value is calculated as the sum of the previous year's actuarial value increased with a year's interest at the System valuation rate plus net cash flow adjusted for interest (at the same rate) to the end of the previous fiscal year;

- the expected actuarial asset value is set equal to the preliminary expected actuarial value plus the unrecognized investment gains and losses as of the beginning of the previous fiscal year;

- the difference between the expected actuarial asset value and the market value is the investment gain or loss for the previous year;

- the (final) actuarial asset value is the preliminary value plus 20% of the investment gains and losses for each of the five previous fiscal years, but in no case more than 120% of the market value or less than 80% of the market value.

Amortization Method

The unfunded actuarial accrued liability is amortized as a level dollar amount over a 5-year open period.

Valuation Procedures

The wages used in the projection of benefits and liabilities are pay for the year ending June 30, 2015 (including longevity bonuses). These amounts were projected into the valuation year using the valuation salary scale.

In computing accrued benefits, average earnings were determined using the valuation salary scale. Historical earnings for the past five years have been retained.

Retired Members were assumed to be married with a beneficiary if a spouse date of birth was provided on the data. Members whose data did not have a spouse's date of birth were assumed to be single.

The impact from compensation limit under IRC Section 401(a)(17) and from the dollar limitation required by the Internal Revenue Code Section 415 for governmental plans were considered in this valuation and was determined to be *de minimis*.

No additional liability is being carried for the guaranteed minimum interest rate for the Deferred Option Plan account balances.

The calculations for the required state contribution are determined as of mid-year. Since the agency contributions, member contributions and State insurance premium tax allocations are made on a monthly basis throughout the year, a mid-year determination date represents an average weighting of the contributions.

Economic Assumptions

1. Investment Return — 7.5%, net of investment expenses, per annum, compound annually.

2. Salary Scale — Sample rates are shown below:

Attained Service	Inflation %	Merit %	Increase %
0	3.00	14.00	17.00
1	3.0	10.00	13.00
2	3.0	6.30	9.30
3	3.0	5.90	8.90
4	3.0	5.50	8.50
5	3.00	5.10	8.10
6	3.0	4.70	7.70
7	3.0	4.30	7.30
8	3.0	3.90	6.90
9	3.0	3.50	6.50
10	3.00	3.15	6.15
15	3.00	1.70	4.70
20	3.00	1.50	4.50

Demographic Assumptions

1. Retirement Rates — Sample rates are shown below:

Attained Service	Annual Rates of Retirement
20	20
21	6
22	6
23	6
24	10
25	20
26	10
27	10
28	10
29	15
30	100

2. Mortality Rates

(a) Active participants — RP-2000 Combined Blue Collar Healthy Employees (Fully generational using Scale AA) with age set back four years

(b) Active participants (post-retirement) and nondisabled pensioners	RP-2000 Combined Blue Collar Healthy Employees with Generational Projection
(c) Disabled pensioners	RP-2000 Combined Blue Collar Healthy Combined with age set back four years
3. Disability Rates	Sample rates are shown below:

Age	Rate
20-24	.0002
25-29	.0002
30-34	.0004
35-39	.0006
40-44	.0008
45-49	.0010
50-54	.0012
55-59	.0014

4. Withdrawal Rates — Sample rates are shown below:

Service Range	Rate
0	.200
1	.130
2	.080
3	.060
4	.060
5-10	.040
11-15	.015
16-20	.010
Over 20	.000

5. Marital Status

(a) Percentage married:	Males: 85%; Females: 85%
(b) Age difference:	Males are assumed to be three (3) years older than females.

Other Assumptions:

1. Deferred Benefits Begin at:	Age 50, or the date at which the participant would have achieved twenty years of service, if later.
2. Provision for Expenses:	Administrative Expenses, as budgeted by the Oklahoma Police Pension and Retirement System.
3. Percentage of Disability	Members becoming disabled have a 25%-49% impairment.
4. Duty-Related Death:	All pre-retirement deaths are duty-related.

5. Cost-of-Living Allowance:	Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to ½ of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3%.
6. Deferred Option Plan	Members currently participating in the Deferred Option plan (DOP) are assumed to remain in the DOP for the maximum of five years. Active members leaving active service are assumed to retroactively elect to join the DOP for the maximum allowable period. DOP account balances are assumed to accumulate at 7.75% (to reflect the interest rate guarantee prior to retirement) and members are assumed to elect a lump sum at retirement. All balances held in Deferred Option payout Accounts are assumed to be paid immediately.

