Oklahoma Public Employees Retirement Plan

Administered by the Oklahoma Public Employees Retirement System

Financial Statements
(With Independent Auditors' Report Thereon)
June 30, 2022 and 2021

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Trustees
Oklahoma Public Employees Retirement System
Oklahoma City, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the pension and health insurance subsidy plan (HISP) funds of the Oklahoma Public Employees Retirement System (the System), a component unit of the State of Oklahoma, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Oklahoma Public Employees Retirement System as of June 30, 2022 and 2021, and the respective changes in financial positions for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Oklahoma Public Employees Retirement System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Oklahoma Public Employees Retirement System's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Oklahoma Public Employees Retirement System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Oklahoma Public Employees Retirement System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 4 to 11 and 37 to 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements.

The other supplementary information accompanying financial information listed as other supplementary information on pages 43 to 45 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying financial information listed as supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2022, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Eide Bailly LLP

Oklahoma City, Oklahoma
October 11, 2022

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

As management of the Oklahoma Public Employees Retirement System (the System), we offer readers of the System's financial statements this narrative overview and analysis of the financial activities of the System for the fiscal years ended June 30, 2022, 2021, and 2020.

Financial Highlights

- The net position restricted for pension and health insurance subsidy plan (HISP) totaled slightly under $10.4 billion at June 30, 2022 comparable to the position at June 30, 2021, declining by approximately $2.1 billion due to a considerable decline in investment income and flows of funds, and $10.1 billion at June 30, 2020. The net position is available for payment of monthly retirement benefits and other qualified distributions to the System's participants. US Equity and International Equity saw a significant loss in fiscal year (FY) 2022, resulting in a decrease in net investment income which led to a loss in net position restricted for pension/HISP benefits from June 30, 2021 to June 30, 2022 contrary to the prior year where there was a significant gain in net investment income of 28.0% from June 30, 2020 to June 30, 2021.
- At June 30, 2022, 2021, and 2020, the total number of members participating in the System decreased 1.6% for both years and decreased 1.5% in 2020. Membership was 73,015 at June 30, 2022, 74,195 at June 30, 2021, and 75,376 at June 30, 2020. The number of retirees increased by 0.8% as of June 30, 2022, increased by 0.5% as of June 30, 2021, and increased by 0.9% as of June 30, 2020. The total number of retirees was 36,649 at June 30, 2022, 36,351 at June 30, 2021, and 36,179 at June 30, 2020.

Overview of the Financial Statements

The System is a multiple-employer, cost-sharing public employee retirement plan, which is a defined benefit pension plan. The System covers substantially all employees of the state of Oklahoma (the State) except those covered by seven other plans sponsored by the State. The System also covers employees of participating counties and local agencies.

Nearly all new state employees first employed by a System participating employer on or after November 1, 2015 are participating in the State's new defined contribution plan. Therefore, the System is closed to nearly all new State employees but remains open to new employees of participating counties and local agencies.

For most of the System's members, benefits are determined at 2% of the average highest thirty-six months' annual covered compensation multiplied by the number of years of credited service. Members qualify for full retirement benefits at their specified normal retirement age or as adjusted by the provisions of the Oklahoma Statutes as further explained in the notes to the basic financial statements (refer to the note 3(b)).

The System also includes a multiple-employer, cost-sharing public employee other post-employment benefit plan, which is a defined benefit plan. This plan is called the Health Insurance Subsidy Plan (HISP), and it provides a health insurance premium subsidy for retirees of the System who elect to maintain health insurance with the Oklahoma Employees Group Insurance Division (EGID) or other qualified insurance plan provided by the employer. This subsidy continues until the retiree terminates health insurance coverage with EGID or other qualified plan, or until death. The subsidy is only for the retiree, not joint annuitants or beneficiaries.

The System's financial statements are comprised of the Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position for both the pension and HISP, and Notes to Financial Statements. Also included are certain required supplementary information and supplementary information for both the pension and HISP.

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

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

The *Statements of Fiduciary Net Position* present information on the System's assets, liabilities and the resulting *net position restricted for pension and net position restricted for HISP.* These statements reflect the System's investments, at fair value, along with cash and cash equivalents, receivables, and other assets and liabilities.

