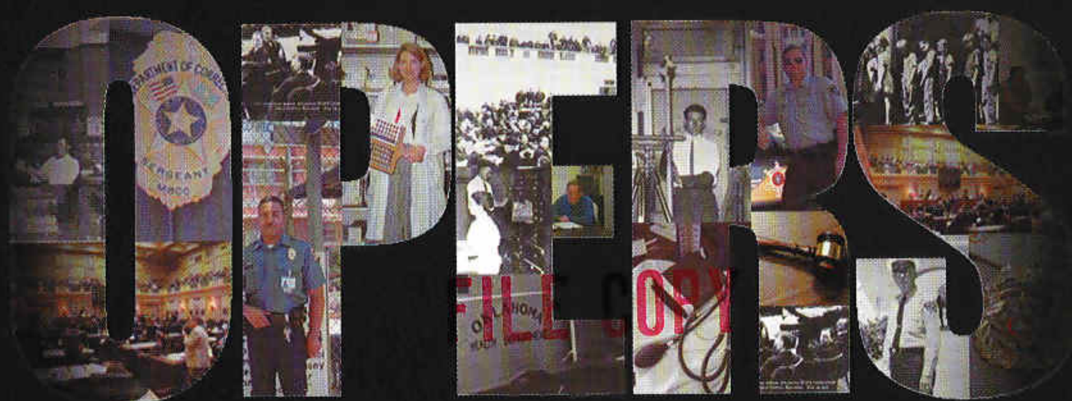
Oklahoma Public Employees Retirement System

A Component Unit of the State of Oklahoma



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 1999

FILE COPY

OPERS

A Component Unit of the State of Oklahoma

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 1999

This publication, printed by the University of Oklahoma's Printing Services, is issued by the Oklahoma Public Employees Retirement System as authorized by 74 O.S. 1991 §909(7), as amended. The publication of this document consisted of two thousand, seven hundred copies, which were prepared and distributed at a cost of $9,000. Copies have been deposited with the Oklahoma Department of Libraries.

Credits: Historical photographs used in this report were purchased from the Oklahoma Historical Society. Photos were also provided by Stuart Ostler, Legislative Services Bureau, and John Thompson, Department of Corrections. Historical events and dates were found in *Encyclopedia Americana* (1998), *Colliers* (1997), and *Encarta Online* (1997-99).

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Introductory Section

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Board of Trustees

Organizational Structure

Advisors and Consultants

Administrative Staff

1999 Legislation

1999 Legislative Session

First joint session of the Oklahoma State Legislature (1917)

OPERS serves members of the State Legislature, which is comprised of 101 members of the House of Representatives and 48 members of the Senate.

Now & Then

1999 Comprehensive Annual Financial Report

1900	Oklahoma's population: 790,000
1901	Oil is first produced commercially
1907	Oklahoma becomes the 46th state
1910	Oklahoma City becomes the state capital
1912	Woody Guthrie is born
1912	Jim Thorpe wins the decathlon & pentathlon at the Olympics
1913	The Federal Reserve is formed
1914	Archduke Ferdinand is assassinated, beginning WWI
1914-1918	Over 90,000 Oklahoman's see military service in the war
1918	WWI ends
1919	The 19th Amendment (Women's Suffrage) is ratified

STEPHEN C. EDMONDS
EXECUTIVE DIRECTOR

FRANK KEATING
GOVERNOR

STATE OF OKLAHOMA

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

November 30, 1999

Letter of Transmittal

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Board of Trustees
Oklahoma Public Employees Retirement System

Ladies and Gentlemen:

The Comprehensive Annual Financial Report (CAFR) of the Oklahoma Public Employees Retirement System (OPERS) for the fiscal year ended June 30, 1999, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation rests with the management of OPERS. This CAFR is divided into five sections: an Introductory Section, which contains this transmittal letter, the administrative organization, and a summary of recently enacted legislation; a Financial Section, which contains the report of the Independent Public Accountants, the financial statements of the system, certain required supplementary information, and schedules of investment, administrative and professional/consultant fees; an Investment Section, which contains a report on the investment activity, investment policies, investment results, and various investment schedules; an Actuarial Section, which contains an Actuary's Certification Letter and the results of the annual actuarial valuation; and a Statistical Section, which includes significant data pertaining to OPERS.

We hope that you and the members of the Retirement System will find this CAFR helpful in understanding OPERS -- a system that continues to maintain a strong and positive financial future.

The Oklahoma Public Employees Retirement System was established in 1964 by the Oklahoma Legislature. Currently, OPERS consists of 238 participating employers, 44,116 active members, 5,198 terminated vested participants and 19,633 retirees and beneficiaries. The purpose of OPERS is to provide for an orderly means whereby employees covered by OPERS who have attained retirement age may be retired from active service and enable such employees to accumulate reserves for themselves and their dependents, and provide for termination of employment and retirement and death benefits.

Additions to Plan Net Assets

OPERS is funded through a combination of member contributions, employer contributions, and investment income. Member contributions increased to $43.9 million in 1999 compared to $40.7 million in 1998. Employer contributions for 1999 totaled $149.2 million compared to $143.7 million in 1998. These differences are due primarily to an increase in the annual participating salary base for contributions. The maximum annual salary earnings to which each member participated was not limited in 1999 compared to a cap on such earnings of $80,000 in 1998. Investment earnings decreased $277.9 million for 1999 compared to 1998.

Additions to Plan Net Assets
(expressed in millions)

	1999	1998	Increase Amount	Increase Percent
Member Contributions	$ 43.9	$ 40.7	$ 3.2	7.9%
Employer Contributions	149.2	143.7	5.5	3.8%
Investment Earnings	411.8	689.7	(277.9)	(40.3%)
	$ 604.9	$ 874.1	$ (269.2)	(30.8%)

Deductions from Plan Net Assets

Deductions from plan net assets are incurred primarily for the purpose for which OPERS was created, namely the payment of benefits to retirees. Retirement, death, and survivor benefits increased 16.3% to $211.5 million in 1999 and represented 95% of the total fund expenditures. The increase compared to 1998 is due primarily to a cost-of-living adjustment, effective July 1, 1998, granted to retirees who were receiving benefits before June 30, 1997. The FY 99 increase in refunds and withdrawals relates primarily to employee withdrawals of contributions due to a participating employer leaving OPERS. The administrative expenses decrease in FY 99 is due primarily to the one-time catch-up charge of approximately $700,000 in FY 98 to establish an accumulated depreciation allowance based upon the estimated remaining useful lives of the property and equipment of OPERS to more fairly reflect net property and equipment.

Deductions from Plan Net Assets
(expressed in millions)

	1999	1998	Increase (Decrease) Amount	Increase (Decrease) Percent
Retirement, Death and Survivor Benefits	$ 211.5	$ 181.9	$ 29.6	16.3%
Refunds and Withdrawals	9.2	6.8	2.4	35.3%
Administrative Expenses	2.6	3.3	(0.7)	(21.2%)
	$ 223.3	$ 192.0	$ 31.3	16.3%

Investments

The standard for OPERS in making investments is to exercise the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. In addition, funds are to be diversified so as to minimize the

risk of large losses, unless under the circumstances it is clearly prudent not to do so. Funds of OPERS are invested solely in the interest of the membership and their beneficiaries, and for the exclusive purpose of providing benefits to such membership and their beneficiaries and defraying reasonable expenses of administering OPERS. The Board of Trustees has established an investment policy and guidelines which provide for the delegation of investment authority to professional investment advisors. Outside investment advisors execute the investment policy in accordance with the statutory authority, the Board policy and their respective guidelines, but are to use full discretion within the policy and guidelines.

At fiscal year end, the investment portfolio of OPERS was managed by 13 investment managers in the following categories and amounts:

	(000's)	
Domestic Equities Large Cap	$1,937,048	40.1%
Domestic Equities Small Cap	376,005	7.8%
Non-US Equities	670,998	13.9%
Fixed Income	1,825,079	37.8%
Real Estate	12,956	0.2%
Cash	9,083	0.2%
Total	$4,831,169	100.0%

Included in the Investment Section of this report is a summary of the Investment Portfolio by Type and Manager and a comparison of the above amounts to the target allocations, as shown in the Asset Comparison chart. It should be noted that the Board conducted a comprehensive asset allocation review during the past fiscal year, and the target allocations reflect the changes resulting from the review.

For fiscal year 1999, investments provided an 9.5 percent rate of return. The annualized rate of return for OPERS over the last three years was 15.5 percent and 15.6 percent over the last five years.

Funding

A pension fund is well funded when it has enough money in reserve to meet all expected future obligations to participants. The funding objective for OPERS is to meet long-term benefit promises through contributions that remain approximately level as a percent of member payroll. The greater the level of funding, the larger the ratio of assets accumulated to the actuarial accrued liability and the greater the level of investment potential. The advantage of a well-funded plan is that the participants can look at assets that are committed to the payment of benefits. The actuarial accrued liability and actuarial value of assets of OPERS as of June 30, 1999 amounted to $5.2 billion and $4.3 billion, respectively. A detailed discussion of funding is provided in the Actuarial Section of this report.

Legislation

A number of plan modifications were enacted by the 1999 Oklahoma Legislature. The death benefit for retired members of the system was increased from $4,000 to $5,000. In addition, employer contributions for state agencies were reduced from 12.5 percent to 10.0 percent. A reduction of 2.5 percent was also made in the total employee/employer contribution for participating local governments.

Previous legislation regarding the return of contributions certain members paid on compensation earned above $25,000 prior to June 30, 1994 was amended. The revised legislation provides for the transfer of contributions to the Deferred Savings Incentive Plan together with an amount equal to the actuarial earnings on the contributions at 7.5 percent compounded annually. The previous provisions for the refund of after-tax contributions directly to the member have been repealed. Eligible vested members will receive a return of these contributions through a limited additional monthly benefit upon retirement. All transfer or return of contribution provisions require approval by the Internal Revenue Service.

Comprehensive legislation was also enacted to provide numerous technical corrections to the statutes governing OPERS to ensure that the Plan complies with federal law. We anticipate submitting the Plan to the Internal Revenue Service for a new determination letter in the coming year. A more complete summary of legislative changes is contained in the Introductory Section of this report.

Professional Services

Professional consultants are appointed by the Board of Trustees to perform professional services that are essential to the effective and efficient operation of OPERS. An opinion from the independent public accountants and the actuary are included in this report. Aside from the individual investment managers, which are listed elsewhere in this report, the professional consultants to the Board for the past fiscal year are as follows:

Arthur Andersen, LLP, Independent Public Accountants
William M. Mercer, Incorporated, Actuary
Deutsche Bank/Bankers Trust Company, Custodial Bank
Strategic Investment Solutions, Inc., Investment Consultant

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Oklahoma Public Employees Retirement System for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 1998. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Oklahoma Public Employees Retirement System has received a Certificate of Achievement for the last two consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgments

The compilation of this report reflects the combined effort of the staff of OPERS under the leadership of the Board of Trustees. It is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and as a means of determining responsible stewardship of the funds of OPERS.

This report is being provided to the retirement coordinators for all participating employers of OPERS. The retirement coordinators form a vital link between OPERS and its membership and their cooperation contributes significantly to the success of OPERS. The report is also available, upon request, to any member of OPERS. We hope the employers and their employees find this report informative.

We would like to take this opportunity to express our gratitude to the Board, the staff, the advisors, and to the many people who have worked so diligently to assure the successful operation of OPERS during its history. We also look forward to the challenges and opportunities of the new millennium.

Respectfully submitted,

Stephen Edmonds

Stephen C. Edmonds
Executive Director

Virginia Lawrenz

Virginia Lawrenz
Chief Financial Officer

DON KILPATRICK
CHAIRMAN

FRANK KEATING
GOVERNOR

STATE OF OKLAHOMA

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

November 30, 1999

Chairman's Letter

Dear OPERS Members:

On behalf of the Board of Trustees of the Oklahoma Public Employees Retirement System, (OPERS), I am pleased to present the Comprehensive Annual Financial Report for the fiscal year ending June 30, 1999.

This report is designed to provide a detailed look at the financial, investment and actuarial aspects of OPERS, which has enjoyed a substantial growth in assets over the past several years and continues to be a strong retirement system.

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

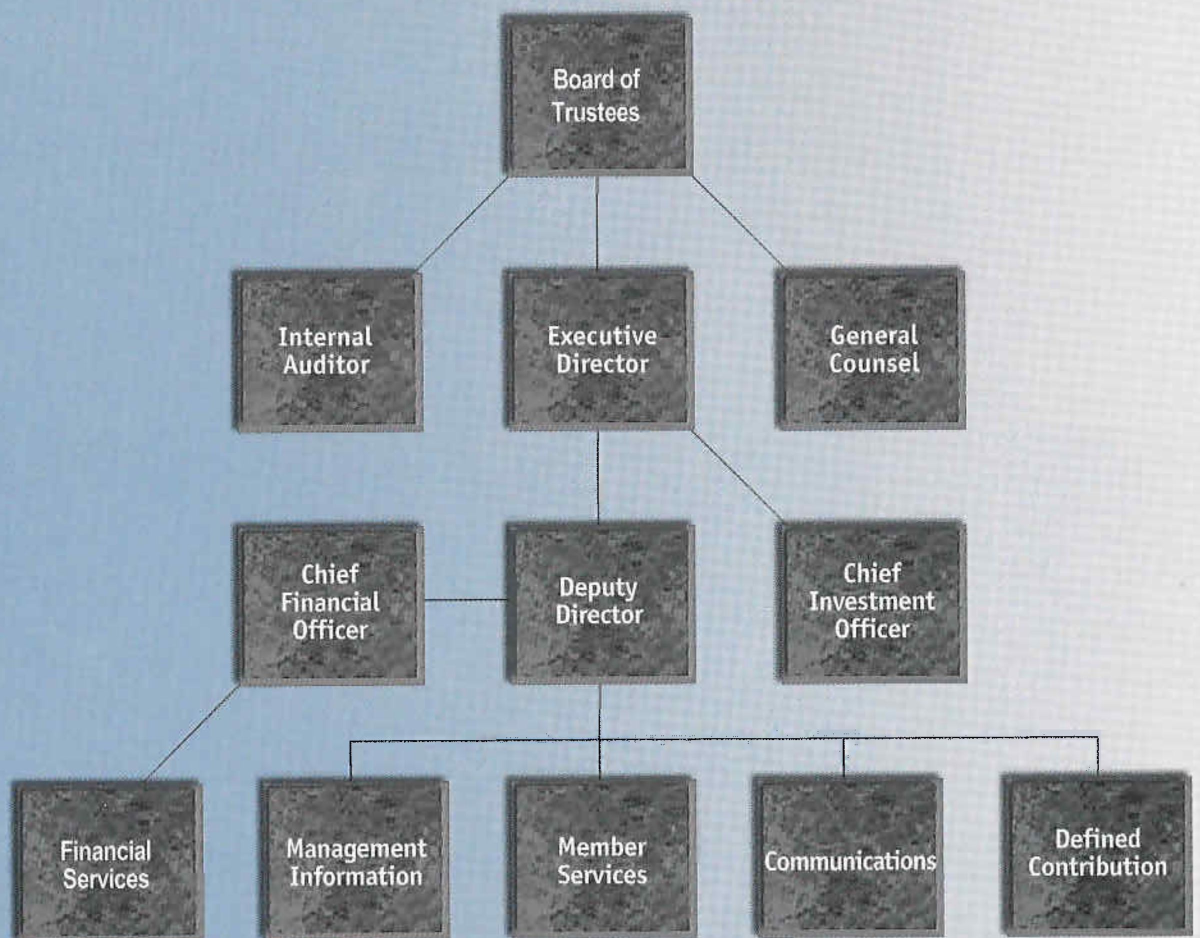
I also want to thank the OPERS staff for their diligent work in preparing this report and their commitment to continually improve the administrative operations of OPERS.