Summary of System Provisions

Effective Date and Plan Year:	The System became effective July 1, 1981 and has been amended each year since then. The plan year is July 1 to July 30.
Administration:	The System is administered by the Oklahoma Police Pension Retirement Board consisting of thirteen Members. The Board shall be responsible for the policies and rules for the general administration of the System.
Plan Type:	Defined benefit plan.
Employers Included:	An eligible employer may join the System on the first day of any month. An application of affiliation must be filed in the form of a resolution before the eligible municipality can become a participating municipality.
Eligibility:	All persons employed full-time as officers working more than 25 hours per week or any person undergoing police training to become a permanent police officer with a police department of a participating municipality, with ages not less than twenty-one (21) nor more than forty-five (45) when accepting membership.
Salary Considered:	Base salary used in the determination of benefits does not include payment for accumulated sick and annual leave upon termination of employment or any uniform allowances. Final average salary means the average paid base salary for normally scheduled hours of an officer over the highest 30 consecutive months of the last 60 months of credited service.
Service Considered:	Credited service consists of the period during which the Member participated in the System or predecessor municipal pay as an active employee, plus any service prior to the establishment of the municipal plan which was credited under the predecessor municipal systems of credited service granted by the State Board, plus any applicable military service.
State Contributions:	Insurance premium tax allocation. Historically, the System has received 14% of these collected taxes. For the fiscal years beginning July 1, 2004 and ending June 30, 2009, the System received 17% of these collected taxes. For the fiscal year thereafter, the System received 14% of these collected taxes. Beginning in fiscal year July 1, 2006, the System began receiving 26% of a special allocation established to refund the System for reduced allocations of insurance premium taxes resulting from increases in insurance premium tax credits. Beginning in fiscal year July, 1 2010, the amount of insurance premium tax apportioned to the System will be applied prior to the calculation of the Home Office Credit.
Member Contributions:	8% percent of paid salary. These contributions shall "be picked up" after December 31, 1988 pursuant to Section 414(h)(2) of the Internal Revenue Code.
Municipality Contributions:	Contribution is 13% percent as of July 1, 1996.

Normal Retirement Benefit:

Normal Retirement Eligibility:	20 years of credited service.
Benefit Amount:	2 1/2% of the final average salary multiplied by the years of credited service, with a maximum of 30 years of credited service considered.
Normal Form of Benefit:	The benefit is paid as a Joint and 100% Survivor Annuity if the Member was married 30 months prior to death.

Termination Benefit:

Less than 10 Years of Service:	Refund of contributions without interest.
More than 10 Years of Service:	If greater than 10 years of service, but not eligible for the normal retirement benefit, the benefit is payable at the date the Member would have had 20 years of service in an amount equal to 2 1/2% of the greater of final average salary or the salary paid to active employees as described under "salary considered" multiplied by the years and completed months of credited service.

Disability Benefit (Duty):

Total Disability

Upon determination of disability incurred as a result of the performance of duty, the normal disability benefit is 50% of final average salary.

Partial Disability

Upon determination of partial disability incurred as a result of the performance of duty, the normal disability is reduced according to the percentage of impairment, as outlined in the "American Medical Association's Guide to the Evaluation of Permanent Impairment." The following shows the percent of normal disability benefit payable as related to the percent of impairment.

% Impairment	% of Benefit
1% to 49%	50%
50% to 74%	75%
75% to 100%	100%

Disability Benefit (Non-Duty):	Upon determination of disability after 10 years of service due to causes other than duty, the benefit equals the accrued benefit of 2 ½% of final average salary times years of credited service (maximum of 30 years) times:

- 100%, if permanent and total, or
- The following percentages, if partial disability.

1% to 24%	25%
25% to 49%	50%
50% to 74%	75%
75% to 99%	90%

Death Benefits Payable to Beneficiaries:

Prior to Retirement (Duty): The greater of:

1) 2 ½% of final average salary times years of credited service (maximum of 30 years), or

2) 50% of final average salary.

Prior to Retirement (Non-Duty): After 10 years of service, a benefit equal to 2 ½% of final average salary times years of credited service (maximum if 30 years).

Prior to 10 years of service, a refund of the accumulated contributions made by the Member will be paid to the estate.

After Retirement: 100% of the Member’s retirement or deferred vested benefit, payable when the Member would have been eligible to receive it, payable to the beneficiary.

Lump Sum: The beneficiary shall receive a lump-sum amount of $5,000.

Beneficiary: Surviving spouses must be married to the member 30 months prior to the date of death (waived in the case of duty related death).

If the beneficiary is a child, the benefits are payable to age 18, or to age 22 if a full-time student. If the beneficiary is a spouse to whom the Member was married for at least 30 months prior to death, if the death was not duty related, the benefits are payable for life.

Postretirement Adjustments: Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to ½ of the increase or decrease of any adjustment to the base salary of a regular police officer.

Deferred Option Plan:

A Member with 20 or more years of service may elect to participate in the Deferred Option Plan (DOP). Participation in the DOP shall not exceed five years. The members' contributions cease upon entering the Plan, but the agency contributions are divided equally between the Retirement System and Deferred Option Plan. The monthly retirement benefits that the member is eligible to receive are paid into the Deferred Option Plan account.

Members can elect to retroactively join the DOP as of a back-drop-date which is no earlier than the member's normal retirement date or five years before his termination date. The monthly retirement benefits and employee contributions that would have been payable had the member elected to join the DOP are credited to the member's DOP account with interest.