The *Statements of Changes in Fiduciary Net Position* presents information showing how the System's net position restricted for pension and HISP changed during the years ended June 30, 2022 and 2021. It reflects contributions by members and participating employers along with deductions for retirement benefits, refunds and withdrawals, and administrative expenses. Investment income during the period is also presented showing income from investing and securities lending activities.

The *Notes to Financial Statements* provide additional information that is essential to a full understanding of the data provided in the financial statements.

The *Required Supplementary Information* presents a schedule of changes in the net pension (asset) liability, schedule of pension employer contributions, schedules of money-weighted rate of return on pension plan investments, schedule of changes in the net HISP (asset) liability, schedule of HISP employer contributions, and schedules of money-weighted rate of return on HISP investments. Schedules of certain expenses and fees paid are presented as *supplementary information.*

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

Financial Analysis

The following are the condensed Schedules of Fiduciary Net Position and Changes in Fiduciary Net Position for the Oklahoma Public Employees Retirement System for the fiscal years ended June 30, 2022, 2021 and 2020.

Condensed Schedules of Fiduciary Net Position
($ millions)

	2022			2021			2020		
	Pension	**HISP**	**Combined**	**Pension**	**HISP**	**Combined**	**Pension**	**HISP**	**Combined**
Assets:									
Cash and cash equivalents	$ 172.4	$ 8.9	$ 181.3	$ 511.7	$ 11.6	$ 523.3	$ 299.2	$ 9.4	$ 308.6
Receivables	317.2	12.7	329.9	543.5	20.8	$ 564.3	258.8	9.9	268.7
Investments	10,092.0	407.8	10,499.8	12,064.2	466.3	$ 12,530.5	9,632.5	374.1	10,006.6
Securities lending collateral	463.1	18.7	481.8	580.4	22.4	$ 602.8	411.2	16.0	427.2
Other assets	0.4	-	0.4	0.8	0.1	$ 0.9	1.0	0.1	1.1
Total assets	11,045.1	448.1	11,493.2	13,700.6	521.2	14,221.8	10,602.7	409.5	11,012.2
Liabilities:									
Other liabilities	594.5	24.0	618.5	1,052.5	40.7	1,093.2	469.0	18.2	487.2
Securities lending collateral	463.1	18.7	481.8	580.4	22.4	602.8	411.2	16.0	427.2
Total liabilities	1,057.6	42.7	1,100.3	1,632.9	63.1	1,696.0	880.2	34.2	914.4
Ending fiduciary net position	$ 9,987.5	$ 405.4	$ 10,392.9	$ 12,067.7	$ 458.1	$ 12,525.8	$ 9,722.5	$ 375.3	$ 10,097.8

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

	2022			2021			2020		
	Pension	**HISP**	**Combined**	**Pension**	**HISP**	**Combined**	**Pension**	**HISP**	**Combined**
Member contributions	$ 66.4	$ -	$ 66.4	$ 66.2	$ -	$ 66.2	$ 67.8	$ -	$ 67.8
State and local agency contributions	283.2	16.6	299.8	275.3	17.7	293.0	274.9	19.2	294.1
Net investment income (loss)	(1,736.6)	(51.9)	(1,788.5)	2,681.3	83.0	2,764.3	435.3	14.5	449.8
Total additions	(1,387.0)	(35.3)	(1,422.3)	3,022.8	100.7	3,123.5	778.0	33.7	811.7
Retirement, death and survivor benefits	675.6	17.2	692.8	661.6	17.7	679.3	628.7	18.1	646.8
Refunds and withdrawals	11.9	-	11.9	10.7	-	10.7	14.4	-	14.4
Administrative expenses	5.7	0.2	5.9	5.3	0.2	5.5	5.5	0.2	5.7
Total deductions	693.2	17.4	710.6	677.6	17.9	695.5	648.6	18.3	666.9
Net increase (decrease) in fiduciary net position	(2,080.2)	(52.7)	(2,132.9)	2,345.2	82.8	2,428.0	129.4	15.4	144.8
Beginning of year	12,067.7	458.1	12,525.8	9,722.5	375.3	10,097.8	9,593.1	359.9	9,953.0
End of year	$ 9,987.5	$ 405.4	$ 10,392.9	$ 12,067.7	$ 458.1	$ 12,525.8	$ 9,722.5	$ 375.3	$ 10,097.8

For the year ended June 30, 2022, fiduciary net position decreased by $2,132.9 million, or 17.0%, from June 30, 2021. Total assets decreased $2,728.6 million, or 19.2%, due to a 16.2% decrease in investments change in fair value and 20.1% decrease in Securities lending collateral. The System achieved a rate of return of -14.5% which is considerably lower than the prior year of 28.0%. Total liabilities decreased $595.7 million, or 35.1%, due to a 43.4% decrease in pending purchases of securities.

