

2014 OPERS

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

50th Anniversary 1964–2014

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

In the 1963 session of the Oklahoma Legislature, Senate Bill 62 was signed into law by Governor Henry Bellmon and established the Oklahoma Public Employees Retirement System. Later in his life, Governor Bellmon said one of his proudest accomplishments was the creation of OPERS, which he saw as a way to encourage longevity and bolster Oklahoma's Merit System of employment.

This edition of the Comprehensive Annual Financial Report commemorates 50 years of service by OPERS to tens of thousands of dedicated public servants who have served the people of our great state. Over the last 50 years, OPERS has delivered on the promise of its creators to invest and safeguard the assets entrusted to us to provide financial security to those public employees when they leave service.

In 1964, OPERS served roughly 15,000 active members, paid \$213 in total benefits, and managed in excess of \$1 million in total assets. Today, OPERS serves nearly 44,000 active members, pays more than \$520 million in total benefits to 32,000 benefit recipients across the state and around the world, and prudently manages more than \$8.5 billion in total assets.

While the plan has grown and changed significantly over the past half century, our fundamental responsibility to provide financially sound retirement services to our members has not. We continue to strive to exceed the expectations of our members and participating employers to provide the tools to make sound financial decisions and enter retirement with confidence.

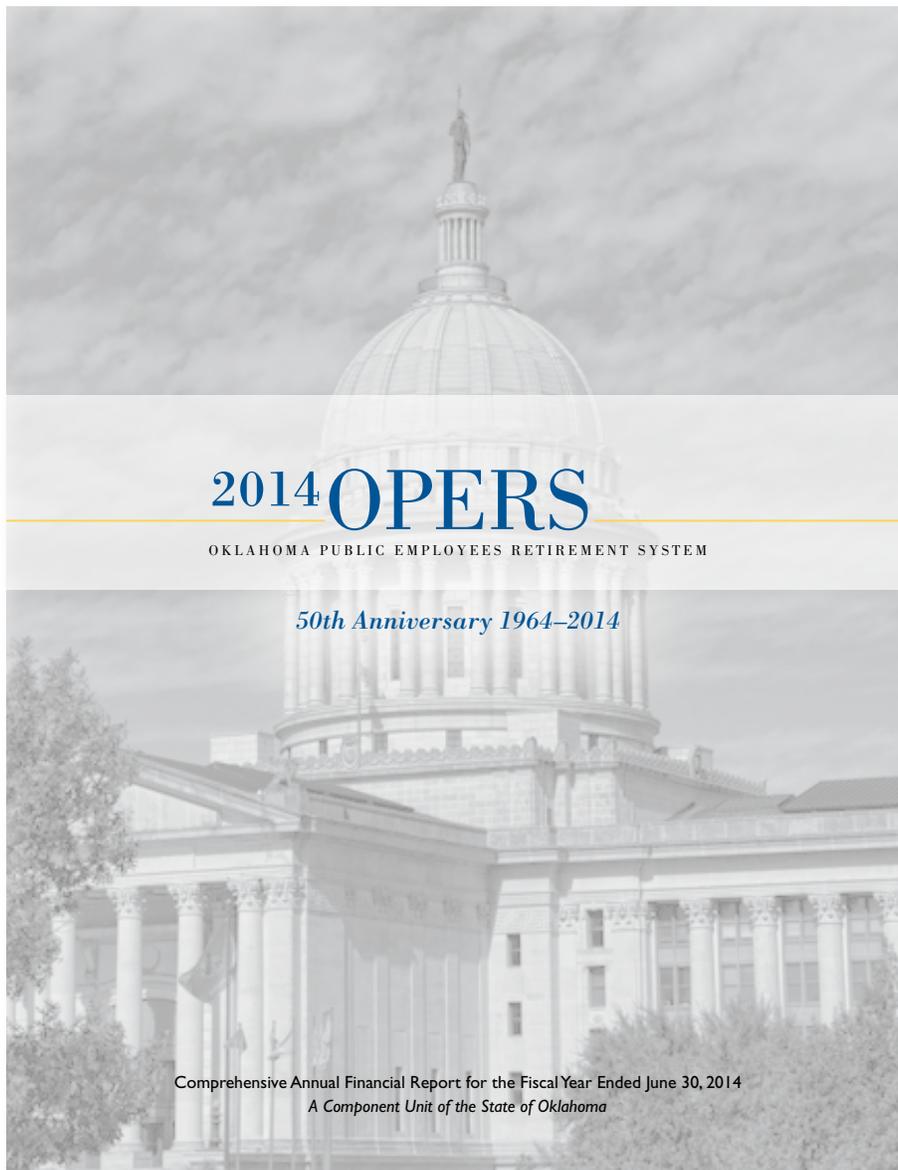
Many people over the decades can take credit for this success. The OPERS Board and staff wish to thank the outstanding efforts of a series of OPERS boards and hundreds of past and present OPERS employees in their continued commitment to provide financial security to public employees of Oklahoma.