The retirement benefits are not recalculated for service and salary past the election date to join the Deferred Option Plan. However, the benefits are increased by cost-of-living increases applicable to retired members during the DOP period.

When the Member actually terminates employment, the Deferred Option Plan account balance may be paid in a lump sum or to an annuity provider. Monthly retirement benefits are then paid directly to the retired Member.

This Plan became effective during the July 1, 1991 to June 30, 1992 Plan Year. The Deferred Option Plan account is guaranteed a minimum of the valuation interest rate for investment return, or 2% less than the fund rate of return, if greater.

Statistical Section

Statistical Section

Oklahoma Police Pension and Retirement System
Statistical Section

This section provides additional detailed information covering extended time spans to facilitate a better understanding of the System's results presented in the financial statements, notes to the financial statements and required supplementary information. Multi-year presentations of financial and operational results help to assess the economic condition and long-term economic stability of the Oklahoma Police Pension and Retirement System (OPPRS).

Financial Trends

Financial trend information helps determine whether or not the financial position of the System has improved or declined over time. Trend information also provides a long-term comparison of financial activity to assess the affect decisions and changes have had on the System's financial position. The following schedules present financial trend information:

Schedule of Changes in Fiduciary Net Position
Schedule of Revenue by Source
Schedule of Benefit Payments and Refunds by Type
Schedule of Expenses by Type
*Funded Ratio (Chart)**

Revenue Capacity

Revenue capacity information helps assess the System's performance in generating its own-source revenue. As a pension plan, the System generates revenue primarily through investing available assets with the goal of generating investment income and positive investment returns. The following schedule presents revenue capacity information:

*Schedule of Rate of Return by Investment Type***

Operating and Demographic Information

Operating and demographic information helps to assess changes in the System's membership, resources and operating performance over time. This information provides a better understanding of the employers that participate in the System, the size and types of payments made to participants, and the changes to the size of the System's active and retired membership. The following schedules present operating and demographic information:

Schedule of Retired Members by Type of Benefit
Schedule of Principal Participating Employers
*Membership Statistics Data**
*Schedule of Average Benefit Payments**
Schedule of Participating Employers

Unless otherwise noted, information is derived from OPPRS internal sources.
* - Based on schedules and data provided by actuarial consultant, Cavanaugh Macdonald Consulting, LLC.
**- Based on data provided by investment consultant, Asset Consulting Group.

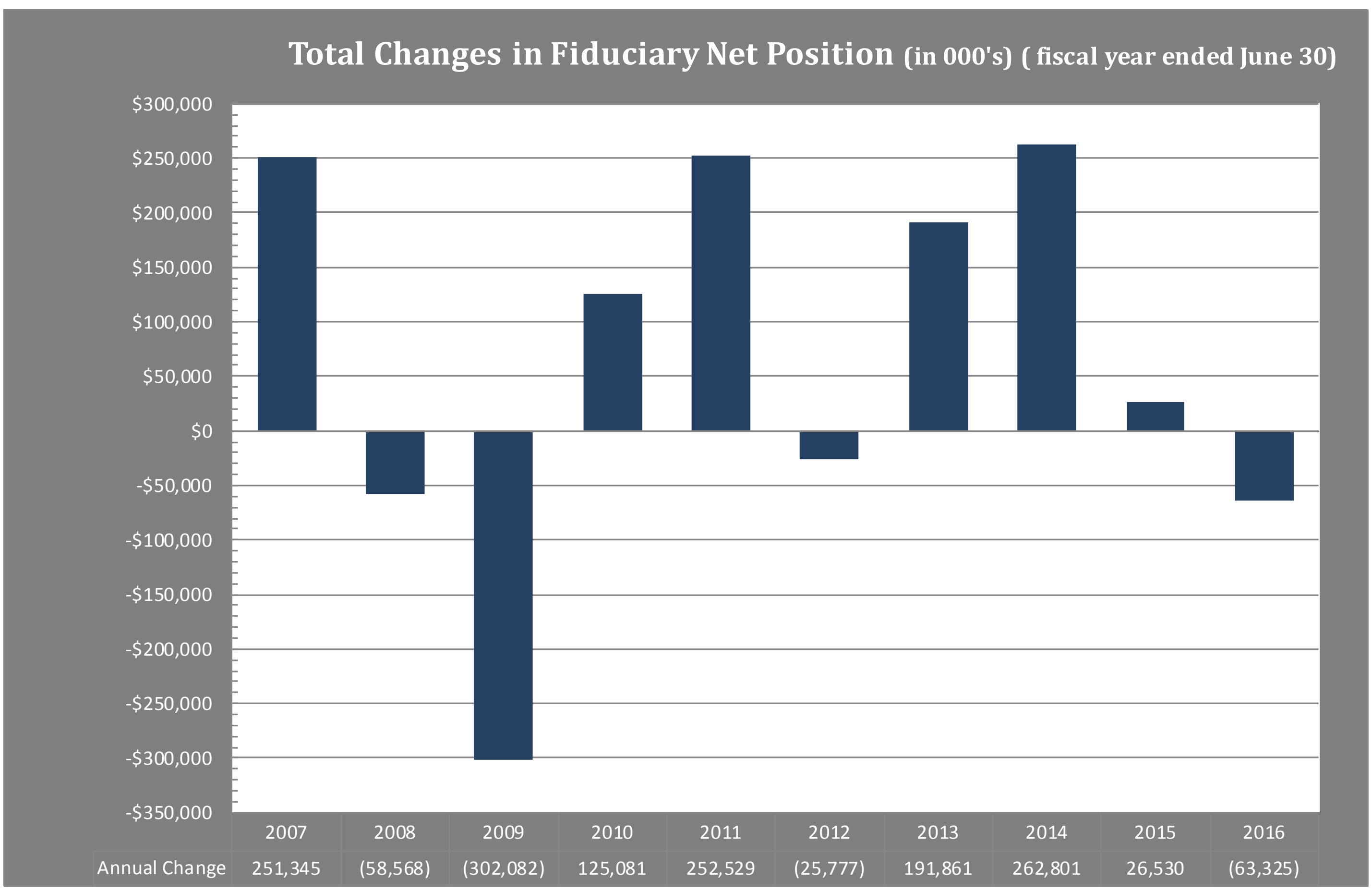
Schedule of Changes in Fiduciary Net Position (In Thousands)