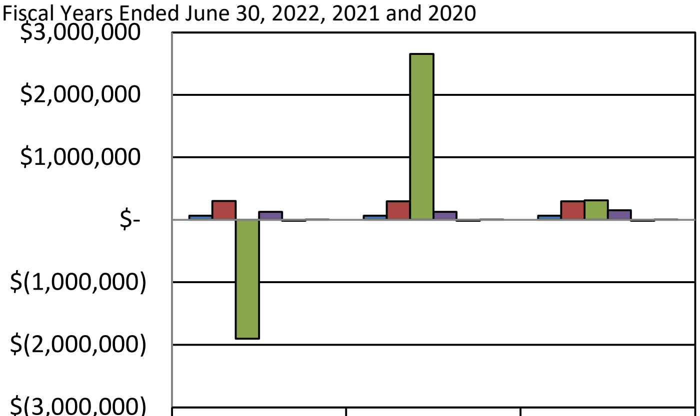
Fiscal year 2022 resulted in a $4,545.8 million decrease in total additions and a $15.1 million increase in total deductions. Compared to the prior year, the decrease in additions was primarily due to a decrease of $4,552.8 million in net investment income. Deductions increased 2.2% due to a $13.5 million increase in retirement, death, and survivor benefits.

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

Additions to Fiduciary Net Position

For the year ended June 30, 2022, total additions to fiduciary net position decreased $4,545.8 million from the prior year. The net decrease in net investment income of $4,552.8 million was the result of a much weaker market in 2022 than in the prior year. Interest income increased $3.3 million, or 5.2%, and dividend income decreased $2.7 million, or -4.3%. Securities lending net income decreased $0.09 million or -6.4%. Contributions were $7.0 million, or 1.9% higher than the prior year due to an increase in contributions.

Additions to Fiduciary Net Position
Comparative Data for Fiscal Years Ended June 30, 2022, 2021 and 2020
($ thousands)



	2022	2021	2020
Member contributions	$66,392	$66,204	$67,808
State and local agency contributions	299,743	293,019	294,118
Net appreciation (depreciation)	(1,902,266)	2,655,094	311,353
Interest, dividends, and other investment income	126,915	126,632	151,187
Investment expenses	(14,471)	(18,789)	(14,681)
Securities lending income	1,323	1,414	1,970

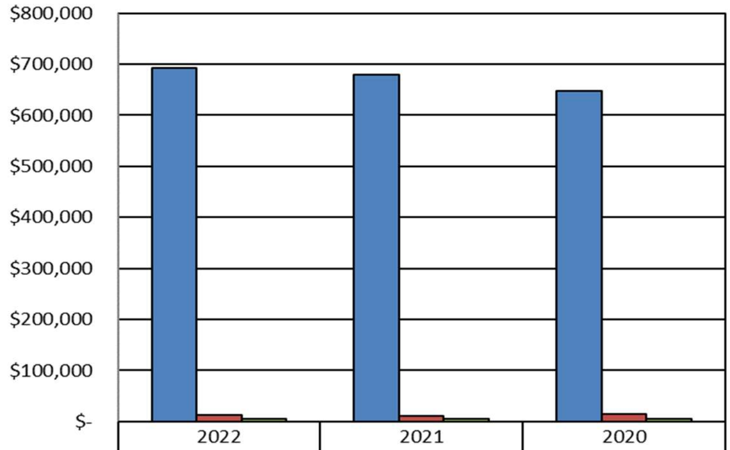
For the year ended June 30, 2021, total additions to fiduciary net position increased $2,311.8 million from the prior year. The net increase in net investment income of $2,314.5 million was the result of a much stronger market in 2021 than in the prior year. Interest income decreased $20.2 million, or 24.3%, and dividend income decreased $3.7 million, or 5.6%. Securities lending net income decreased $0.6 million or 28.2%. Contributions were $2.7 million, or 0.7% lower than the prior year due to a decrease in contributions.