Sincerely,

Don Kilpatrick
Chairman

Board of Trustees

Organizational Structure



Advisors & Consultants

Master Custodian
Deutsche Bank/Bankers Trust Company, New York

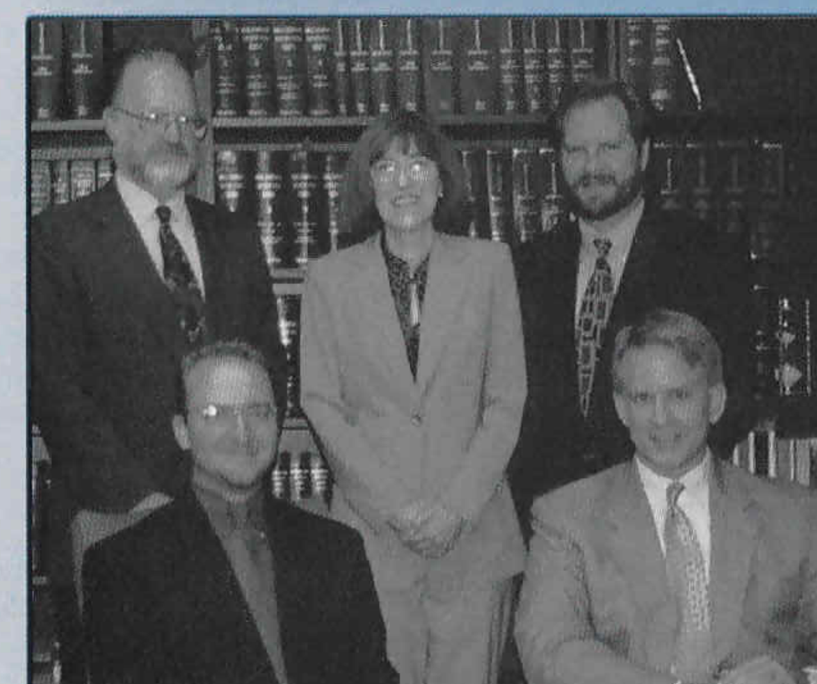
Investment Consultant
Strategic Investment Solutions, Inc., San Francisco

Actuarial Consultant
William M. Mercer, Inc., Denver

Independent Public Accountants
Arthur Andersen, LLP, Oklahoma City

Administrative Staff

Clockwise from left: Lydia Lee, General Counsel; Steve Edmonds, Executive Director; Brad Holt, Deputy Director; Virginia Lawrenz, Chief Financial Officer



Clockwise from upper left: Ray Burgman, Associate Director, Data Processing; Rebecca Catlett, Administrator, Member Services; Ray Pool, Administrator, Defined Contribution Plans; Steve Hardin, Assistant Chief Financial Officer; Russell Nash, Manager, Communications, Counseling, and Special Programs

Effective July 1, 1999

OPERS Retirees

Death Benefit

House Bill 1044 increases the lump sum death benefit payable upon the death of an OPERS retiree from $4,000 to $5,000 if the retiree dies on or after July 1, 1999.

Active OPERS Members

OPERS Employer Contribution Rates

Senate Bill 183 reduces the contribution rate for all participating OPERS employers. Effective July 1, 1999, each state agency will contribute an amount equal to 10% of each member's monthly covered compensation. State employee contribution rates remain at 3% of compensation earned up to $25,000 and 3.5% of compensation earned above $25,000.

Effective July 1, 1999, each participating OPERS local government organization will contribute no more than 10% and no less than 5% of each member's monthly compensation. The total local government employer and employee contribution must equal 13.5%.

Return of Contributions

Senate Bill 295 amends previous legislation that authorized OPERS to return contributions certain members paid on compensation earned above $25,000 prior to June 30, 1994. The bill requires OPERS to transfer contributions (whether after-tax or before-tax) paid on compensation earned above $25,000 prior to July 1, 1994 to the Deferred Savings Incentive Plan. Furthermore, in addition to transferring the contributions, the bill allows OPERS also to transfer an amount equal to the actuarial earnings on the member's contributions at 7.5% compounded annually to the Deferred Savings Incentive Plan. Members who do not currently have an account established in the Deferred Savings Incentive Plan will have an account established on their behalf to receive this transfer.

The provisions for the refund of after-tax contributions directly to the member have been repealed, but the class of members eligible for this transfer remains unchanged. However, the legislation still requires OPERS to receive official notification from the Internal Revenue Service (IRS) that the transaction complies with federal law before any contributions or earnings can be transferred.

Return of Contributions for Terminated Vested Members

Senate Bill 386 allows members who meet the following requirements to receive a limited additional monthly retirement benefit when they retire. Members eligible for these additional benefits are those who:

1. Were not active or retired OPERS members as of July 1, 1998; and
2. Either had vested their retirement benefits or were eligible to vest their retirement benefits as of July 1, 1998; and
3. Had not retired or begun to receive retirement benefits as of July 1, 1998; and

4. Paid contributions on compensation earned above $25,000 prior to July 1, 1994.

At retirement an additional payment of $200 per month will be paid to such a member until the total amount paid equals the amount of excess contributions the member paid on compensation earned above $25,000 prior to 1994. Internal Revenue Service approval is required prior to implementation of these provisions.

Technical Corrections

House Bill 1814 makes several corrections to existing legislation to ensure the Plans administered by OPERS comply with federal law. The following briefly describes the major changes to the Oklahoma Public Employees Retirement System.

1) Elected Officials

a) Effective July 1, 1999, elected officials must affirmatively elect or decline participation in OPERS within 90 days after the elected official takes office. An elected official's decision to participate is irrevocable even if the elected official is re-elected to the same office. Failure of an elected official to decline to participate in OPERS will be deemed an irrevocable election to participate and contribute at the highest rate (currently 10%). All current elected officials who have not elected to participate in OPERS must either elect or decline participation in OPERS on or before December 1, 1999. The rate at which an elected official contributes to OPERS cannot be changed after December 1, 1999.

b) The purchase of prior elected official retirement service credit will be calculated at actuarial cost after July 1, 1999. Prior elected official retirement service credit is any period of elected service when the elected official was eligible to participate in OPERS but did not elect to participate.

2) Retirees Who Return To Work With a Participating OPERS Employer

a) OPERS retirees who return to work will no longer have to work 3 years before their retirement benefits are adjusted. Effective July 1, 1999, OPERS retirees who return to work will have their retirement benefits adjusted according to the following method:

i) If a retiree does not waive his or her monthly retirement benefit, each month a retiree works for a participating OPERS employer and contributes to OPERS, the retiree will accrue service credit. Every additional 12 months of full-time-equivalent service accrued will increase a retiree's benefit. The retiree's benefit will be increased on January 1st of each following year if he or she has accrued 12 months of full-time-equivalent service as of end of the previous fiscal year (July 1st through June 30th. Increased benefits are based upon the compensation earned and hours worked with the participating OPERS employer during the time the additional service credit was accrued.

ii) A retiree who has returned to work cannot receive additional retirement service credit for time that has already been used to increase his or her retirement benefits. Furthermore, a retiree cannot receive additional post-retirement service credit if the member has received a distribution of the contributions for that period of employment.

iii) A retiree who returns to work with a participating employer will still have the choice to either receive his or her salary and retirement benefits subject to the allowed earnings restrictions or waive the receipt of retirement benefits during their employment.

iv) Provisions for the recalculation of benefits for a retiree who has waived his or her monthly benefits will not change unless the retiree does not complete the 36 months of full-time-equivalent employment. In that event, the retiree will receive benefits calculated as in (i) above.

3) Certain requirements of the Internal Revenue Code concerning limitations on contributions and benefits were codified in state statute.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Oklahoma Public Employees Retirement System

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 1998

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

Financial section

Report of Independent Public Accountants
Statements of Plan Net Assets
Statements of Changes in Plan Net Assets
Notes to Financial Statements
Required Supplementary Information
Schedules of Investment Expenses
Schedules of Administrative Expenses
Schedules of Professional/Consultant Fees

Health Dept. Pharmacist, Julie Thompson

First Mobile Dental Unit (1930s)

The Oklahoma State Department of Health was created in 1907. Today the agency has offices in 69 counties and has over 2,000 employees.

Now & Then

1999 Comprehensive Annual Financial Report

1920

1920	Oklahoma's population: 2 million (73.5% rural)
1926	Will Rogers begins writing his daily newspaper column
1928	The Oklahoma City oil field is opened
1929	Black Friday (October 29)
1931	Mickey Mantle is born
1932	15 million Americans are unemployed
1933	FDIC is created
1935	The Social Security Act is established
1936	Berlin Olympics are televised
1939	WWII begins when Hitler invades Poland
1939-1945	More than 200,000 Oklahomans see military service in the war

1939

ARTHUR ANDERSEN LLP

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Trustees of the
Oklahoma Public Employees Retirement Plan:

We have audited the accompanying statements of plan net assets of the Oklahoma Public Employees Retirement Plan (the "Plan"), administered by the Oklahoma Public Employees Retirement System which is a part of the financial reporting entity of the State of Oklahoma, as of June 30, 1999 and 1998, and the related statements of changes in plan net assets for the years then ended. These financial statements and the supplemental information referred to below are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements and the supplemental information based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and *Government Auditing Standards* (1994 Revision), 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of June 30, 1999 and 1998, and the changes in its financial status for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information contained in the schedule of funding progress, the schedule of employer contributions, the schedules of investment expenses, the schedules of administrative expenses and the schedules of professional/consultant fees is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Year 2000 supplementary information in Exhibit III is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board ("GASB"), and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because disclosure criteria specified by GASB Technical Bulletin 98-1 as amended are not sufficiently specific to permit meaningful results from the prescribed procedures. In addition, we do not provide assurance that the Plan is or will become Year 2000 compliant, that the Plan's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Plan does business are or will be Year 2000 compliant.

In accordance with *Government Auditing Standards*, we have also issued a report on compliance with laws, regulations, contracts and grants, and on internal control over financial reporting dated September 3, 1999.

Arthur Andersen LLP

Oklahoma City, Oklahoma,
September 3, 1999

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN
ADMINISTERED BY THE OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

STATEMENTS OF PLAN NET ASSETS

JUNE 30, 1999 AND 1998

ASSETS	1999	1998
CASH AND SHORT-TERM INVESTMENTS	$ 65,184,438	$ 111,834,347
RECEIVABLES:		
Member contributions	725,265	655,706
State and local agency contributions	2,061,580	2,095,324
Due from brokers for securities sold	2,481,214	9,970,931
Accrued interest and dividends	32,608,983	27,704,820
Total receivables	37,877,042	40,426,781
INVESTMENTS, at fair value:		
Government obligations	1,018,905,433	906,398,411
Corporate bonds	765,551,253	622,991,938
Domestic stocks	2,281,516,044	2,151,505,167
International equities	655,056,622	606,611,658
Real estate funds	12,955,962	25,833,860
Securities lending collateral	5,646,336	525,290,045
Total investments	4,739,631,650	4,838,631,079
PROPERTY AND EQUIPMENT, at cost, net of accumulated depreciation of $905,002 in 1999 and $827,420 in 1998	414,260	460,379
OTHER ASSETS	30,230	16,015
Total assets	4,843,137,620	4,991,368,601
LIABILITIES		
LIABILITIES:		
Due to brokers and investment managers	6,293,072	16,410,405
Securities lending collateral	5,646,336	525,290,045
Total liabilities	11,939,408	541,700,450
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (A schedule of funding progress is presented in Exhibit I)	$ 4,831,198,212	$ 4,449,668,151

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

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN
ADMINISTERED BY THE OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

STATEMENTS OF CHANGES IN PLAN NET ASSETS

FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	1999	1998
ADDITIONS:		
Contributions:		
Members	$ 43,926,338	$ 40,733,996
State and local agencies	149,221,715	143,699,100
Total contributions	193,148,053	184,433,096
Investment income:		
From investing activities:		
Net appreciation in fair value of investments	289,165,505	574,285,041
Interest	110,220,377	94,001,952
Dividends	16,878,505	20,904,143
Real estate	1,389,856	5,757,796
Other	258,433	429,974
Total investment income	417,912,676	695,378,906
Less- Investment expenses	(7,307,897)	(6,917,781)
Income from investing activities	410,604,779	688,461,125
From securities lending activities:		
Securities lending income	18,292,186	17,690,153
Securities lending expenses:		
Borrower rebates	(16,626,307)	(15,975,425)
Management fees	(499,519)	(514,388)
Income from securities lending activities	1,166,360	1,200,340
Net investment income	411,771,139	689,661,465
Total additions	604,919,192	874,094,561
DEDUCTIONS:		
Retirement, death and survivor benefits	211,519,489	181,860,179
Refunds and withdrawals	9,232,301	6,868,646
Administrative expenses	2,637,341	3,279,144
Total deductions	223,389,131	192,007,969
Net increase	381,530,061	682,086,592
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year	4,449,668,151	3,767,581,559
End of year	$4,831,198,212	$4,449,668,151

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

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN

ADMINISTERED BY THE OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1999 AND 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

The Plan is administered by the Oklahoma Public Employees Retirement System ("OPERS") a part of the financial reporting entity of the State of Oklahoma (the "State"), which together with other similar funds comprise the fiduciary-pension trust funds of the State. As set forth in Title 74, of the Oklahoma Statutes, at Section 921, administrative expenses are paid with funds provided by operations of the Plan.

Accounting Pronouncements

In June of 1999, the Government Accounting Standards Board ("GASB") issued Statement No. 34 (the "Statement") *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This Statement establishes financial reporting standards for state and local governments. The requirements of this Statement are effective for periods beginning after June 15, 2001, in three phases based on a government's total annual revenues in the first fiscal year ending after June 15, 1999. As the Statement primarily relates to disclosure requirements, no impact is expected on the Plan's net assets or changes in its net assets.

Investments

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

Plan investments are reported at fair value. The short-term investment fund is comprised of an investment in units of commingled trust funds of the Plan's custodial agent, which is reported at cost, which approximates fair value. 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 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 of domestic equity index funds, an international equity index fund, and two emerging markets commingled or mutual funds is determined by the respective fund trustee based on quoted sales prices of the underlying securities. The fair value of the real estate funds is provided by the funds' managers based on the value of the underlying real estate properties as determined from independent appraisals.