Fiscal Year Ended June 30,	Additions: Member Contributions	Additions: Employer Contributions	Additions: Insurance Premium Tax	Additions: Net Investment Income (Loss)	Deductions: Benefit Payments *	Deductions: Deferred Option Payments**	Deductions: Refund of Contributions	Deductions: Administrative Expenses	Total Changes in Fiduciary Net Position
2007	16,718	28,258	28,122	267,160	71,480	13,609	1,374	2,450	251,345
2008	17,997	30,061	26,020	(43,387)	75,178	10,046	1,031	3,004	(58,568)
2009	19,139	31,675	26,913	(283,519)	80,238	12,726	1,150	2,176	(302,082)
2010	19,626	32,240	22,292	163,058	82,799	26,208	1,420	1,708	125,081
2011	19,489	31,846	24,645	282,305	86,843	15,084	2,117	1,712	252,529
2012	20,113	32,896	28,092	8,374	89,691	22,039	1,570	1,952	(25,777)
2013	21,518	34,645	31,412	221,174	93,987	19,018	1,830	2,053	191,861
2014	22,131	35,547	31,329	294,897	97,361	20,121	1,759	1,862	262,801
2015	22,867	37,261	35,490	74,554	100,889	38,769	2,035	1,949	26,530
2016	23,787	38,533	35,915	(21,104)	106,326	30,265	2,034	1,831	(63,325)

Total Cumulative Change in Net Positon for the Last 10 Years $ 660,395

** - Benefit Payments include survivor and death benefit payments.*

*** - Deferred Option Payments include the Deferred Option and back DROP plans.*



Schedule of Revenue by Source (In Thousands)

Fiscal Year Ended June 30,	Member Contributions	Employer Contributions	Insurance Premium Tax*	Net Investment Income (Loss)**	Total Revenue by Source
2007	16,718	28,258	28,122	267,160	340,258
2008	17,997	30,061	26,020	(43,387)	30,691
2009	19,139	31,675	26,913	(283,519)	(205,792)
2010	19,626	32,240	22,292	163,058	237,216
2011	19,489	31,846	24,645	282,305	358,285
2012	20,113	32,896	28,092	8,374	89,475
2013	21,518	34,645	31,412	221,174	308,749
2014	22,131	35,547	31,329	294,897	383,904
2015	22,867	37,261	35,490	74,554	170,172
2016	23,787	38,533	35,915	(21,104)	77,131

** - The Oklahoma Police Pension and Retirement System recieves a portion of the Insurance Premium Tax (14%) that is assessed and collected by the State of Oklahoma.*

*** - Investment income includes both realized and unrealized gains and losses on investments, net of investment expenses.*

Schedule of Expenses by Type (in Thousands)