Deductions to Fiduciary Net Position

For the year ended June 30, 2022, total deductions on the following page increased $15.1 million, or 2.2%, from the prior year. Retirement, death, and survivor benefits increased $13.5 million, or 2.0%, due to a 0.8% increase in the number of retirees at year end and a 1.4% increase in the average benefit. Refunds and withdrawals increased $1.2 million, or 10.9%, from prior year followed by a 7.6% increase in administrative costs.

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

Deductions to Fiduciary Net Position
Comparative Data for Fiscal Years Ended June 30, 2022, 2021 and 2020
($ thousands)



	2022	2021	2020
Retirement, death and survivor benefits	$692,813	$679,281	$646,840
Refunds and withdrawals	11,906	10,733	14,452
Administrative expenses	5,893	5,475	5,726

For the year ended June 30, 2021, total deductions increased $28.6 million, or 4.3%, from the prior year. Retirement, death, and survivor benefits increased $32.5 million, or 5.0%, due to a 0.5% increase in the number of retirees at year end and a 1.4% increase in the average benefit. Refunds and withdrawals decreased $3.7 million, or 25.7%, from prior year followed by a 4.4% decrease in administrative costs.

Investments

The investment portfolio is reported in the chart below by the asset class of the investment managers' portfolios which includes the cash and cash equivalents in those portfolios.

A summary of the System's cash, cash equivalents, and investments for fiscal years ended June 30, 2022, 2021 and 2020 is as follows:

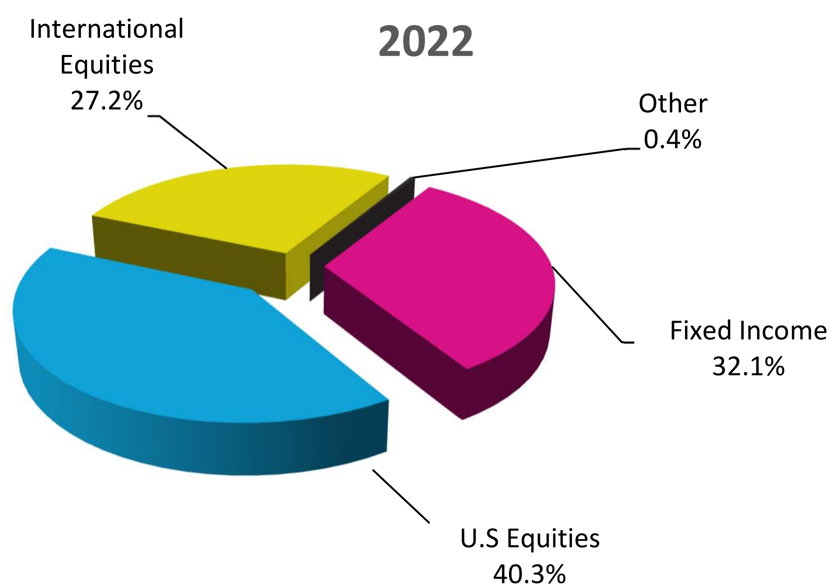
Management's Discussion and Analysis (continued)
(Unaudited)

Cash, Cash Equivalents, and Investment Portfolio
($ millions)

	June 30,		
	2022	**2021**	**2020**
Fixed income	$ 3,630.9	$ 4,280.3	$ 3,593.3
U.S. equities	4,184.9	5,167.6	4,032.7
International equities	2,816.0	3,559.6	2,650.2
Other	35.0	33.5	23.8
Total managed investments	10,666.8	13,041.0	10,300.0
Cash equivalents on deposit with State	5.7	3.5	5.0
Real estate	8.7	9.3	10.2
Securities lending collateral	481.8	602.8	427.2
Total cash, cash equivalents, and investments	$ 11,163.0	$13,656.6	$ 10,742.4

The 2022 decrease in the System's managed investments is reflective of the decrease in domestic and international income markets for the year. The System's overall return for the year ended June 30, 2022 was - 14.5%. U.S. equities plunged this year with a return of -13.1%, followed by a weak international equity with a return of -20.8%. Fixed income showed a negative return of -11.0%. An amount of $344 million from the portfolio was used to supplement the cash requirements of monthly retiree benefit payments. The change in securities lending collateral is dependent on the securities loaned by the System's master custodian at year end.