OPERS Board of Trustees

Bob Anthony, Ed Apple, L.E. Bailey, Hamp Baker, Carl Barclay, Jr., Denise Bode, Verne Bradley, Truman Branscum, Chester Brooks, James Bullard, Clifford Burns, J.I.M. Caldwell, Marilyn Capps, Joseph Carter, Dawn Cash, Michael Clingman, Jeff Cloud, M.C. Connors, Howard Conyers, Buck Cook, Jim Cook, Jean Walpole Coulter, John Crawford, Tom Daxon, Norma Eagleton, Ellis Edwards, Alexandra Edwards, Marvin Emerson, Michael Evans, C. Randolph Everest, Charles Ferrell, Carroll Fisher, Jonathan Barry Forman, Robert Fulton, Martin Garber, Jill Geiger, C. Hubert Gragg, Cody Graves, Gerald Grimes, James (Rusty) Hale, Linda Hampton, Richard Haugland, Beverly Henry, Kim Holland, Alexander Holmes, Bob Hopkins, Winston Howard, W.T. (Bill) Hughes, Tony Hutchison, Mike Jackson, Oscar Jackson, Jr., Jerry Johnson, Bob Keasler, Donald Keenan, Thomas Kemp, Don Kilpatrick, Burton Logan, Brian Maddy, DeWayne McAnally, Neal McCaleb, Charles McDermott, Paul McElvany, James McGoodwin, Scott Meacham, Lucinda Meltabarger, J.L. Merrill, George Miller, Michael Moradi, Dana Murphy, Charles Nesbitt, Steve Paris, Cleve Pierce, Rex Privett, L.E. Rader, Emma Lou Ragsdale, Rollo Redburn, John Rogers, Arthur Rubin, Val Schott, Jerry Scribner, J.O. Spiller, Frank Stone, W.R. Stubbs, J. Harper Thomas, James Thomas, Victor Thompson, James Townsend, Faye Waits, Richard Ward, Phil Watson, J.C. Watts, Jr., David (Woody) Way, Cathy Weatherford, Jack White, John Willbanks, Cowboy Pink Williams, Carl Williams, L.P. Williams, Leo Winters, and Wilbur Wright

OPERS Executive Secretaries / Directors

Max Strange (1964-1977), J.O. Spiller (1977-1982), Rex Privett (1982-1994), Stephen Edmonds (1995-2003), Tom Spencer (2003-2014), and Joseph Fox (2014-present)



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

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

2014 Comprehensive Annual Financial Report

Table of Contents

Introductory Section

1	Letter of Transmittal
5	Chairman's Letter
6	Board of Trustees
7	Organizational Structure
7	Advisors and Consultants
8	2014 Legislation
9	Certificate of Achievement for Excellence in Financial Reporting
10	Public Pension Standards Award For Funding and Administration

Financial Section

11	Independent Auditors' Report
13	Management's Discussion and Analysis
	Financial Statements:
19	Statements of Fiduciary Net Position
20	Statements of Changes in Fiduciary Net Position
21	Notes to Financial Statements
	Required Supplementary Information:
39	Schedule of Changes in the Net Pension Liability - Schedule 1
39	Schedule of the Net Pension Liability - Schedule 1
40	Schedule of Employer Contributions - Schedule 2
41	Schedule of Money-Weighted Rate of Return on Pension Plan Investments - Schedule 3
	Supplementary Information:
42	Schedule of Investment Expenses - Schedule 4
43	Schedule of Administrative Expenses - Schedule 5
44	Schedule of Professional/Consultant Fees - Schedule 6

Investment Section

45	Investment Consultant's Report
48	Chief Investment Officer's Report
54	Largest Holdings
55	Investment Portfolio by Type and Manager
56	Asset Comparison
57	Schedule of Stock Brokerage Commissions Paid

Actuarial Section

58	2014 Certification of Actuarial Valuation
60	Summary of Results
61	Analysis of Financial Experience
62	Solvency Test
63	Schedule of Active Member Valuation Data
63	Schedule of Retirants, Disabled Retirants and Beneficiaries Added to and Removed from Rolls
64	Summary of System Provisions
66	Summary of Actuarial Assumptions and Methods

Statistical Section

70	Statistical Section Narrative Explanation
71	Schedule of Changes in Fiduciary Net Position
72	Schedule of Revenue by Source
72	Schedule of Expenses by Type
73	Schedule of Benefit Payments and Refunds by Type
73	Funded Ratio Chart
74	Rate of Return by Type of Investment
75	Schedule of Retired Members by Type of Benefit
76	Schedule of Average Benefit Payments
77	Principal Participating Employer
77	Demographics Chart
78	Participating Employers
80	Member Statistics
81	Distribution of Retirees and Beneficiaries
82	Summary of Active Members