Net investment income includes net appreciation (depreciation) in the fair value of investments, interest income, dividend income, investment income from real estate, foreign currency translation gains and losses, securities lending income and expenses and investment expenses, which includes investment management and custodial fees and all other significant investment related costs. Investment income from real estate includes the Plan's pro rata 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 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 invests in various traditional financial instruments that fall under the broad definition of derivatives. The Plan's derivatives include U.S. Treasury Strips, collateralized mortgage obligations, convertible stocks and bonds, and variable rate instruments. These investments are not speculative in nature and do not increase investment risk beyond allowable limits specified in the Plan's investment policy.

The Plan provides for various investment options 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, 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 that such changes could materially affect the amounts reported in the statement of plan net assets.

Property and Equipment

Property and equipment are capitalized at cost when acquired. Maintenance and repairs are charged to expense as incurred. During 1998, to more fairly reflect net property and equipment, a charge to expense was made to establish an accumulated depreciation allowance based on the estimated remaining useful lives of property and equipment of the Plan. The amount of this charge was not material to the financial statements. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, as follows:

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

Use of Estimates

The preparation of the Plan's financial statements in conformity with generally accepted accounting principles requires the Plan administrator to make significant estimates and assumptions that affect the reported amounts of net assets held in trust for pension benefits at the date of the financial statements and the actuarial information in Exhibit I included in the required supplementary information as of the benefit information date, the changes in Plan net assets 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 Exhibit I 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.

2. PLAN DESCRIPTION AND CONTRIBUTION INFORMATION:

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

General

The Plan is a multiple-employer, cost sharing public employee retirement plan, which is a defined benefit pension plan covering substantially all state employees except employees covered by six other plans sponsored by the State. It also covers employees of participating county and local agencies. Agencies and/or participants not included in the Plan are as follows: Teachers, Municipal Police, Municipal Firefighters, Judicial, Wildlife, and State Law Enforcement. The supervisory authority for the management and operation of the Plan is the Board, which acts as a fiduciary for investment of the funds and the application of Plan interpretations.

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

	1999	1998
Retirees and beneficiaries currently receiving benefits	19,633	18,959
Terminated vested participants	5,198	4,739
Active participants	44,116	43,379
Total	68,947	67,077

For purposes of the discussion on benefits and contributions, the members are described in the following categories: eligible officers, which includes certain employees of the Department of Corrections who are classified as correction officers or probation and parole officers; elected officials, which includes elected officials who serve the State and participating counties and State, county and local agency employees, which includes all other employees described above. If the member category is not specifically identified, the attributes of the Plan discussed apply to all members.

Benefits

The following are various benefit attributes for each member category as described in the preceding paragraph:

State, County and Local Agency Employees

Benefits are determined at 2% of the average highest three years' annual covered compensation, but not to exceed the applicable salary cap which were received during the last ten years of participating service multiplied by the number of years of credited service determined for earnings prior to and after July 1, 1994, and combined for the purpose of determining the maximum benefit. Normal retirement age under the Plan is 62.

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

Elected Officials

Benefits are determined as the greater of the calculation described in the preceding section or, based on the official's contribution election, a range from 1.9% to 4.0% of the highest annual covered compensation during the elected officials' participating service, but not to exceed the applicable annual salary cap, multiplied by the number of years of credited service. Normal retirement age under the Plan is 60.

Members become eligible to vest fully upon termination of employment after attaining six years of participating service as an elected official or the members' contributions may be withdrawn upon termination of employment.

Eligible Officers

Benefits are determined at (a) 2.5% of the final average compensation not to exceed $25,000 and 2.0% of the final average compensation in excess of $25,000 up to the applicable annual salary cap multiplied by the number of years of service as an eligible officer accrued July 1, 1990, and after; (b) 2.25% of the final average compensation not to exceed $25,000 multiplied by the number of years of service accrued as an eligible officer prior to July 1, 1990; and (c) 2.0% of the final average compensation multiplied by the number of years of service in excess of 20 years and any other years of service creditable. Normal retirement age under the Plan is 50 with 20 years of creditable service as an eligible officer.

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

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

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

A member with a minimum of ten years of participating service may elect early retirement with reduced benefits beginning at age 55.

Disability retirement benefits are available for members having eight years of credited service whose disability status has been certified by the Social Security Administration and are determined in the same manner as retirant benefits, but payable immediately without an actuarial reduction.

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

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

Upon the death of a retired member, the Plan will pay a $4,000 death benefit to the member's beneficiary or to the estate of the member if there is no living beneficiary. The death benefit will be paid in addition to any excess employee contributions or survivor benefits due to the beneficiary. Death benefits paid for the years ended June 30, 1999 and 1998, totaled approximately $2,716,000 and $2,718,000, respectively.

The Plan remits up to $75 per month per eligible member receiving retirement benefits, excluding beneficiaries and surviving spouses, for health insurance premiums to the Oklahoma State and Education Employees Group Insurance Board, which administers various group health benefit plans for the State. The Plan is required by statute to remit this payment for eligible members but has no administrative functions related to the payment and no portion of the contribution amounts of either active members or state and local agencies is specifically identified by statute as relating to such payment. Accordingly, the provisions of GASB Statement No. 26, "*Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans*," are deemed not to apply. The amount remitted for the years ended June 30, 1999 and 1998, for such premiums was approximately $11,855,000 and $11,678,000, respectively.

Contributions

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

Each member participates based on their qualifying gross salary earned, excluding overtime. For 1998, the qualifying gross salary earned was capped at $80,000. For the 1999 and subsequent fiscal years, there is no cap on the qualifying gross salary earned, subject to Internal Revenue Service ("IRS") limitations on compensation.

State, County, and Local Agency Employees

The following contribution rates were in effect:

State employees and agencies – For 1999, State employees contributed 3.0% on the first $25,000 of salary and 3.5% on salary above $25,000. State Agency employers contributed 12.5% on all salary. The same rates were in effect for 1998, but contributions were limited by the $80,000 cap on salary.

Participating county and local agencies – For 1999, contributions totaled 16.0% of salary, composed of a minimum employee contribution rate of 3.5% up to a maximum of 8.5% and a minimum employer contribution rate of 7.5% and up to a maximum of 12.5%. For 1998, contributions totaled 15.5% of salary, composed of a minimum employee contribution rate of 3.5% up to a maximum of 8.0% and a minimum employer contribution rate of 7.5% and a maximum of 12.5%. The contributions were limited in 1998 by the $80,000 cap on salary.

Elected Officials

Elected officials' employee contributions are based on the maximum compensation levels set for all members, and the participating employers are required to contribute on the elected officials' covered salary using the same percentage and limits as applicable for State agencies. Elected officials must select an employee contribution rate of 4.5%, 6.0%, 7.5%, 8.5%, 9.0% or 10%.

Eligible Officers

For 1999, eligible officers contributed 8% and their employer agency contributed 12.5% on all salary. For 1998, eligible officers contributed 7.5% on the first $25,000 of earned compensation and 8.0% for salaries over $25,000 up to the $80,000 salary cap while their employer agency contributed 12.5% on all salary up to the $80,000 cap.

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

	1999	1998
State Agencies	113	113
County Governments	75	75
Local Government Towns and Cities	29	29
Other Local Governmental Units	21	21
Total	238	238

3. CASH AND INVESTMENTS:

At June 30, cash and short-term investments were composed of the following:

	1999	1998
Cash on deposit with the State	$ 336,875	$ 287,847
Short-term investment fund, variable rate	64,467,985	110,666,853
Foreign currency deposits	379,578	879,647
Total cash and short-term investments	$ 65,184,438	$ 111,834,347

The Plan's short-term investment funds consist of temporary investments in commingled trust funds of the Plan's custodial agent. The funds are composed of high-grade money market instruments with short maturities. Each participant in the funds shares the risk of loss on the funds in proportion to their respective investment in the funds.

Deposits with financial institutions are classified depending on whether they are insured or collateralized. Bank balances are classified in the following categories of credit risk: Category 1 includes deposits that are insured or collateralized with securities held by the Plan or by the agent in the Plan's name. Category 2 includes deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Plan's name. Category 3 includes deposits which are uncollateralized or deposits which are collateralized and the related securities are held by the pledging financial institution or by its trust department or agent not in the Plan's name. At June 30, 1999 and 1998, cash on deposit with the State is considered Category 1 and the short-term investment fund and foreign currency deposits are considered Category 3.

At June 30, 1999, as a result of outstanding checks, the carrying amount of the Plan's cash deposits totaled $336,875 and the bank balances totaled $8,157,511. At June 30, 1998, as a result of outstanding checks, the carrying amount of the Plan's cash deposits totaled $287,847 and the bank balances totaled $15,149,658. The bank balances of deposits are fully insured or collateralized by the Office of the State Treasurer as required by the Oklahoma Statutes covering deposits of public funds. The carrying amount of the short-term investment fund and foreign currency deposits were the same as the bank balances at June 30, 1999 and 1998, respectively.

The Plan's investments would generally be categorized into one of three separate credit risk categories. Category 1 includes investments that are insured or registered or are held by the Plan or its agent in the Plan's name. Category 2 includes uninsured and unregistered investments which are held by the counterparties' trust departments or agents in the Plan's name. Category 3 includes uninsured and unregistered investments, held by the counterparties, or their trust departments or agents, but not in the Plan's name. A summary of the Plan's investments at June 30, 1999 and 1998, is as follows:

	1999	1998
Category 1 Classification:		
Government obligations-		
U.S. Government	$ 882,085,740	$ 317,409,827
International government bonds	71,353,354	58,633,585
Municipal bonds	60,970,930	79,294,066
Corporate bonds-		
Domestic corporate bonds	711,575,987	551,863,675
International corporate bonds	53,975,267	38,542,708
Domestic stocks	1,118,200,255	1,009,509,611
International equities	294,858,766	217,027,148
Total Category 1	3,193,020,299	2,272,280,620
Category 3 Classification:		
Investments held by brokers-dealers under securities loans for non-cash collateral-		
U.S. Government obligations	-	240,113,326
Corporate bonds	-	4,555,565
Domestic stocks	-	12,607,319
International equities	-	4,267,462
Total Category 3	-	261,543,672
Not subject to classification:		
Investments held by brokers-dealers under securities loans for cash collateral-		
U.S. Government obligations	4,495,409	208,089,760
International government bonds	-	2,857,847
Corporate bonds	-	26,319,991
International corporate bonds	-	1,710,000
Domestic stocks	-	217,565,457
International equities	681,035	57,224,436
Securities lending collateral	5,646,336	525,290,045
Domestic equity index funds	1,163,315,789	911,822,779
International equity index funds	287,493,500	265,719,672
Emerging markets commingled trust fund	31,924,534	29,107,779
Emerging markets mutual fund	40,098,786	33,265,161
Real estate funds	12,955,962	25,833,860
Total not subject to classification	1,546,611,351	2,304,806,787
Total investments	$ 4,739,631,650	$ 4,838,631,079

The Plan's investment policy provides for its participation in a securities lending program. The program is administered by the Plan's master custodian and there are no restrictions on the amount of loans that can be made. During 1999 and 1998, the types of securities loaned were primarily U.S.

Government and corporate bonds and domestic and international equity securities. Certain securities of the Plan are loaned to participating brokers, who must provide collateral in the form of cash, U.S. Treasury or Government Agency securities, or letters of credit issued by approved banks. Under terms of the agreement, collateralization of the fair value of the loaned securities must be provided in the amount of 102% for loans of securities for which the principal trading market is the United States and 105% for securities for which the principal trading market is outside the United States.

At June 30, 1999 and 1998, the Plan has no credit risk exposure to borrowers because the amounts the Plan owes the borrowers exceed the amounts the borrowers owe the Plan. The master custodian provides for full indemnification to the Plan for any losses that might occur in the program due to the failure of a broker to return a security that was borrowed (and if the collateral is inadequate to replace the securities lent) or failure to pay the Plan for income of the securities while on loan. The Plan cannot pledge or sell collateral securities unless the borrower defaults. The loan premium paid by the borrower of the securities is apportioned between the Plan and its custodial agent in accordance with the securities lending agreement. The majority of the securities loans are open loans and can be terminated on demand by either the Plan or the borrower. Investment income and losses on securities loaned are recognized by the Plan.

Cash collateral is invested in a dedicated short-term pooled investment fund for the benefit of the Plan combined with the cash collateral of a separate retirement fund also administered by OPERS. The securities lending agreement sets forth credit quality standards, acceptable investments, diversification standards, and maturity and liquidity constraints for the investment fund. The Plan's investment guidelines do not require a matching of investment maturities with loan maturities, but do establish minimum levels of liquidity and other investment restrictions designed to minimize the interest rate risk associated with not matching the maturities of the investments with the loans. The cash collateral investments had an average weighted maturity of 7 and 37 days at June 30, 1999 and 1998, respectively. The Plan's non-cash collateral is represented by its allocated share of a pool administered by the custodian for the Plan and other pool participants.

In connection with the transition to a different master custodian on July 1, 1999, securities lending activities at June 30, 1999, were curtailed.

At June 30, 1999 and 1998, the Plan's investments in real estate are in funds managed by two managers, which invest in commercial, retail, office and industrial real estate properties. During 1996, the Plan informed the existing real estate managers of its intention to withdraw from the investments in real estate pursuant to the provisions of the applicable investment contracts, which set forth redemption payment terms at market values in accordance with cash availability in the funds. During 1999 and 1998, additional cash distributions of approximately $14.3 million and $17.0 million, respectively, were received.

The Plan's actively-managed international equity securities are recorded at fair value, which includes foreign currency gains and losses attributable to fluctuations in the exchange rate between the foreign denominated currency of the investment and the U.S. Dollar. This translation gain or loss is calculated based on month-end exchange rates. Cumulative unrealized translation losses for the years ended June 30, 1999 and 1998, were approximately $12.0 million and $13.2 million, respectively.

The Plan invests in domestic equity index funds, an international equity index fund and two international emerging markets commingled or mutual 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.

No investments, other than U.S. Government bonds and instrumentalities, in any one organization represent 5% or more of plan net assets at June 30, 1999 and 1998, respectively.

4. FEDERAL INCOME TAX STATUS:

Pursuant to a determination by the IRS, the Plan is qualified under the Internal Revenue Code of 1986, as amended and, therefore, is exempt from federal income taxes. The 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 and therefore, retains its status as a qualified plan.

5. PLAN AMENDMENTS:

The following is a summary of significant plan provision changes that were enacted by the State Legislature during the session ending in May 1999:

Employer Contribution Rates

Effective July 1, 1999, the rate State Agency employers contribute on their employees salaries was reduced to 10%. The total participating county and local government contribution on salaries of covered employees was reduced to 13.5%, with minimum and maximum employer contribution rates established at 5% and 10%, respectively.