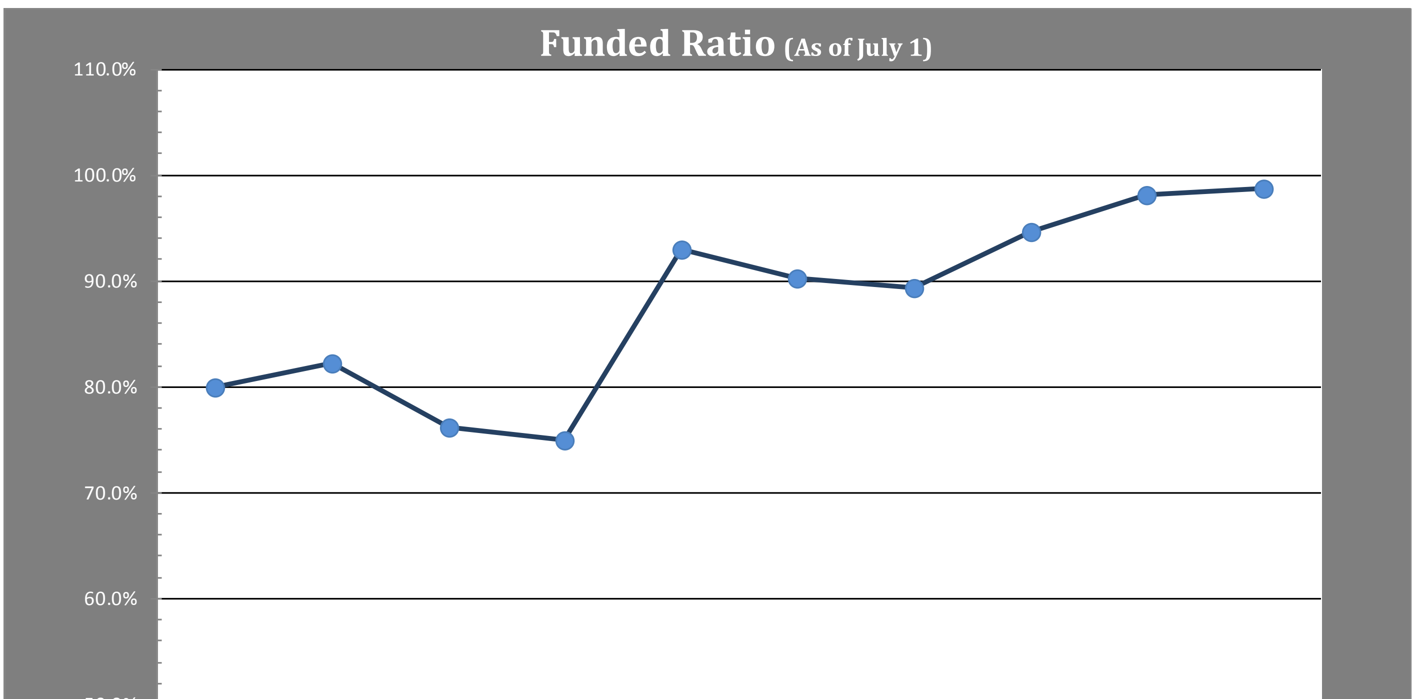
Fiscal Year Ended June 30,	Pension Benefits	Death Benefits	Deferred Option Benefits	Refunds	Administrative Expenses	Total
2007	71,240	240	13,609	1,374	2,450	88,913
2008	74,988	190	10,046	1,031	3,004	89,259
2009	79,988	250	12,726	1,150	2,176	96,290
2010	82,639	160	26,208	1,420	1,708	112,135
2011	86,638	205	15,084	2,117	1,712	105,756
2012	89,451	240	22,039	1,570	1,952	115,252
2013	93,672	315	19,018	1,830	2,053	116,888
2014	97,031	330	20,121	1,759	1,862	121,103
2015	100,684	205	38,769	2,035	1,949	143,642
2016	106,055	271	30,265	2,034	1,831	140,456

Schedule of Benefit Payments and Refunds by Type (in Thousands)

Fiscal Year Ended June 30,	Benefit Payments by Type: Service Retirement	Beneficiaries	Disabled	Death Benefit	Deferred Option Benefits*	Refunds: Withdrawal	Member Death	Total Benefit Payments and Refunds
2007	56,353	12,437	2,450	240	13,609	1,318	56	86,463
2008	58,885	13,606	2,497	190	10,046	1,028	3	86,255
2009	62,943	14,608	2,437	250	12,726	1,113	37	94,114
2010	64,425	15,855	2,359	160	26,208	1,381	39	110,427
2011	68,211	16,071	2,356	205	15,084	1,956	161	104,044
2012	70,411	16,699	2,341	240	22,039	1,552	18	113,300
2013	73,610	17,711	2,351	315	19,018	1,752	78	114,835
2014	76,020	18,635	2,376	330	20,121	1,642	117	119,241
2015	79,384	18,989	2,311	205	38,769	1,733	302	141,693
2016	84,106	19,616	2,333	271	30,265	2,007	27	138,625

** - Deferred Option Payments may vary considerably from year-to-year based on the number of members electing this benefit.*

Funded Ratio (Actuarial Basis, at July 1)