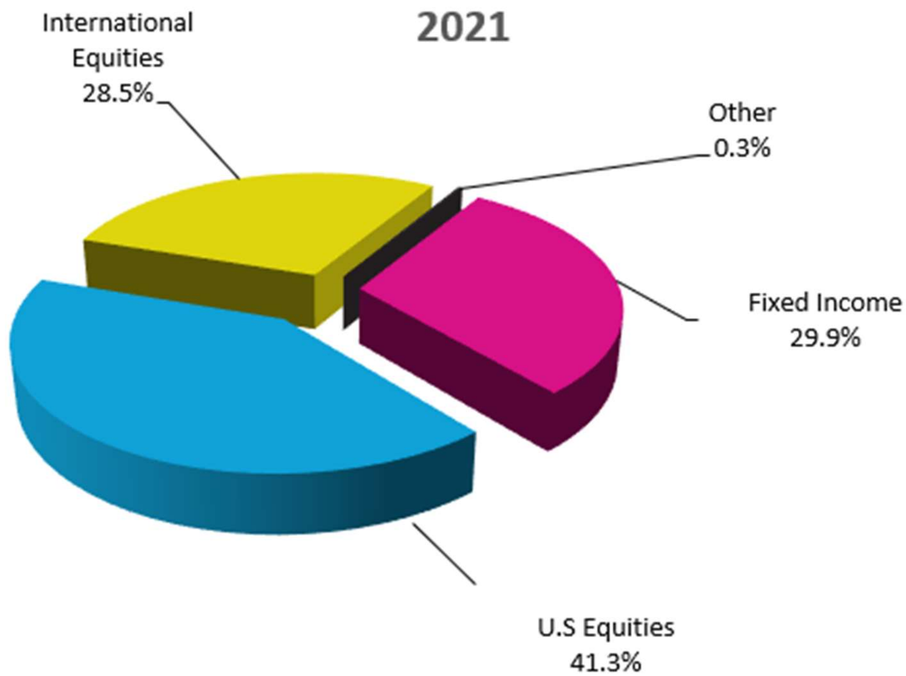
As of June 30, 2022, the distribution of the System's investments including accrued income and pending trades was as follows:

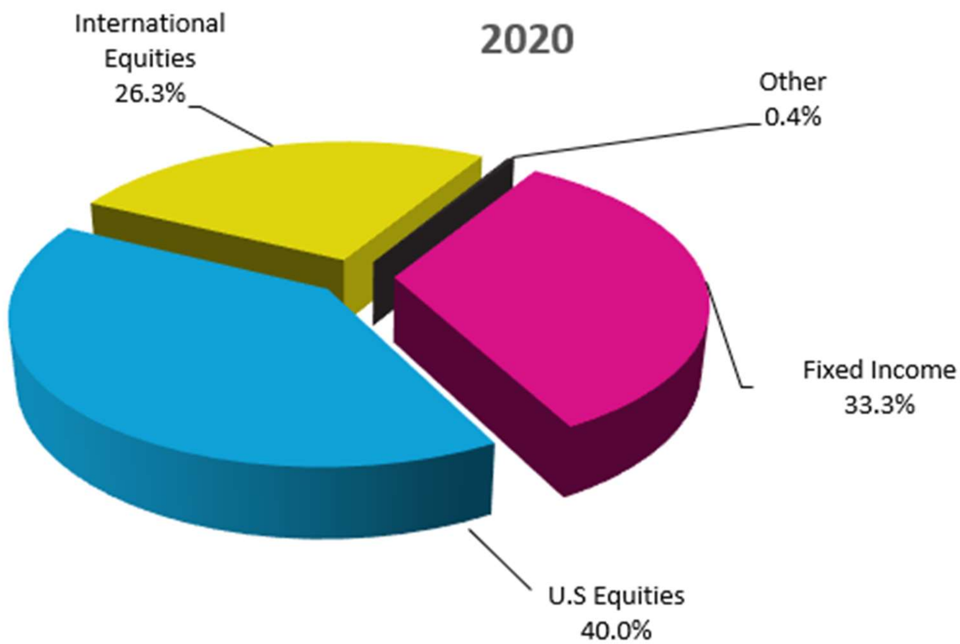


The 2021 increase in the System's managed investments is reflective of the increase in domestic and international income markets for the year. The System's overall return for the year ended June 30, 2021 was 28.0%. U.S. equities showed a significant return of 46.0%, followed by a strong international equity with a return of 36.9%. Fixed income showed a return of 0.1%. An amount of $344 million from the portfolio was used to supplement the cash requirements of monthly retiree benefit payments. The change in securities lending collateral is dependent on the securities loaned by the System's master custodian at year end.