Rate of Contributions

In 1998, legislation was enacted which provided for the return of optional contributions made by State and local government employees on annual salaries above $25,000 up to $40,000 earned from 1987 through 1994 ("excess contributions"), as then allowed by the Plan. Legislation in the 1999 session amended the method of return of the excess contributions by requiring that all such contributions be transferred to covered participants' accounts in the Oklahoma State Employees Deferred Savings Incentive Plan ("SIP").

The 1999 legislation also allows OPERS to transfer to the covered participants' SIP account an amount equal to the compounded earnings on such excess contributions computed using the assumed actuarial earnings rate (7.5%) of the Plan. The estimated liability for this return of contributions and earnings of approximately $36.7 million has been included in the calculation of the actuarial liability of the Plan. The timing of the transfer has not been finalized and is dependent upon receipt of approval by the federal taxing authorities. Covered participants are those who were active members on July 1, 1998, and who remain as members, either active or retired, on the date determined for the transfer who have not otherwise withdrawn their excess contributions.

Legislation was also enacted in 1999 to provide a limited additional benefit for certain terminated members eligible to vest as of July 1, 1998. This limited benefit will be paid, pending approval by federal taxing authorities, as an additional $200 monthly benefit upon their retirement up to the total amount of the excess contributions paid by the participant. The estimated liability for this limited additional benefit of approximately $1 million has been included in the calculation of the actuarial liability of the Plan.

Elected Officials

Effective July 1, 1999, elected officials must affirmatively elect or decline participation in the Plan within 90 days after taking office. This decision is irrevocable and failure of an elected official to decline to participate in the Plan will be deemed as an irrevocable election to participate and contribute at the highest rate (currently 10%). All current elected officials who have not elected to participate in the Plan must either elect, including selecting a contribution rate, or decline to participate in the Plan on or before December 1, 1999. The rate at which an elected official contributes to the Plan cannot be changed after December 1, 1999.

Death Benefits

Effective July 1, 1999, the lump sum death benefit payable has been increased from $4,000 to $5,000.

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN
ADMINISTERED BY THE OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION

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 Percentage of Covered Payroll ((b-a/c))
7/1/92	$1,899,215,251	$2,481,866,574	$582,651,323	76.5%	$1,035,195,092	56.3%
7/1/93	2,211,582,618	2,601,586,867	390,004,249	85.0%	1,011,112,988	38.6%
7/1/94	2,394,610,775	3,028,802,077	634,191,302	79.1%	1,077,456,734	58.9%
7/1/95	2,614,375,864	3,214,094,907	599,719,043	81.3%	1,095,906,991	54.7%
7/1/96	2,893,339,691	3,318,226,436	424,886,745	87.2%	1,117,631,035	38.0%
7/1/97	3,270,947,820	3,594,630,911	323,683,091	91.0%	1,176,659,783	27.5%
7/1/98	3,732,849,134	4,116,569,826	383,720,692	90.7%	1,154,342,141	33.2%
7/1/99	4,261,624,240	5,179,784,869	918,160,629	82.3%	1,219,031,066	75.3%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
1992	$115,558,353	96.8%
1993	119,450,505	94.3%
1994	99,800,260	111.8%
1995	131,860,203	90.1%
1996	131,266,084	103.1%
1997	110,887,284	122.1%
1998	95,973,977	149.7%
1999	107,171,639	139.2%

The employers' contribution rates are established by the Oklahoma Legislature and are based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates.

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN
ADMINISTERED BY THE OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

NOTE TO EXHIBIT I REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 1999

Actuarial Assumptions and Methods

The information presented in the required supplemental schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation date, July 1, 1999, is as follows:

Funding Method

Costs are developed using the entry age normal cost method (based on a level percentage of covered payrolls). Under the method used for this plan, the accrued liability and the present value of future normal costs are determined by summing the individual entry age results for each participant. The normal cost is then determined in aggregate by spreading the present value of future normal costs as a level percentage of expected future covered payrolls. Entry age is defined as the first day service is credited under the Plan.

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

Asset Valuation Method

For actuarial purposes, assets are determined equal to the prior year's actuarial value of assets plus cash flow (excluding realized and unrealized gains or losses) for the year ended on the valuation date assuming 7.5% interest return. Prior year's unrecognized gains and losses are added to this amount to develop expected actuarial value. The expected actuarial value is then compared to the market value of the assets at the valuation date, and 20% of any gain (loss) for the last five years is added to the expected actuarial value. The gain (loss) is amortized over five years with the actuarial value of the assets being constrained to a range of 80% to 120% of the market value at the valuation date.

Amortization

The unfunded actuarial accrued liability for valuations as of July 1, 1998, and prior were amortized on a level dollar method over a 25-year closed period from July 1, 1987. For the July 1, 1999 valuation, the amortization period was changed to 40 years from July 1, 1987 (28 years remaining as of July 1, 1999).

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN
ADMINISTERED BY THE OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

NOTE TO EXHIBIT I REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 1999

Significant actuarial assumptions employed by the actuary for fund purposes as of July 1, 1999, compared to the prior year are as follows:

	July 1, 1999	July 1, 1998
Investment Return	7.5% per annum, compounded annually	No change
Salary Increases	4.1% to 8.0% per year (includes inflation of 3.0%)	4.1% to 6.8% per year (includes inflation of 4.0%)
Mortality Rates	Active participants and non disabled pensioners - 1983 Group Annuity Mortality Table set forward 5 years for disabled experience; disabled pensioners - 1983 Group Annuity Mortality Table set forward 10 years for disabled experience	Active participants and non disabled pensioners - No change; disabled pensioners - 1983 Group Annuity Mortality Table set forward 5 years for disabled experience
Post Retirement Benefit Increases	2% per year	None
Post Retirement Health Insurance Premium	Since July 1, 1991, the Plan has been required by statute to contribute up to $75 per month or the Medicare Supplement Premium, if less, for eligible Plan members receiving retirement benefits who elect health insurance coverage through the Oklahoma State and Education Employee's Group Health Program, which administers various group health benefit plans	No change

Based on a three-year experience study of the Plan performed by the actuary, certain actuarial assumptions have been modified. The most significant change relates to the introduction of a Cost of Living Increase ("COLA") assumption of 2% per year which increased the accrued liability by $767.6 million. The overall financial impact of other changes exclusive of the COLA result in an increase in the accrued liabilities of $13.5 million.

Changes in Plan provisions relating to legislative changes affecting the July 1, 1999 valuation, including the increase in the return of excess contributions, the additional limited benefit for vested members, and the increase in the death benefit, increased the actuarial present value of accumulated plan benefits by approximately $25.3 million.

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN
ADMINISTERED BY THE OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION

YEAR 2000 ISSUES
(Unaudited)

JUNE 30, 1999 AND 1998

The Plan is dependent upon its data processing services for processing such functions as benefit calculations and payments, contribution receipts and general ledger accounting. The Plan is also dependent upon external fiduciary organizations who provide investment and custodial services. In order to determine the Plan's compliance for the Year 2000 ("Y2K"), the Plan engaged an independent consultant to assess all hardware, software and application software, and to review the responses received from queries to external fiduciary organizations as to their stage of Y2K compliance. The report, issued by the consultant in June 1998, concluded that the Plan's systems are substantially Y2K compliant and that no significant expenditure of money or resources will be required to transition to Y2K and beyond.

The Plan is also dependent upon certain of the State's data processing systems for various administrative functions, such as payment of expenses and payroll. The Plan has been informed by representatives of the State that their systems which affect the Plan are expected to be Y2K compliant. The Plan will continue to monitor the progress of the State and external fiduciary organizations and obtain documentation of the status of their Y2K compliance. In the event that any of the Plan's external fiduciary organizations or the State do not achieve Y2K compliance, the Plan's operations could be adversely affected.

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN
ADMINISTERED BY THE OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

SCHEDULES OF INVESTMENT EXPENSES

FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	1999	1998
Investment management fees-		
Fixed Income Managers:		
Back Bay Advisors, L.P.	$ 374,735	$ 297,355
Firstar Investment Research & Management Company (FIRMCO)	522,162	427,948
Hoisington Investment Management	470,379	400,205
Domestic Equity Managers:		
Alliance Capital Management Corp.	13,395	258,280
Barclays Global Investors	150,875	167,938
David L. Babson & Co. Inc.	731,433	789,511
Dresdner RCM Global Investors, LLC	(141,631)	600,974
Scudder Kemper Investments, Inc.	145,424	948,994
T. Rowe Price Associates	789,459	811,067
TCW Asset Management Company	2,527,492	439,283
Non-U.S. Equity:		
Barclays Global Investors	93,443	123,545
Capital Guardian Trust Company	195,430	226,632
Genesis Asset Managers Limited	165,364	195,463
Scudder Kemper Investments, Inc.	1,031,756	1,015,253
TCW Asset Management Company	-	(16,117)
Total investment management fees	7,069,716	6,686,331
Investment consultant fees-		
Strategic Investment Solutions, Inc.	136,483	130,222
Investment custodial and performance measurement fees-		
Bankers Trust Company	101,698	101,228
Total investment expenses	$ 7,307,897	$ 6,917,781

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN
ADMINISTERED BY THE OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

SCHEDULES OF ADMINISTRATIVE EXPENSES

FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	1999	1998
Staff salaries	$ 1,302,309	$ 1,233,580
Social Security	95,652	90,779
Retirement	160,011	148,080
Insurance	96,533	90,672
Temporary employees	90,106	107,270
Total personnel services	1,744,611	1,670,381
Actuarial	185,366	179,560
Audit	46,000	39,500
Tax consulting - legal	60,057	-
Total professional services	291,423	219,060
Printing	69,227	39,817
Telephone	36,600	39,880
Postage and mailing expenses	97,662	123,092
Travel	35,479	38,623
Total communication	238,968	241,412
Office space	103,311	103,311
Equipment leasing	26,228	24,103
Total rentals	129,539	127,414
Supplies	27,800	33,930
Maintenance	39,678	44,382
Depreciation	106,439	827,420
Other	120,819	169,033
Total miscellaneous	294,736	1,074,765
Total administrative expenses	2,699,277	3,333,032
Administrative expenses allocated (see Note below)	(61,936)	(53,888)
Net administrative expenses	$ 2,637,341	$ 3,279,144

Note to Schedules of Administrative Expenses

A portion of the administrative overhead expenses, including personnel and other supporting services costs, which are paid for by the Plan, are allocated to a separate retirement fund also administered by OPERS. The allocation is based on OPERS' estimate of the cost of services provided by the Plan to the separate fund.

Exhibit VI

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN
ADMINISTERED BY THE OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

SCHEDULES OF PROFESSIONAL/CONSULTANT FEES

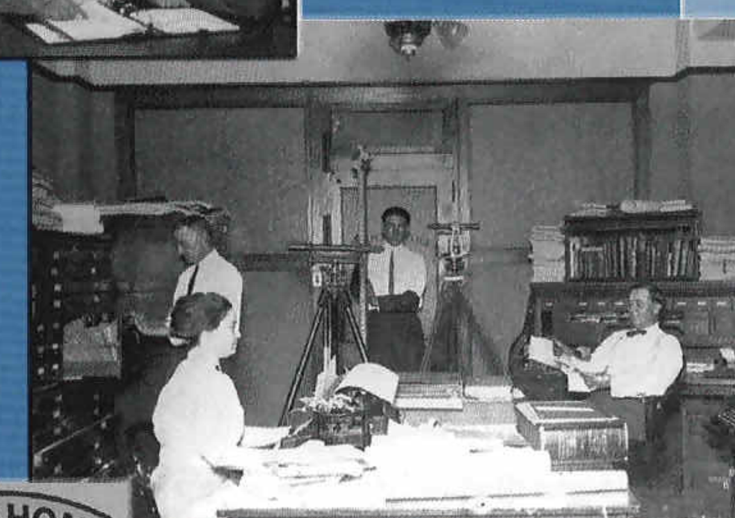
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

Professional/Consultant	Service	1999	1998
William M. Mercer, Incorporated	Actuarial	$ 185,366	$ 179,560
Arthur Andersen LLP	Auditor	46,000	-
Coopers & Lybrand, LLP	Auditor	-	39,500
Ice Miller Donadio and Ryan	Legal	60,057	-
		$ 291,423	$ 219,060

Investment section

Investment Objectives
Asset Allocation
Review of Investment Environment
Performance Review
Largest Holdings
Investment Portfolio by Type and Manager
Asset Comparison
Schedule of Stock Brokerage Commissions Paid

Ted Tiger, Pipeline Safety Specialist, & Ray Smith, Technical Department Manager



Engineering Dept. of the Oklahoma Corporation Commission

OKLAHOMA CORPORATION COMMISSION

Established at statehood, the Oklahoma Corporation Commission today employs over 200. Commission orders carry the same weight as laws enacted by the State Legislature.

Now & Then

1940 | Oklahoma's population: 2.3 million (62.3% rural)

1943 | Robert S. Kerr becomes Oklahoma's first native-born governor

1944 | Tinker Field becomes the largest air depot in the world

1945 | WWII ends and the United Nations is formed

1949 | Construction begins on the Turner Turnpike

1950 | The Korean War begins

1952 | Telephone area codes are created

1953 | Korean War ends

1954 | Brown v. Board of Education decision is handed down

1957 | Sputnik is launched

1959 | Repeal of prohibition in Oklahoma

Oklahoma Public Employees Retirement Plan

Investment Objectives

The primary financial objective is to earn a long-term return sufficient to avoid a deterioration in funded status. The Plan's actuary estimates this return requirement to be 7.5% while its investment consultant estimates the real return requirement to be 5.1%.

Secondary goals are to outperform the asset allocation-weighted benchmark (38% US Large Cap, 9% US Small Cap, 14% Non-US Equities, and 39% Fixed Income) and to rank in the top third of a universe of public pension funds.

Asset Allocation

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

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

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

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

In April, 1999, the Plan's Investment Committee completed a review of its strategic investment plan, specifically addressing the overall asset allocation targets and manager structures of each asset class. The changes adopted, primarily a reduction in the overall equity allocation, result from the unanticipated strong growth in assets over the last five years. The Plan is currently implementing these changes.

ASSET CLASS	6/30/99 ALLOCATION	LOW	TARGET	HIGH	% PASSIVE OR SEMI-PASSIVE
US LARGE CAP	40%	35%	38%	41%	50%
US SMALL CAP	8	7	9	11	0
FIXED INCOME	38	35	39	43	55
NON-US EQUITY	14	12	14	16	42

Review of Fiscal 1999 Investment Environment

Fiscal year ended June 30, 1999 saw an investment climate that favored the US (20.1%), Pacific Basin (33.0%), and emerging (28.7%) equity markets, and punished REITs (-11.2%) and emerging debt (-5.6%).

The US fixed income market produced marginal results (3.1%), and paled in comparison to US equities.

Within the US equity market, stocks of large companies significantly outperformed small (21.9% versus 1.5%), making S&P 500 indexation a top quartile strategy for the year. In the bond market, short term instruments were top performers while long-term debentures and high yield underperformed.