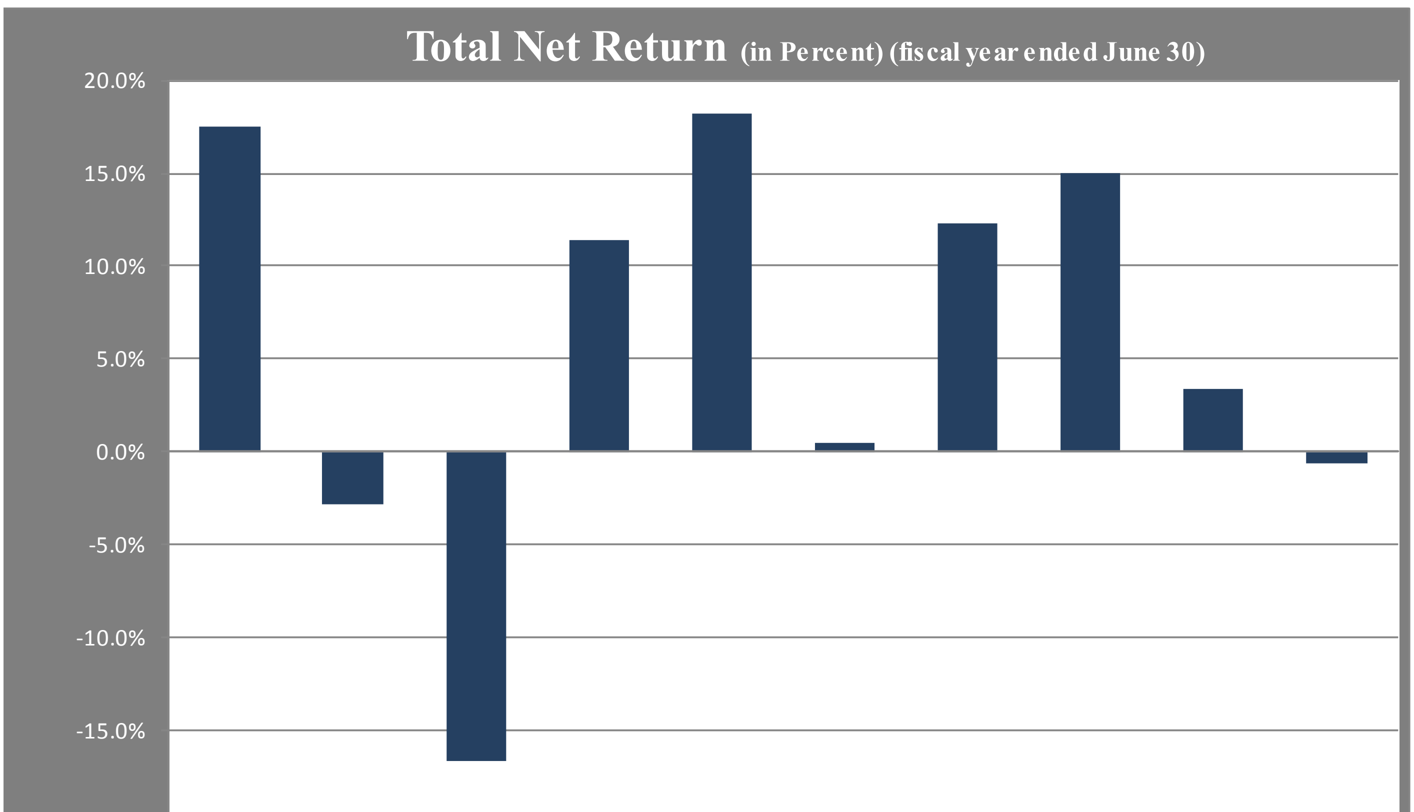
	2007	2008	2009	2010	2011*	2012	2013	2014	2015	2016
Funded Ratio	79.9%	82.2%	76.2%	74.9%	93.0%	90.2%	89.3%	94.6%	98.2%	98.7%

** - Beginning in 2011, funded ratio calculations do not include Cost-of-Living-Adjustments (COLA's) due to legislation requiring all ad-hoc COLA's be prefunded by the Oklahoma Legislature.*

Schedule of Returns by Investment Type (Net, in Percent)

Fiscal Year Ended June 30,	U.S. Equity	International Equity	Private Equity	Fixed Income	Real Estate and Commodity	Total Return (net of fees)
2007	9.08	32.34	16.50	9.74	14.94	17.50
2008	(12.80)	(7.80)	8.71	11.40	23.95	(2.77)
2009	(17.06)	(32.27)	(3.36)	(22.09)	(15.55)	(16.59)
2010	9.50	6.42	17.01	8.80	(3.90)	11.40
2011	21.40	27.64	18.14	9.00	3.61	18.18
2012	(11.95)	10.78	7.18	2.88	7.45	0.48
2013	14.77	24.86	7.93	2.64	15.52	12.34
2014	20.36	18.13	16.03	9.48	10.88	14.99
2015	7.03	(1.84)	15.26	(0.42)	3.53	3.38
2016	(1.60)	(6.77)	5.78	1.00	5.05	(0.61)

Total Annual Return (Net, in Percent)



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Return	17.50	(2.77)	(16.59)	11.40	18.18	0.48	12.34	14.99	3.38	(0.61)

Schedule of Retired Members by Type of Benefit
For the Fiscal Year Ended June 30, 2016