Performance Review

At quarterly intervals, the Plan reviews performance at the total fund, asset class and individual manager levels. At each level, returns are evaluated versus appropriate indexes and peers. Index comparisons have as return objectives various after-fee return premiums with risk (standard deviation) not exceeding 125%-150% of the underlying index. Comparisons with peers seek top third results.

Investment returns achieved through June 30, 1999 have been calculated using the return methodology endorsed by the Association for Investment Management and Research (AIMR). As shown in the following table, results in the Domestic Equity area hurt the Plan's overall results. The fixed income portfolio's long duration hurt short-term results but has helped over the long-term.

PERIODS ENDED 6/30/99	ONE YEAR	THREE YEARS	FIVE YEARS
Domestic Equity	15.6	22.5	22.5
Russell 3000	20.1	26.4	26.0
Rank	81	85	83
Non-US Equity	8.8	9.6	10.8
MSCI All Country Ex US	9.5	8.2	8.0
Rank	30	82	75
Fixed Income	2.1	8.2	8.5
Lehman Aggregate	3.1	7.2	7.8
Rank	87	23	25
Total Fund	9.5	15.5	15.6
Policy Benchmark	11.7	16.0	16.0
Public Fund Median	9.9	15.1	15.6
Rank	53	46	49

Prepared by: Strategic Investment Solutions, Inc.
Investment Consultants to the Plan

Largest Holdings

The Plan's ten largest fixed income and stock holdings at June 30, 1999, are described in the following schedules. The Plan invests in various index, commingled, mutual and real estate funds, which are separately presented.

Ten Largest Fixed Income Holdings (By Fair Value) Security	Par	Fair Value
U.S. Treasury Bonds 9.250% due 2-15-2016	$ 135,900,000	$ 177,285,627
U.S. Treasury Bonds 6.875% due 8-15-2025	122,525,000	133,035,195
U.S. Treasury Bonds 10.750% due 8-15-2005	85,675,000	106,598,548
U.S. Treasury Bonds Zero Coupon Principal Strips due 5-15-2021	185,121,000	47,216,962
U.S. Treasury Bonds 6.000% due 2-15-2026	42,040,000	41,087,374
U.S. Treasury Bonds Zero Coupon Principal Strips due 11-15-2021	149,904,000	37,180,689
U.S. Treasury Bonds 6.500% due 11-15-2026	32,490,000	33,809,743
Government of Canada Bonds 7.500% due 12-1-2003 Rating AAA	37,700,000	27,672,806
U.S. Treasury Bonds Zero Coupon Principal Strips due 8-15-2025	121,700,000	24,757,431
U.S. Treasury Bonds Zero Coupon Principal Strips due 11-15-2004	27,900,000	20,398,527

Standard & Poors Bond Ratings presented for fixed income securities other than U.S. Treasury/Agency issues.

Ten Largest Stock Holdings (By Fair Value) Security	Shares	Fair Value
Siebel Sys. Inc.	360,900	$ 23,932,181
Cisco Sys. Inc.	362,700	23,371,481
Dell Computer Corp	611,000	22,607,000
Applied Materials Inc.	304,000	22,458,000
Kansas City Southern Industries, Inc.	345,000	22,015,313
Charles Schwab Corp.	186,100	20,284,900
Home Depot Inc.	302,700	19,505,231
Intel Corp.	320,600	19,075,700
Microsoft Corp	211,000	19,029,562
Corning Inc.	248,100	17,398,013

Investments in Funds (By Fair Value) Fund	Units	Fair Value
Equity Investments:		
BGI Equity Index Fund A	3,415,283	$ 1,163,315,789
BGI EAFE Equity Index Fund	2,524,061	285,594,210
Capital Guardian Emerging Markets Growth Fund	722,370	40,098,786
Genesis Emerging Markets Commingled Fund	199,575	31,924,534
Real Estate Fund Investments:		
Lend Lease Real Estate Investments	831	7,488,971
AEW Capital Management	-	5,466,991

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

Investment Portfolio by Type and Manager

At June 30, 1999, the investment portfolio of OPERS was allocated by type and style as follows:

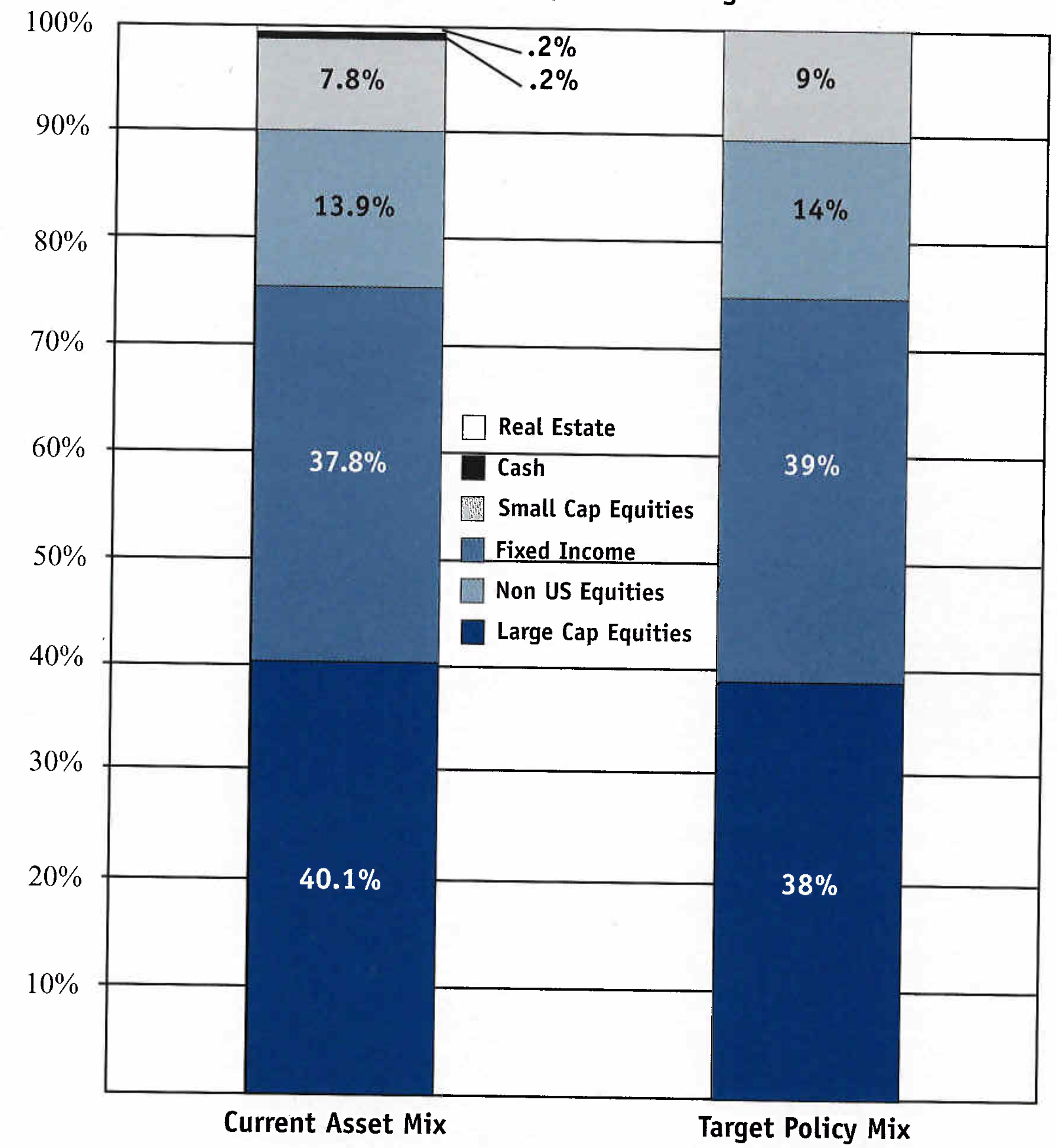
Investment Type and Manager	Style	Fair Value* *(000's)*	Percent of Total Fair Value
Fixed Income:			
Hoisington Investment Management	Interest Rate Anticipation	$ 337,181	7.0%
Firststar Investment Research & Management Company (FIRMCO)	Core	1,036,508	21.6%
Back Bay Advisors, L.P.	Full Range	420,350	8.8%
Total Fixed Income		1,794,039	37.4%
Large Cap Domestic Equity:			
TCW Asset Management Company	Large Cap Growth	396,990	8.3%
Scudder Kemper Investments, Inc.	Large Cap Value	376,076	7.8%
Barclays Global Investors	Index Fund - S&P 500	1,163,316	24.2%
Total Large Cap Domestic Equity		1,936,382	40.4%
Small Cap Domestic Equity:			
T. Rowe Price Associates	Small Cap Growth	142,076	3.0%
David L Babson & Co. Inc.	Small Cap Value	164,149	3.4%
Dresdner RCM Global Investors, LLC	Small Cap Growth	70,380	1.5%
Total Small Cap Domestic Equity		376,605	7.8%
Non-US Equity:			
Scudder Kemper Investments, Inc.	Core	310,293	6.5%
Barclays Global Investors	Index Fund - EAFE	287,494	6.0%
Capital Guardian Trust Company	Mutual Fund - Emerging Markets	40,099	0.8%
Genesis Asset Managers Limited	Comingled Fund - Emerging Markets	31,924	0.7%
Total Non-US Equity		669,810	14.0%
Real Estate Funds:			
Lend Lease Real Estate, Inc.	Real Estate (Pooled)	7,489	0.2%
AEW Capital Management	Real Estate (Pooled)	5,467	0.1%
Total Real Estate Funds		12,956	0.3%
Short-term Investment Funds	Operating Cash	9,041	0.2%
Total Managed Investments		4,798,833	100.0%
Securities Lending Collateral		5,646	
Cash on Deposit with State		337	
Total Investments and Cash and Short-Term Investments		$ 4,804,816	
Statement of Plan Net Assets			
Cash and short-term investments		$ 65,184	
Investments		4,739,632	
Total Investments and Cash and Short-Term Investments		$ 4,804,816	

* *Manager fair values include their respective cash and short-term investments*

Asset Comparison

A comparison of the actual investment distribution at June 30, 1999, based on net investment manager holdings, including accrued income, payables and receivables, compared to the target allocation is as follows:

As of June 30, 1999 vs. Target



Schedule of Stock Brokerage Commissions Paid

Year ended June 30, 1999

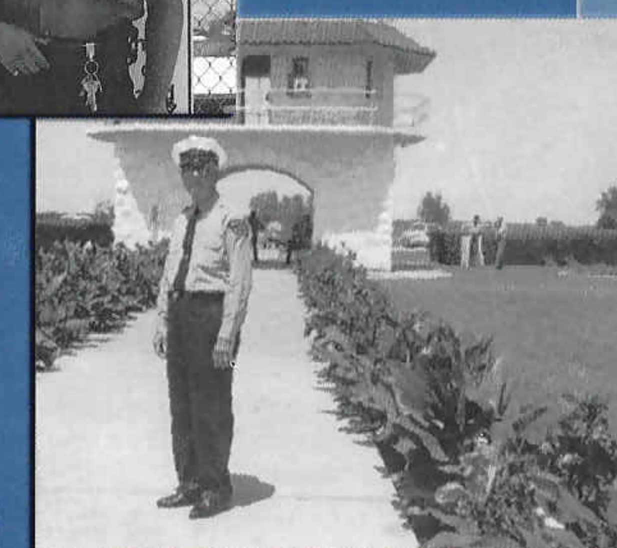
Brokerage Firm	Shares Traded	Dollar Volume of Trades	Commission Dollar Amount	Commission Per Share
Domestic				
Capital Institutional Services	1,169,433	$ 30,865,465	$ 70,094	0.06
Broadcourt Capital Corp.	1,096,100	43,976,908	64,269	0.06
Lehman Brothers Inc.	1,144,402	49,994,148	64,251	0.06
Paine Webber Jackson & Curtis	882,400	25,282,532	51,614	0.06
Goldman Sachs & Co.	638,900	30,671,504	35,890	0.06
Bear, Stearns & Co.	483,593	13,475,575	33,856	0.07
Autranet Inc.	560,653	28,757,779	33,482	0.06
Smith Barney Inc.	585,980	16,725,505	31,809	0.05
BT Alex Brown Inc.	527,472	15,076,040	31,675	0.06
First Boston Corporation	563,426	22,559,287	31,552	0.06
Morgan Stanley & Co., Inc.	540,955	22,272,426	29,401	0.05
J. P. Morgan Sec. Equity Group	556,600	20,149,385	29,158	0.05
NationsBank Mont Sec. LLC	488,805	15,293,000	28,365	0.06
Merrill Lynch	468,628	17,575,239	25,838	0.06
Lynch, Jones & Ryan	408,700	7,012,160	24,472	0.06
Pershing	445,753	16,144,693	24,020	0.05
Instinet Corp	563,040	12,250,309	20,295	0.04
SBC Warburg Dillon Read Inc.	346,000	18,035,882	19,070	0.06
Investment Technology Grp Inc.	650,178	9,937,472	17,706	0.03
Bernstein (Sanford) & Co. Inc.	314,950	13,542,108	16,809	0.05
Other (includes 101 Brokerage Firms)	6,211,445	216,763,591	329,616	0.05
Total	18,647,413	$ 646,361,006	$ 1,013,241	0.05
International				
Goldman, Sachs and Co./New York	970,507	$ 27,692,850	$ 68,670	0.07
Morgan Stanley and Co., Inc./New York	986,504	27,059,366	68,453	0.07
Deutsche Morgan Grenfell/New York	1,117,136	24,383,646	58,452	0.05
Deutsche Bank Securities Corp/New York	843,171	21,422,154	44,628	0.05
Bear Stearns Securities Corp/New York	31,175,460	16,159,116	34,309	0.00
SBC Warburg Dillon Read Asia Ltd	4,545,511	9,674,925	26,042	0.01
Morgan Stanley and Co., Inc./New York	18,161,120	9,816,217	23,755	0.00
UBS AG	436,704	8,616,848	21,803	0.05
ABN AMRO Securities/New York	1,083,926	8,202,707	19,834	0.02
HSBC James Capel/New York	697,974	8,284,980	18,558	0.03
Merrill Lynch/New York	4,955,020	4,358,183	15,281	0.00
Cazenove and Co./London	739,319	9,540,929	14,044	0.02
Banque Paribas/Paris	75,152	5,490,341	13,715	0.18
Bankers Trust International/London	362,317	6,507,266	13,663	0.04
Kleinwort Benson/New York	636,301	8,290,887	12,989	0.02
Salomon Brothers Finanz AG	22,272	5,014,532	12,568	0.56
ABN Amro Bank NV/New York	297,466	4,290,759	12,330	0.04
Dresdner Kleinwort Benson America	109,873	4,484,788	10,801	0.10
Salomon Brothers, Inc./New York	149,971	4,450,742	9,570	0.06
Lehman Brothers Securities/London	48,273	3,806,930	9,415	0.20
Other (includes 141 Brokerage Firms)	167,231,649	136,512,948	287,383	0.00
Total	234,645,626	$ 354,061,114	$ 796,264	0.00

Excludes zero commission trades

Actuarial section

1999 Certification of Actuarial Valuation
Summary of Actuarial Assumptions and Methods
Schedule of Active Member Valuation Data
Schedule of Retirants and Beneficiaries Added and Removed from Rolls
Analysis of Financial Experience
Summary of Plan Provisions
Changes in Plan Provisions
Solvency Test

Sergeant Evelyn, Mabel Bassett Correctional Center, OKC



Oklahoma State Reformatory, Granite, OK (early 1920s)

OPERS serves over 4,500 Department of Corrections employees at various locations throughout the state.