Monthly Benefit Amount	Number of Retirees and Beneficiaries	Number of Retirees and Beneficiaries by Type of Retirement*						
		1	2	3	4	5	6	7
$ 0 - 1,000	245	15	57	103	46	7	14	3
1,001 - 1,500	304	41	54	24	30	4	144	7
1,501 - 2,000	527	85	27	8	23	5	364	15
2,001 - 2,500	736	120	12	5	7	2	577	13
2,501 - 3,000	670	86	2	2	3	3	570	4
3,001 - 3,500	485	82	0	0	6	1	391	5
3,501 - 4,000	326	72	0	0	3	0	246	5
4,001 - 4,500	124	24	0	0	0	0	100	0
4,501 - 5,000	66	7	0	0	0	0	59	0
5,001 - 5,500	30	2	0	0	0	0	28	0
5,501 - 6,000	24	1	0	0	0	0	23	0
6,001 - 6,500	10	2	0	0	0	0	8	0
6,501 - 7,000	4	0	0	0	0	0	4	0
7,001 - 7,500	2	0	0	0	0	0	2	0
7,501 - 8,000	0	0	0	0	0	0	0	0
8,001 - 8,500	0	0	0	0	0	0	0	0
8,501 - 9,000	1	0	0	0	0	0	1	0
Totals:	3,554	537	152	142	118	22	2,531	52

*** Type of Retirement**

Type 1 - *CONTINUANCE* - benefits paid to the beneficiaries of a deceased retired member.
Type 2 - *DEFERRED VESTED* - accrued benefits paid to members for completing at least 10 years of service, but less than 20.
Type 3 - *QUALIFIED DOMESTIC RELATIONS ORDER* - court ordered assignment of member benefits to an alternate payee.
Type 4 - *DUTY DISABILITY* - benefits paid to members disabled in the performance of their duty.
Type 5 - *NON-DUTY DISABILITY* - benefits paid to members disabled outside the line of duty.
Type 6 - *SERVICE* - normal retirement benefits paid to members completing at least 20 years of credited service.
Type 7 - *SURVIVORSHIP* - benefits paid to beneficiaries of deceased active members.

Schedule of Average Benefit Payments

Retirement Effective Dates (Note A) July 1, 2006 to June 30, 2016	Years of Credited Service* 10-15	15-20	20-25	25-30	30+
Period 07/01/06 to 06/30/07					
Average Monthly Benefit	$ 1,032	$ 1,682	$ 2,086	$ 3,291	$ 3,581
Average Final Average Salary	$ 2,971	$ 3,886	$ 3,982	$ 4,917	$ 4,775
Number of Retired Members	2	7	82	23	6
Period 07/01/07 to 06/30/08					
Average Monthly Benefit	$ 662	$ 1,897	$ 2,234	$ 3,427	$ 3,352
Average Final Average Salary	$ 2,058	$ 4,272	$ 4,216	$ 5,090	$ 4,469
Number of Retired Members	1	5	61	20	2
Period 07/01/08 to 06/30/09					
Average Monthly Benefit	$ -	$ 2,012	$ 2,347	$ 3,517	$ 4,071
Average Final Average Salary	$ -	$ 4,392	$ 4,449	$ 5,223	$ 5,429
Number of Retired Members	0	6	52	14	8
Period 07/01/09 to 06/30/10					
Average Monthly Benefit	$ 1,628	$ 2,170	$ 2,499	$ 3,513	$ 4,261
Average Final Average Salary	$ 4,449	$ 5,083	$ 4,736	$ 5,062	$ 5,682
Number of Retired Members	1	2	83	24	11
Period 07/01/10 to 06/30/11					
Average Monthly Benefit	$ -	$ 1,662	$ 2,761	$ 3,834	$ 4,341
Average Final Average Salary	$ -	$ 4,023	$ 5,224	$ 5,558	$ 5,787
Number of Retired Members	0	2	65	13	8
Period 07/01/11 to 06/30/12					
Average Monthly Benefit	$ -	$ 1,614	$ 2,726	$ 3,587	$ 4,090
Average Final Average Salary	$ -	$ 3,650	$ 5,164	$ 5,134	$ 5,454
Number of Retired Members	0	2	72	23	6
Period 07/01/12 to 06/30/13					
Average Monthly Benefit	$ -	$ -	$ 2,721	$ 3,891	$ 4,880
Average Final Average Salary	$ -	$ -	$ 5,187	$ 5,674	$ 6,507
Number of Retired Members	0	0	79	16	11
Period 07/01/13 to 06/30/14					
Average Monthly Benefit	$ -	$ -	$ 2,899	$ 3,617	$ 4,483
Average Final Average Salary	$ -	$ -	$ 5,410	$ 5,413	$ 5,978
Number of Retired Members	0	0	70	15	4
Period 07/01/14 to 06/30/15					
Average Monthly Benefit	$ -	$ -	$ 3,017	$ 4,432	$ 4,848
Average Final Average Salary	$ -	$ -	$ 5,652	$ 6,556	$ 6,464
Number of Retired Members	0	0	86	34	11
Period 07/01/15 to 06/30/16					
Average Monthly Benefit	$ 1,034	$ 2,187	$ 2,973	$ 4,081	$ 4,992
Average Final Average Salary	$ 3,255	$ 5,047	$ 5,598	$ 6,113	$ 6,656
Number of Retired Members	5	4	72	21	20

Note A - Schedule includes service retirements as of July 1, 2014 and does not include disability retirements. For participants in the Deferred Option Plan, the Retirement Effective Date is the date the member left active service and the final average salary is determined as of the date the member effectively entered the Deferred Option Plan.