Now & Then

1960 | Oklahoma's population: 2.3 million (37.1% rural)

1961 | Berlin Wall is erected

1963 | JFK is assassinated

1964 | OPERS is established

1965 | US enters Vietnam War

1969 | Armstrong and Aldrin land on the moon

1971 | Carl Albert becomes Speaker of the House

1973 | US withdraws from Vietnam

1974 | Nixon resigns

1976 | The US celebrates its bicentennial anniversary

1979 | 52 Americans are seized from the US embassy in Tehran

WILLIAM M.
MERCER

October 27, 1999

Board of Trustees
Oklahoma Public Employees Retirement System
P.O. Box 53007
Oklahoma City, Oklahoma 73152

RE: 1999 Certification of Actuarial Valuation

Dear Members of the Board:

We certify that the information presented herein and in the July 1, 1999, Actuarial Valuation Report is accurate and shows fairly the actuarial position of the Oklahoma Public Employees Retirement System (OPERS) as of July 1, 1999.

The actuarial valuation was based on participant data submitted by the OPERS staff, which we examined for reasonableness. The financial information used in the valuation was provided to us by the System's independent public accountants.

Actuarial valuations to determine the funding requirements of the System are performed annually. The most recent actuarial valuation was done as of July 1, 1999.

The System's required contribution rates are established which, over time, will remain level as a percent of payroll if assumptions are met and the required rate is contributed. The required contribution rate has been determined to provide for (1) the normal cost, plus (2) amortization of the unfunded actuarial accrued liability over 40 years from July 1, 1987, plus (3) budgeted administrative expenses. The State's contribution rate was reduced to 10.0% of pay, as of July 1, 1999. As of July 1, 1999, the required contribution rate is 13.3%. The State contribution is not sufficient to fund the contribution developed under Governmental Accounting Standards Number 25 which includes the recognition of future ad-hoc COLAs at 66.7% of the assumed inflation rate. However, the rate is sufficient to fund the contribution when liabilities are measured using only System benefits currently in state statutes.

The actuarial assumptions and methods used in the valuation were adopted by the Board, based upon our recommendations. The assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by Government Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit and Note Disclosures for Defined Contribution Plans.*

We prepared all of the schedules shown in the Actuarial Section of the System's Annual Report. We also provided the Schedule of Funding Progress and Schedule of Employer Contributions which appear in the Financial Section of the System's Annual Report.

Sincerely,

John J. Toslosky, F.S.A., E.A., M.A.A.A.

Summary of Actuarial Assumptions and Methods

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

2. The mortality table used in evaluating allowances to be paid was the 1983 Group Annuity Mortality Table for males and females.

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

4. The probabilities of retirement with an age and service allowance are shown in Schedule 2.

5. The portion of the individual pay increase assumption attributable to inflation is 3 percent.

6. Benefits are expected to increase by 66.7% of the assumed rate of inflation as a result of future ad-hoc cost-of-living increases.

7. An individual entry-age actuarial cost method of valuation was used in determining age and service allowance actuarial liabilities and normal cost. Actuarial gains and losses reduce or increase the unfunded liability and are amortized over the remaining amortization period.

8. The actuarial value of assets is based on a five-year moving average of expected actuarial values and market values. A preliminary expected actuarial value is determined equal to the prior year's actuarial value of assets plus net cash flow for the year ending on the valuation date, assuming 7.5% interest. The expected actuarial asset value is equal to the preliminary expected actuarial value plus the unrecognized investment gains and losses as of the beginning of the previous plan year. Twenty percent (20%) of any gain/loss as measured by the difference between the expected actuarial value and the market value at the valuation date is added to the preliminary expected actuarial value plus twenty percent (20%) of the unrecognized gains or losses for the four preceding plan years. The final result is constrained to a value no less than 80% and no more than 120% of the market value at the valuation date.

9. The data about persons now covered was furnished by the System's administrative staff. Although examined for general reasonableness, the data was not audited by the actuary.

10. The actuarial valuation computations were made by or under the supervision of a Member of the American Academy of Actuaries (M.A.A.A.).

11. The actuarial assumptions and methods used in the valuation were adopted by the Board, based upon recommendations by the actuary.

12. An experience analysis was performed for the period from July 1, 1995, to June 30, 1998. As a result of this study, the following assumptions were changed:

    (1) the pay increase assumption
    (2) the mortality table for disabled pensioners
    (3) retirement rates
    (4) rates of disability and disabled mortality
    (5) probabilities of withdrawal in the first two years of employment
    (6) rate of future ad-hoc cost-of-living adjustments
    (7) the underlying rate of inflation

Summary of Actuarial Assumptions and Methods
(Continued)

Schedule 1

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

Sample Ages	Percent of Active Members Separating Within Next Year: Withdrawal After Five-year Select Period	Percent Increase in Individual's Pay During Next Year
20	12.04%	8.0%
30	8.01	5.7
40	5.34	4.8
50	3.62	4.1
60	1.75	4.1

Schedule 2A

Percent of Eligible Active Members Retiring Within Next Year
Those Eligible for Rule of 80

Retirement Ages	Percent	Retirement Ages	Percent
50	6.0%	61	20.0%
51	7.0	62	40.0
52	8.0	63	22.0
53	8.5	64	25.0
54	9.0	65	40.0
55	9.5	66	25.0
56	10.0	67	23.0
57	11.0	68	22.0
58	12.0	69	21.0
59	13.0	70	100.0
60	14.0		

Schedule 2B

Percent of Eligible Active Members Retiring Within Next Year
Those Not Eligible for Rule of 80

Retirement Ages	Percent	Retirement Ages	Percent
55	7.0%	63	22.0%
56	6.0	64	25.0
57	7.0	65	40.0
58	7.0	66	25.0
59	7.0	67	23.0
60	9.0	68	22.0
61	15.0	69	21.0
62	40.0	70	100.0

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll[1]	Annual Average Pay	% Increase In Average Pay
July 1, 1999	44,116	$1,219,031,066	$ 27,633	3.84%
July 1, 1998	43,379	$1,154,342,141	$ 26,611	0.53%
July 1, 1997	44,570	$1,179,728,464	$ 26,470	4.08
July 1, 1996	44,125	$1,122,183,864	$ 25,432	1.58
July 1, 1995	43,987	$1,101,256,680	$ 25,036	3.08
July 1, 1994	44,853	$1,089,323,295	$ 24,287	2.14
July 1, 1993	45,622	$1,084,773,899	$ 23,777	2.18
July 1, 1992	47,410	$1,103,214,275	$ 23,270	3.54
July 1, 1991	47,543	$1,068,550,019	$ 22,475	4.89
July 1, 1990	46,306	$ 992,241,468	$ 21,428	4.24
July 1, 1989	44,674	$ 918,306,232	$ 20,556	8.72

(1) The Annual Payroll shown above differs from the Covered Payroll shown in the Financial Section. The Annual Payroll reflects total compensation paid during the plan year. The Covered Payroll reflects compensation up to the maximum compensation levels on which employee and employer contributions are based.

Schedule of Retirants and Beneficiaries Added and Removed From Rolls

Year Ended	Added to Rolls No.	Added to Rolls Annual Allowances	Removed from Rolls No.	Removed from Rolls Annual Allowances	Rolls – End of Year No.	Rolls – End of Year Annual Allowances	% Increase in Annual Allow-ances	Average Annual Allowances
June 30, 1999	1,303	$ 13,425,106	629	$ 5,311,921	19,633	$ 200,555,038	4.88	$ 10,215
June 30, 1998	1,296	$ 13,107,129	669	$ 4,617,640	18,959	$ 191,226,984	15.64	$ 10,086
June 30, 1997	1,219	$ 13,140,234	630	$ 5,209,799	18,332	$ 165,361,419	5.04	$ 9,020
June 30, 1996	1,154	$ 10,792,811	618	$ 3,734,220	17,743	$ 157,430,984	4.69	$ 8,873
June 30, 1995	1,139	$ 9,714,883	514	$ 3,322,193	17,207	$ 150,372,393	4.44	$ 8,739
June 30, 1994	1,201	$ 15,922,280	522	$ 3,081,956	16,582	$ 143,979,703	9.79	$ 8,683
June 30, 1993	1,049	$ 10,019,494	507	$ 3,183,179	15,903	$ 131,139,379	5.50	$ 8,246
June 30, 1992	1,087	$ 10,624,784	500	$ 3,061,680	15,361	$ 124,303,064	6.62	$ 8,092

Analysis of Financial Experience

Gains & Losses in Accrued Liabilities During the Year Ended June 30, 1999
Resulting from Differences Between Assumed Experience & Actual Experience

	Type of Activity	Gain (or Loss) for Year 1999
1.	**Age & Service Retirements.** If members retire at older ages or with greater benefits than assumed, there is a gain. If they retire at younger ages or have higher average pays, a loss occurs.	$ (22,810,000)
2.	**Disability Retirements.** If disability claims are less than assumed, there is a gain. If more claims, a loss.	$ (1,282,000)
3.	**Death Benefits.** If survivor claims are less than assumed, there is a gain. If more claims, there is a loss.	$ 14,996,000
4.	**Withdrawal from Employment.** If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss.	$ 14,703,000
5.	**Pay Increases.** If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.	$ (13,253,000)
6.	**New Entrants.** All new entrants to the plan create a loss.	$ (23,928,000)
7.	**Other.** Miscellaneous gains and losses resulting from data adjustments, employee transfers, valuation methods, etc.	$ (41,405,000)
8.	**Gain (or Loss) During Year From Financial Experience**	$ 280,187,000
9.	**Non-Recurring Items.** Adjustments for plan amendments, etc.	$ (25,247,000)
11.	**Assumption Changes.**	$ (781,058,000)
10.	**Composite Gain (or Loss) During Year**	$ (599,097,000)

Summary of Plan Provisions

Effective Date: The plan became effective January 1, 1964. The plan year is July 1 to June 30.

Employees Included: All permanent employees of the State of Oklahoma, legislated agencies, and any other employer such as county, county hospital, city, or trust in which a municipality is the primary beneficiary, are eligible to join if:

- the employee is not eligible for or participating in another state retirement system, except Social Security and not participating in the U.S. Civil Service Retirement System,
- the employee is scheduled for 1,000 hours per year and salary is not less than the hourly rate of the monthly minimum wage for State employees (for employees of local government employers, not less than the hourly rate of the monthly minimum wage for such employees).

Membership is mandatory for new eligible employees on the first of the month following employment.

Employee and Employer Contributions: 3% for pay under $25,000 and 3.5% over $25,000 for State employees and 10.0% for employers for the 1999-2000 year. Local employees, elected officials and Department of Corrections employees contribute at varying rates.

Final Average Compensation: Generally, the highest annual average of any three years within the last ten years of participating service.

Retirement Date:

Normal: Age 62 (age 60 for elected officials), 80 age/service points if hired before July 1, 1992, 90 age/service points if hired after July 1, 1992. Age 50 with 20 years of service for Department of Correction employees.

Early: Age 55 with 10 years of service (6 years for elected officials).

Normal Retirement Benefit: General formula is 2% of final average compensation multiplied by service.

Disability Benefit: After eight years of service, provided the Member qualifies for federal Social Security disability benefits. Payable immediately without actuarial reduction.

In-Service Death Benefit: If the deceased Member was vested, the benefit that would have been paid the Member had he retired and elected the joint and 100% survivor option.

Post-Retirement Death Benefit: $5,000 lump-sum.

Forms of Payment: Life annuity, joint and 50% survivor annuity, joint and 100% survivor annuity, life annuity with a minimum of 120 monthly payments.

Post-Retirement Medical Insurance Premium: System contributes up to $75 per month to the Oklahoma State and Education Employee's Group Health Insurance Program.

Changes in Plan Provisions

Effective July 1, 1999, the Plan was amended as follows:

1. Senate Bill 386 allows the system to refund the excess contributions paid by current terminated vested members on compensation earned above $25,000, made between January 1, 1987 and July 1, 1994 in the form of a $200/month additional annuity commencing on the date the member commences their regular OPERS pension benefit.
2. House Bill 1044 increased the lump sum death benefit for retirees from $4,000 to $5,000 if the retiree dies on or after July 1, 1999.
3. Senate Bill 295 allows the system to credit actuarial earnings of 7.5% compounded annually on the excess contributions paid by members on compensation earned above $25,000 made between January 1, 1987 and July 1, 1994.
4. Senate Bill 183 reduced the employer contributions to 10% of each member's compensation. State employee contribution rates remain at 3% of compensation earned up to $25,000 and 3.5% of compensation earned above $25,000.

Solvency Test

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

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

A short-term solvency test is one means of checking OPERS funding progress. In a short-term solvency test, the retirement plan'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 plan based on total actuarial accrued liabilities (1+2+3) provides an indication of how well the plan is funded.

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

Actuarial Accrued Liabilities and Valuation Assets (in thousands)

						Portion of Actuarial Accrued Liabilities Covered by Reported Assets			
Date	Active Member Contributions (Liability 1)	Retirees, Beneficiaries and Terminated Vested Members (Liability 2)	Employer Financed Portion of Active Members (Liability 3)	Total Liability (1+2+3)	Reported Assets*	(1)	(2)	(3)	Funded Ratio of Total Accrued Actuarial Liabilities
7-1-89	85,805	962,569	903,124	1,951,498	1,461,487	100	100	45.7	74.9
7-1-90	103,329	1,044,160	1,080,004	2,227,493	1,620,416	100	100	43.8	72.7
7-1-91	119,885	1,106,771	1,105,820	2,332,476	1,753,031	100	100	47.6	75.2
7-1-92	137,755	1,188,229	1,155,883	2,481,867	1,899,215	100	100	49.6	76.5
7-1-93	155,862	1,255,607	1,190,118	2,601,587	2,211,583	100	100	67.2	85.0
7-1-94	172,724	1,375,847	1,480,231	3,028,802	2,394,611	100	100	57.2**	79.1**
7-1-95	189,499	1,470,733	1,553,863	3,214,095	2,614,376	100	100	61.4	81.3
7-1-96	202,509	1,547,484	1,568,233	3,318,226	2,893,340	100	100	72.9	87.2
7-1-97	216,000	1,617,983	1,760,648	3,594,631	3,270,948	100	100	81.6	91.0
7-1-98	232,699	1,978,246	1,905,625	4,116,570	3,732,849	100	100	79.9	90.7
7-1-99	254,787	2,455,786	2,469,212	5,179,785	4,261,624	100	100	62.8	82.3***

* Actuarial value of assets based on the smoothing technique adopted by Board. The June 30, 1999, market value of net assets available for benefits was approximately $4,831,198,000.