** - The plan vesting period is 10 years, so no average benefit is earned or paid for service credit of less than 10 years.*

Schedule of Principal Participating Employers
Current Year and Nine Years Prior

10 Largest Participating Cities\Municipalities\Towns	Fiscal Year 2016 Covered Members	Fiscal Year 2016 Rank	Fiscal Year 2016 % of Total Covered Members	Fiscal Year 2007 Covered Members	Fiscal Year 2007 Rank	Fiscal Year 2007 % of Total Covered Members
Oklahoma City	1110	1	23.72%	1040	1	24.49%
Tulsa	757	2	16.18%	818	2	19.26%
Lawton	172	3	3.68%	159	3	3.74%
Norman	158	3	3.38%	122	4	2.87%
Broken Arrow	127	5	2.71%	121	5	2.85%
Edmond	118	6	2.52%	105	6	2.47%
Midwest City	93	7	1.99%	90	7	2.12%
Muskogee	92	8	1.97%	85	9	2.00%
Moore	87	9	1.86%	70	10	1.65%
Enid	85	10	1.82%	86	8	2.02%
Total-10 Largest Employers	2799		59.82%	2696		63.48%
All Other Cities\Towns	1880		40.18%	1551		36.52%
Total Covered Members	4679		100.00%	4247		100.00%

This table presents the ten largest participating employers by number of covered employees in the System.

Schedule of Participating Employers
For the Fiscal Year Ended June 30, 2016

Oklahoma State Agencies (3)		
ABLE Commission	Bureau of Narcotics	OK State Bureau of Investigation

Oklahoma Cities, Municipalities and Towns (135)		
Ada	Frederick	Owasso
Altus	Garber	Pauls Valley
Alva	Glenpool	Pawhuska
Anadarko	Grandfield	Perkins
Arapaho	Granite	Perry
Ardmore	Grove	Piedmont
Atoka	Guthrie	Ponca City
Bartlesville	Guymon	Poteau
Bethany	Harrah	Prague
Bixby	Haskell	Pryor
Blackwell	Henryetta	Purcell
Blair	Hinton	Ringling
Blanchard	Hobart	Sallisaw
Boynton	Hominy	Sand Springs
Bristow	Hugo	Sapulpa
Broken Arrow	Idabel	Savanna
Catoosa	Jenks	Sawyer
Chandler	Jones	Sayre
Checotah	Kingfisher	Seminole
Chickasha	Krebs	Shawnee
Choctaw	Lamont	Skiatook
Claremore	Lawton	Spencer
Cleveland	Lexington	Stigler
Clinton	Lindsay	Stillwater
Collinsville	Luther	Sulphur
Comanche	Madill	Tahlequah
Commerce	Mangum	Tecumseh
Coweta	Mannford	The Village
Cromwell	Marlow	Tishomingo
Cushing	McAlester	Tonkawa
Davis	Miami	Tulsa
Del City	Midwest City	Tuttle
Dewey	Moore	Valley Brook
Disney	Muskogee	Vinita
Drummond	Mustang	Warner
Drumright	Newcastle	Warr Acres
Duncan	Newkirk	Watonga
Durant	Nichols Hills	Waurika
Edmond	Nicoma Park	Weatherford
El Reno	Noble	Weleetka
Elk City	Norman	Wetumka
Enid	Nowata	Wewoka
Eufaula	Okeene	Wister
Forest Park	Oklahoma City	Woodward
Fort Gibson	Okmulgee	Yukon

Membership Statistics Data

Employer and Member Statistics As of July 1,	2016	2015
Participating Cities, Municipalities and Towns	138	137
Active Members	4,679	4,570
Deferred Option Members	19	22
Terminated Members with Refund Due	669	668
Terminated Members with Deferred Benefits	132	125
Retired Members	2,683	2,602
Beneficiaries Receiving Benefits	727	707
Disabled Members Receiving Benefits	140	139

Active Member Statistics As of July 1,	2016	2015
Total Annual Compensation (1)	$ 296,407,692	$ 295,307,065
Average Compensation(1)	$ 66,841	$ 64,220
Average Active Member Age	39.8	39.9
Average Years of Credited Service	11.9	12.1

(1) - Compensation is projected one year based on salary increase assumptions.

Fiscal Year 2016 Refund and Benefit Payment Statistics	Count of Payments Made	Average Amount
Refunds to Terminated Members	211	$ 9,640
Regular Payments to Service Retirement Members	42,241	$ 2,511
Payment of Death Benefits to Beneficiaries	54	$ 5,000
Payments under the Forward DOP	9	$ 251,056
Payments under the Back DOP	103	$ 270,011
Payments under the Payout Provision	3	$ 583,065


GREAT SEAL OF THE STATE OF OKLAHOMA
LABOR OMNIA VINCIT
1907