** Decreases in percentages due to plan provision changes authorized by 1994 Legislative action.

*** Decrease from prior year is mostly due to the addition of a 2% annual ad-hoc COLA assumption.

Statistical section

Schedule of Revenue by Source

Schedule of Expenses by Source

Schedule of Retired Members by Type of Benefit

Schedule of Average Benefit Payments

Participating Employers

Demographics and Actuarial Accrued Liability Status Charts

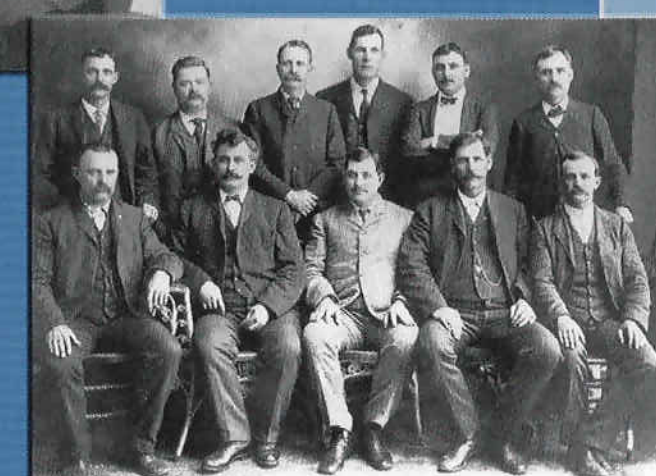
Member Statistics

Summary of Retirees, Beneficiaries, and Disabled Members

Summary of Terminated Vested Members

Summary of Active Members


Craig Platt, Logan County Sheriff


Sheriff's Association of Oklahoma Territory (1902-1904)

OPERS serves members of local government organizations in 75 counties including county sherriffs and other elected officials.

Now & Then

1999 Comprehensive Annual Financial Report

1980

1980 | Oklahoma's population: 3 million (32.7% rural)

1981 | Hostages in Iran are released

1981 | IBM introduces the PC

1985 | Wilma Mankiller becomes Chief of the Cherokee Nation

1986 | Chernobyl meltdown

1989 | The Berlin Wall is torn down

1991 | Persian Gulf War

1994 | A massive comet crashes into Jupiter

1995 | Oklahoma City bombing

1997 | Scottish scientists clone Dolly the sheep

1999 | Dow Jones Industrial Average tops 11,000 points

1999

Schedule of Revenue by Source

Year Ending June 30	Member Contributions	Employer Contributions: Dollars	Employer Contributions: % of Annual Covered Payroll	Investment Income (a)	Total
1999	$ 43,926,338	$ 149,221,715	12.93	$ 411,771,139	$ 604,919,192
1998	40,733,996	143,699,100	12.21	689,661,465	874,094,561
1997	35,065,157	135,398,023	12.11	590,621,553	761,084,733
1996	28,760,749	123,394,882	11.26	416,850,932	569,006,563
1995	29,202,934	118,786,354	11.02	389,255,790	537,245,078
1994	29,113,352	111,615,426	11.04	250,756,324	391,485,102
1993	28,816,149	112,654,847	10.88	128,885,707	270,356,703
1992	27,767,268	111,910,058	11.11	220,559,282	360,236,608
1991	26,161,627	100,194,525	10.30	163,218,204	289,574,356
1990	23,619,110	117,919,178	12.84	160,480,814	302,019,102

Schedule of Expenses by Source

Year Ending June 30	Benefit Payments	Administrative Expenses	Refunds	Other (b)	Total
1999	$ 211,519,489	$ 2,637,341	$ 9,232,301	$ -	$ 223,389,131
1998	181,860,179	3,279,144	6,868,646	-	192,007,969
1997	166,444,374	2,049,333	6,640,430	-	175,134,137
1996	159,327,539	2,111,476	6,072,222	-	167,511,237
1995	152,327,223	2,107,563	5,639,341	-	160,074,127
1994	140,780,790	1,862,570	4,709,756	3,219,370	150,572,486
1993	132,464,583	1,747,546	3,335,837	10,907,011	148,454,977
1992	125,243,459	1,596,348	2,906,668	32,432,245	162,178,720
1991	117,949,923	1,629,914	3,173,521	-	122,753,358
1990	106,852,371	1,718,150	3,205,502	-	111,776,023

(a) In fiscal year 1996, OPERS adopted GASB Statement No. 25, which among other provisions, requires that investments be reported at fair value. The effect of implementing this pronouncement was reflected for reporting purposes for the plan year ending June 30, 1995, requiring a restatement of net plan assets at June 30, 1994. Accordingly, investment income, beginning with the fiscal year ended June 30, 1995, reflects both realized and unrealized investment gains and losses. In years prior to this date, investments were reported at cost and the investment income reported for those periods reflects only realized gains and losses.

(b) Other represents the impairment of investment in real estate funds recorded under the cost basis of accounting (years prior to 1995).

Schedule of Retired Members by Type of Benefit

July 1, 1999

Amount of Monthly Benefit	Number of Retirants	Type of Retirement* 1	2	3	4	Option Selected** Life	Opt. 1	Opt. 2
Deferred	5,198				5,198	5,198		
$ 1-250	1,864	1,330	62	472		1,014	830	20
251-500	5,311	4,459	377	475		3,844	1,412	55
501-750	3,776	3,301	242	233		2,779	947	50
751-1000	2,723	2,432	141	150		1,925	753	45
1001-1250	1,886	1,773	41	72		1,292	560	34
1251-1500	1,264	1,191	14	59		773	467	24
1501-1750	857	822	6	29		521	317	19
1751-2000	654	639	2	13		338	287	29
over 2000	1,298	1,264	0	34		614	661	23
Total	24,831	17,211	885	1,537	5,198	18,298	6,234	299

***Type of Retirement**

1 = Normal or early retirement
2 = Disability retirement
3 = Survivor payment
4 = Former member with deferred future benefit

****Option Selected**

Life
Option 1 = Joint and Survivor
Option 2 = 10 Year Certain and Life

Schedule of Average Benefit Payments

Retirement Effective Dates July 1, 1990 to June 30, 1999	Years of Credited Service 0 to 5	6 to 10	11 to 15	16 to 20	21 to 25	26 to 30	31+
Period 7/1/90 to 6/30/91:							
Average Monthly Benefit	$ 113	$ 314	$ 468	$ 760	$ 1,079	$ 1,426	$ 2,032
Average Final Average Salary	$ 1,181	$ 1,469	$ 1,638	$ 1,817	$ 1,935	$ 2,121	$ 2,658
Number of Active Retirants	5	149	223	162	133	133	108
Period 7/1/91 to 6/30/92:							
Average Monthly Benefit	$ 123	$ 283	$ 450	$ 697	$ 1,053	$ 1,376	$ 2,085
Average Final Average Salary	$ 1,147	$ 1,519	$ 1,621	$ 1,862	$ 2,039	$ 2,168	$ 2,681
Number of Active Retirants	3	148	210	172	163	156	171
Period 7/1/92 to 6/30/93:							
Average Monthly Benefit	$ 149	$ 309	$ 474	$ 684	$ 1,093	$ 1,444	$ 1,983
Average Final Average Salary	$ 1,261	$ 1,627	$ 1,715	$ 1,768	$ 2,019	$ 2,230	$ 2,705
Number of Active Retirants	3	142	237	142	148	137	145
Period 7/1/93 to 6/30/94:							
Average Monthly Benefit	$ 158	$ 284	$ 454	$ 689	$ 1,070	$ 1,305	$ 1,952
Average Final Average Salary	$ 1,406	$ 1,586	$ 1,759	$ 1,961	$ 2,196	$ 2,206	$ 2,836
Number of Active Retirants	1	149	278	185	184	145	188
Period 7/1/94 to 6/30/95:							
Average Monthly Benefit	$ 161	$ 298	$ 446	$ 685	$ 1,009	$ 1,345	$ 1,827
Average Final Average Salary	$ 1,467	$ 1,678	$ 1,724	$ 1,880	$ 2,147	$ 2,274	$ 2,725
Number of Active Retirants	1	188	289	190	157	136	121
Period 7/1/95 to 6/30/96:							
Average Monthly Benefit	$ 72	$ 272	$ 436	$ 647	$ 1,011	$ 1,409	$ 1,888
Average Final Average Salary	$ 986	$ 1,620	$ 1,852	$ 1,981	$ 2,227	$ 2,507	$ 2,740
Number of Active Retirants	1	148	263	197	192	126	146
Period 7/1/96 to 6/30/97:							
Average Monthly Benefit	$ 95	$ 333	$ 491	$ 683	$ 993	$ 1,394	$ 1,858
Average Final Average Salary	$ 1,018	$ 1,854	$ 1,935	$ 2,015	$ 2,165	$ 2,445	$ 2,795
Number of Active Retirants	3	205	283	196	207	146	154
Period 7/1/97 to 6/30/98:							
Average Monthly Benefit	$ 127	$ 281	$ 436	$ 682	$ 1,043	$ 1,402	$ 1,796
Average Final Average Salary	$ 1,381	$ 1,793	$ 2,024	$ 2,151	$ 2,347	$ 2,721	$ 2,934
Number of Active Retirants	3	235	233	266	221	154	154
Period 7/1/98 to 6/30/99:							
Average Monthly Benefit	$ -	$ 309	$ 492	$ 758	$ 1,108	$ 1,568	$ 2,110
Average Final Average Salary	$ -	$ 1,847	$ 2,085	$ 2,292	$ 2,388	$ 2,803	$ 3,108
Number of Active Retirants	-	199	271	248	198	191	151

Note: Average monthly benefit amounts reflect the impact of the cost of living adjustment which became effective for benefit payments beginning July 1998.

Participating Employers

State Agencies

ABLE Commission
Accountancy, Board of Public
Agriculture, Deptartment of
Architects, Board of Governors
Arts Council, State
Attorney General's Office
Auditor and Inspector
Banking Department
Boll Weevil Eradication Organization
Finance, State Office of
Campaign Compliance, Commission on
Central Services, Department of
Children & Youth, Commission on
Chiropractic Examiners, Board of
Civil Emergency Management
Conservation Commission
Consumer Credit, Department of
Commerce, Department of
Corporation Commission
Corrections, Department of
Cosmetology, Board of
Council on Judicial Complaints
Court of Criminal Appeals
Davis Gun Museum
Dentistry, Board of
District Attorneys Council
District Courts
Election Board, State
Embalmers & Funeral Directors, Board of
Employees Benefits Council
Employment Security Commission
Energy, Office of the Secretary of
Engineers & Surveyors, Board of
Environmental Quality, Department of
Fire Marshal Commission, State
Firefighters Pension & Retirement Board
Governor's Office
Grand River Dam Authority
Handicapped Concerns, Office of
Health, Department of
Health Care Authority
Historical Society
Horse Racing Commission
House of Representatives
Housing Finance Agency
Human Rights Commission
Human Services, Department of
Indian Affairs Commission
Indigent Defense System
Industrial Finance Authority
Insurance Department, State
Insurance Fund, State
Juvenile Affairs, Office of
Labor, Department of
Lieutenant Governor, Office of
Commissioners of the Land Office
Council on Law Enforcement Education & Training
Law Enforcement Retirement System
Legislative Service Bureau
Libraries, Department of
Licensed Social Workers Registration
Liquefied Petroleum Gas Administration
Marginally Producing Oil & Gas Wells, Commission on
J.D. McCarty Center for Handicapped Children
Medical Licensure and Supervision, Board of
Medical Technology & Research Authority of OK
Medicolegal Investigations, Board of
Mental Health, Department of
Merit Protection Commission
Military Dept. of Adjunct General
Mines, Department of
Motor Vehicle Commission
Municipal Power Authority
Narcotics & DDC, Bureau of
Nursing, Board of
Examiners for Nursing Home Admin., Board of
Oklahoma Educational Television Authority
Oklahoma Public Employees Retirement System
Ordnance Works Authority
Optometry Board
Oklahoma State Board of Investigation
Osteopathic Examiners, State Board of
Pardon & Parole Board
Peanut Commission
Personnel Management, Office of
Pharmacy, Board of
Physicians Manpower Training Commission
Police Pension
Psychologists Examiners, Board of
Public Safety, Department of
Real Estate Commission
Rehabilitation, Department of
Science/Technology, Center for Advancement of
Secretary of State, Office of
Securities Commission
Speech Pathology & Audiology Board
Senate
State/Education Employees Group Insurance Brd.
Supreme & District Court
Tax Commission
Teacher Preparation, Commission on
Transportation, Department of
Treasurers Office, State
Tourism & Recreation Department
Turnpike Authority
Used Motor Vehicles & Parts Commission
University Hospitals Authority
Veterans Affairs, Department of
Veterinary Medical Examiners, State Board of
Waters Resources Board
Wheat Commission
Will Rogers Memorial Commission
Worker's Compensation Court

Participating Employers Continued

County and Local Government

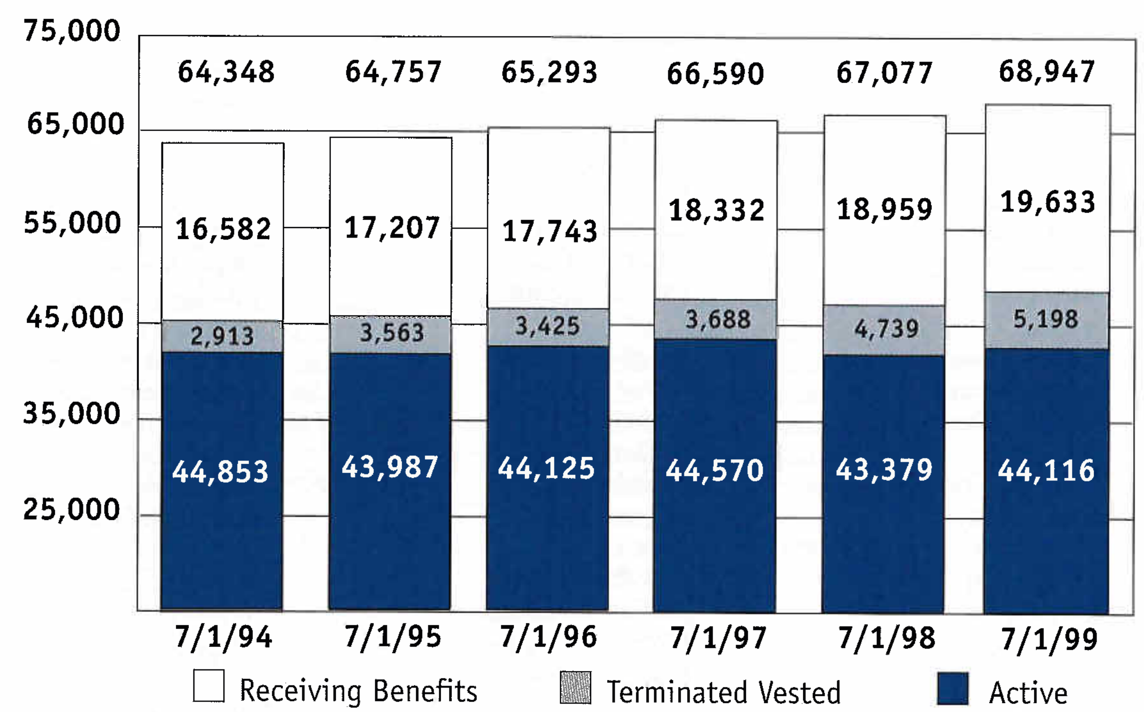
Adair County
Alfalfa County
Atoka County
Beaver County
Beckham County
Blaine County
Bryan County
Caddo County
Canadian County
Carter County
Cherokee County
Choctaw County
Cimarron County
Cleveland County
Coal County
Comanche County
Cotton County
Craig County
Creek County
Custer County
Deleware County
Dewey County
Ellis County
Garfield County
Garvin County
Grady County
Grant County
Greer County
Harmon County
Harper County
Haskell County
Hughes County
Jackson County
Jefferson County
Johnston County
Kay County
Kingfisher County
Kiowa County
Latimer County
LeFlore County
Lincoln County
Logan County
Love County
McClain County
McCurtain County
McIntosh County
Major County
Marshall County
Mayes County
Murray County
Muskogee County
Noble County
Nowata County
Okfuskee County
Okmulgee County
Osage County
Ottawa County
Pawnee County
Payne County
Pittsburg County
Pontotoc County
Pottawatomie County
Pushmataha County
Roger Mills County
Rogers County
Seminole County
Sequoyah County
Stephens County
Texas County
Tillman County
Wagoner County
Washington County
Washita County
Woods County
Woodward County

Town of Arnett
City of Beaver
City of Bixby
City of Cheyenne
City of Commerce
Cyril, Town of
Town of Fairfax
Town of Fort Supply
City of Grandfield
City of Grove
City of Heavener
Hinton, Town of
Holdenville, City of
Hugo, City of
Ketchum, City of
Kingfisher, City of
Mangum, City of
Mountain View, City of
Okarche, City of
Rush Springs, Town of
Ryan, City of
Sentinel, Town of
Shattuck, City of
Stigler, City of
Tahlequah, City of
Vici, Town of
Wewoka, City of
Wilson, City of

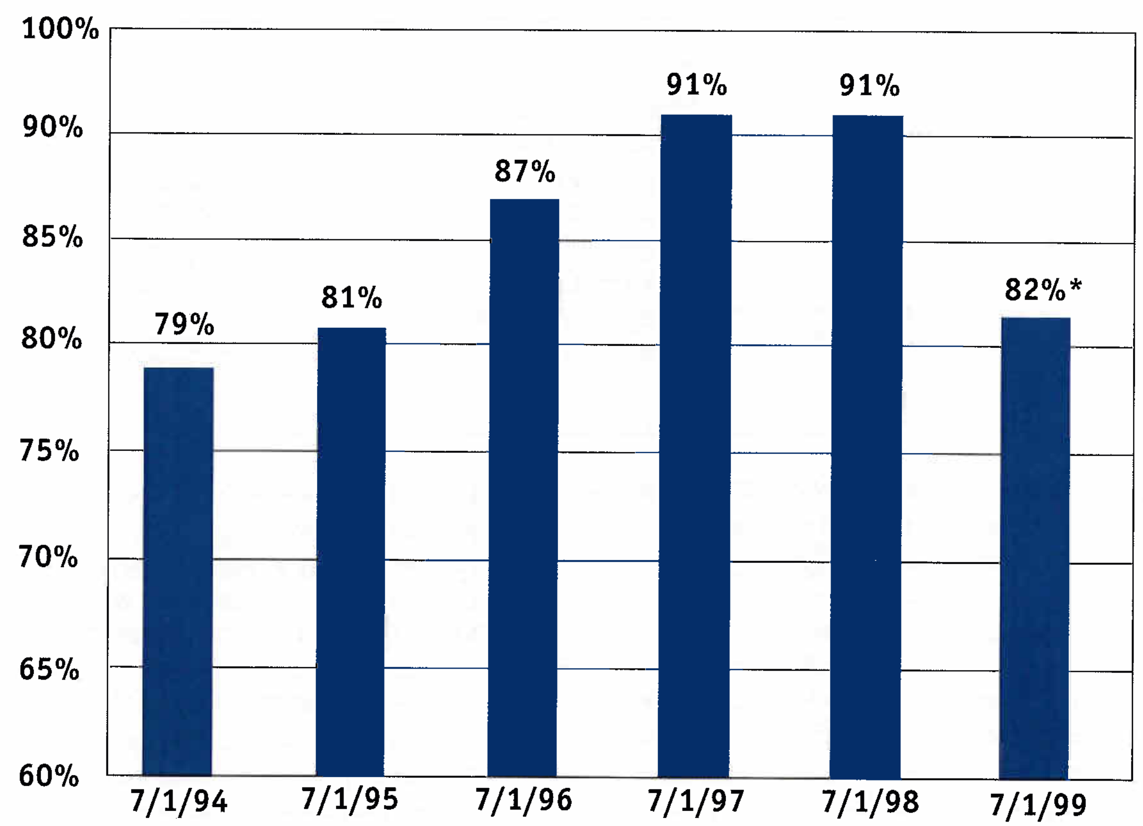
Association of South Central OK Governments
Beaver County Memorial Hospital
Bixby Public Works Authority
Craig County General Hospital
Choctaw County Ambulance
Eastern Oklahoma District Library
Grady County Emergency Medical Service
Greer County Special Ambulance Service
Heavener Utility Authority
Watonga Housing Authority
Johnston County Rural Water District
Kiamichi Economic Development District of OK
Ketchum Public Works
LeFlore County Emergency Medical Service
LeFlore County Rural Water & Sewer
Major County Emergency Medical Service
McCurtain County Emergency Medical Service
Midwestern OK Development Authority
Muskogee County Emergency Medical Service
Poteau Valley Improvement Authority
Southwestern Oklahoma Development Authority
Tri-County Rural Water District

Demographics and Actuarial Accrued Liability Status Charts

Demographics Chart



Accrued Actuarial Liability Status Chart



* Decrease from prior year is mostly due to the addition of a 2% annual ad-hoc COLA assumption. See page 56 for more details.

Member Statistics

Inactive Participants as of July 1, 1999	No.	Amount of Annual Benefit [1]
Participants Receiving Benefits		
● Retired	17,211	$ 184,795,710
● Joint Annuitants and Surviving Spouses	1,537	9,730,924
● Disabled	885	6,028,404
Total	**19,633**	**$ 200,555,038**
Participants with Deferred Benefits		
● Vested Terminated	3,844	$ 26,109,880
● Assumed Deferred Vested Members [2]	1,354	14,806,570
Total	**5,198**	**$ 40,916,450**

Statistics for Active Participants	No.	Average Age	Average Service	Average Earnings
As of July 1, 1998				
● Continuing	37,760	45.4	11.4	$ 27,730
● New	5,619	37.3	1.9	$ 19,088
Total	**43,379**	**44.5**	**10.4**	**$ 26,611**
As of July 1, 1999				
● Continuing	38,169	45.8	11.6	$ 28,664
● New	5,947	38.1	2.0	$ 21,019
Total	**44,116**	**44.8**	**10.3**	**$ 27,633**

[1] Includes $75 per month medical insurance premium

[2] Estimated benefits.

Summary of Retirees, Beneficiaries, and Disabled Members

(Annual Benefits)

Attained Age	Retirees		Joint Annuitants & Surviving Spouses		Disabled Members		Current Payment Total	
	No.	Benefit	No.	Benefit	No.	Benefit	No.	Benefit
Under 51	48	$ 967,290	46	$ 280,618	197	$ 1,356,754	291	$ 2,604,662
51	56	1,170,334	12	102,439	30	239,805	98	1,512,578
52	104	2,043,957	13	94,580	39	290,815	156	2,429,352
53	93	1,732,475	12	100,472	21	139,407	126	1,972,354
54	115	2,401,733	16	106,193	31	205,414	162	2,713,340
55	194	3,246,419	19	121,233	39	288,983	252	3,656,635
56	280	4,658,516	28	155,700	45	351,471	353	5,165,687
57	268	3,989,869	32	244,373	44	314,538	344	4,548,780
58	307	4,669,363	22	125,699	46	299,740	375	5,094,802
59	290	4,410,698	17	123,363	41	278,177	348	4,812,238
60	389	5,733,325	47	411,696	54	352,936	490	6,497,957
61	382	5,437,993	37	288,434	47	309,791	466	6,036,218
62	589	6,952,310	23	143,295	37	231,220	649	7,326,825
63	649	7,507,206	40	334,589	23	113,936	712	7,955,731
64	777	8,461,525	63	287,421	43	296,205	883	9,045,151
65	758	8,339,345	48	342,765	38	244,624	844	8,926,734
66	783	8,511,439	47	314,354	26	176,991	856	9,002,784
67	713	7,465,501	45	244,718	25	167,282	783	7,877,501
68	800	8,462,300	47	313,969	25	157,525	872	8,933,794
69	781	8,043,987	59	435,265	19	111,893	859	8,591,145
70	670	6,527,065	60	402,277	14	95,027	744	7,024,369
71	661	6,653,761	70	517,048	0	0	731	7,170,809
72	781	7,888,113	72	479,964	0	0	853	8,368,077
73	650	6,476,794	61	404,164	0	0	711	6,880,958
74	619	5,833,779	57	404,134	0	0	676	6,237,913
75	598	5,747,726	45	319,262	0	0	643	6,066,988
76	605	5,880,128	54	358,210	1	5,870	660	6,244,208
77	533	4,961,481	52	263,726	0	0	585	5,225,207
78	473	4,412,479	52	317,741	0	0	525	4,730,220
79	402	3,546,974	40	177,865	0	0	442	3,724,839
80	432	3,545,487	45	233,320	0	0	477	3,778,807
81	381	3,173,738	31	138,715	0	0	412	3,312,453
82	303	2,419,664	31	177,359	0	0	334	2,597,023
83	241	1,909,621	39	176,576	0	0	280	2,086,197
84	275	2,218,002	29	167,841	0	0	304	2,385,843
85	237	1,880,343	27	99,298	0	0	264	1,979,641
86	215	1,585,294	23	116,139	0	0	238	1,701,433
87	164	1,271,939	18	70,252	0	0	182	1,342,191
88	147	1,129,256	12	75,407	0	0	159	1,204,663
89	122	873,847	9	38,866	0	0	131	912,713
90	95	848,756	6	32,426	0	0	101	881,182
Over 90	231	1,805,878	31	189,158	0	0	262	1,995,036
Total	**17,211**	**$ 184,795,710**	**1,537**	**$ 9,730,924**	**885**	**$ 6,028,404**	**19,633**	**$ 200,555,038**

Summary of Terminated Vested Members

(Annual Benefits)

Attained Age	Members With Deferred Benefits	
	No.	Benefit
Under 41	1,141	$ 8,230,200
41	213	1,796,297
42	236	1,847,265
43	208	1,839,362
44	247	2,175,655
45	236	2,080,331
46	240	2,310,147
47	231	2,072,123
48	269	2,364,832
49	246	2,131,341
50	259	2,086,737
51	230	1,824,424
52	292	2,301,277
53	194	1,440,519
54	188	1,434,711
55	127	925,828
56	146	1,018,159
57	118	720,975
58	75	478,032
59	87	520,136
60	79	439,555
61	60	371,377
62	13	91,510
63	12	48,989
64	8	39,477
65	7	38,638
66	4	23,346
67	4	8,707
68	6	59,697
69	1	1,845
70	4	20,742
Over 70	17	174,216
Total	**5,198**	**$ 40,916,450**

Summary of Active Members

Age and Years of Credited Service
Earnings Tabulated are Average Rates of Pay as of July 1, 1999

Count of Paid Active Members

	Years of Service									
Age	**0 - 4**	**5 - 9**	**10 -14**	**15 -19**	**20 - 24**	**25 - 29**	**30 - 34**	**35 - 39**	**40+**	**Total**
Under 20	70	0	1	4	0	0	0	0	0	75
20 - 24	1,309	11	0	0	0	0	0	0	0	1,320
25 - 29	2,787	440	24	0	0	0	0	0	3	3,254
30 - 34	2,312	1,231	580	41	0	0	0	0	0	4,164
35 - 39	2,136	1,319	1,444	943	96	0	0	0	1	5,939
40 - 44	1,949	1,254	1,325	1,252	755	117	1	0	1	6,654
45 - 49	1,821	1,248	1,288	1,109	963	657	75	1	0	7,162
50 - 54	1,450	1,118	1,266	977	656	699	283	43	2	6,494
55 - 59	983	872	940	843	512	304	179	105	27	4,765
60 - 64	417	512	515	428	249	150	56	43	29	2,399
65 - 69	108	152	115	89	42	25	13	15	10	569
70 - 74	42	38	37	21	14	10	5	2	2	171
75+	31	20	19	13	7	8	2	1	1	102
Total	15,415	8,215	7,554	5,720	3,294	1,970	614	210	76	43,068
										1,048[1]
										44,116

Average Compensation

	Years of Service									
Age	**0 - 4**	**5 - 9**	**10 -14**	**15 -19**	**20 - 24**	**25 - 29**	**30 - 34**	**35 - 39**	**40+**	**Total**
Under 20	15,281	0	0	0	0	0	0	0	0	16,017
20 - 24	18,857	18,476	0	0	0	0	0	0	0	18,854
25 - 29	22,632	24,097	25,218	0	0	0	0	0	0	22,838
30 - 34	23,274	27,668	27,288	28,889	0	0	0	0	0	25,187
35 - 39	23,276	27,811	30,840	29,721	29,716	0	0	0	0	27,246
40 - 44	23,737	27,710	30,768	32,666	32,364	31,395	25,622	0	0	28,678
45 - 49	24,157	27,913	30,252	32,409	34,891	35,096	33,683	23,303	0	29,732
50 - 54	23,738	27,356	29,728	31,864	33,976	36,933	36,679	43,318	56,406	29,909
55 - 59	23,778	26,880	29,329	30,838	31,374	35,298	37,688	41,676	43,431	29,269
60 - 64	23,375	27,249	27,608	29,766	30,935	31,620	34,865	40,647	46,541	28,409
65 - 69	21,103	26,276	29,304	32,030	32,875	39,553	40,892	45,966	51,564	29,174
70 - 74	27,354	29,747	24,450	26,971	27,132	35,077	50,252	12,504	39,129	28,277
75+	24,390	30,635	23,634	33,843	35,883	32,451	22,928	12,808	47,109	28,180
Total	22,986	27,370	29,770	31,446	33,076	35,340	36,579	41,605	43,767	27,794[2]

(1) Members without applications.

(2) Average compensation for members without application is $21,019. The average for all members including the members without applications is $27,633.