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

As of June 30, 2021 and 2020 the distribution of the System's investments including accrued income and pending trades was as follows:





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

Economic Factors

Ratio of Fiduciary Net Position to Total Pension Liability and to Total HISP Liability

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

	June 30,		
	2022	**2021**	**2020**
Total pension liability	$ 10,828,046,484	$ 10,725,571,917	$ 10,614,647,291
Plan fiduciary net position	$ 9,987,481,670	$ 12,067,732,648	$ 9,722,484,043
Ratio of fiduciary net position to total pension liability	92.24%	112.51%	91.59%

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

	June 30,		
	2022	**2021**	**2020**
Total HISP liability	$ 311,838,597	$ 320,668,249	$ 328,431,762
Plan fiduciary net position	$ 405,426,213	$ 458,150,586	$ 375,314,784
Ratio of fiduciary net position to total HISP liability	130.01%	142.87%	114.27%

The actuarial assumptions used in the July 1, 2022, valuation are based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2019.

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

Requests for Information

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

Statements of Fiduciary Net Position

As of June 30, 2022

	Pension Plan	Health Insurance Subsidy Plan	Combined
Assets			
Cash equivalents	$ 172,350,424	$ 8,941,330	$ 181,291,754
Receivables:			
Member contributions	4,091,427	-	4,091,427
State and local agency contributions	13,954,455	563,947	14,518,402
Due from brokers for securities sold	277,872,313	11,229,426	289,101,739
Accrued interest and dividends	21,307,111	861,082	22,168,193
Total receivables	317,225,306	12,654,455	329,879,761
Investments, at fair value:			
Short-term investments	36,570,320	1,477,902	38,048,222
Government obligations	2,311,572,294	93,415,546	2,404,987,840
Corporate bonds	1,043,047,379	42,151,769	1,085,199,148
Domestic equities	3,965,711,656	160,262,609	4,125,974,265
International equities	2,726,763,393	110,194,297	2,836,957,690
Real estate	8,313,997	336,003	8,650,000
Securities lending collateral	463,122,710	18,715,752	481,838,462
Total investments	10,555,101,749	426,553,878	10,981,655,627
Other assets	402,812	16,314	419,126
Total assets	11,045,080,291	448,165,977	11,493,246,268
Liabilities			
Due to brokers and investment managers	594,475,911	24,024,012	618,499,923
Securities lending collateral	463,122,710	18,715,752	481,838,462
Total liabilities	1,057,598,621	42,739,764	1,100,338,385
Net position restricted for pension/HISP benefits	$ 9,987,481,670	$ 405,426,213	$ 10,392,907,883

See accompanying notes to financial statements.

Statements of Fiduciary Net Position

As of June 30, 2021

	Pension Plan	Health Insurance Subsidy Plan	Combined
Assets			
Cash equivalents	$ 511,657,514	$ 11,637,038	$ 523,294,552
Receivables:			
Member contributions	4,345,399	-	4,345,399
State and local agency contributions	15,057,774	582,046	15,639,820
Due from brokers for securities sold	505,165,463	19,526,371	524,691,834
Accrued interest and dividends	18,981,650	733,717	19,715,367
Total receivables	543,550,286	20,842,134	564,392,420
Investments, at fair value:			
Short-term investments	38,499,074	1,488,132	39,987,206
Government obligations	2,684,810,439	103,777,045	2,788,587,484
Corporate bonds	971,242,583	37,541,833	1,008,784,416
Domestic equities	4,920,684,197	190,201,008	5,110,885,205
International equities	3,440,019,452	132,968,436	3,572,987,888
Real estate	8,939,448	345,552	9,285,000
Securities lending collateral	580,360,230	22,432,880	602,793,110
Total investments	12,644,555,423	488,754,886	13,133,310,309
Other assets	816,517	31,585	848,102
Total assets	13,700,579,740	521,265,643	14,221,845,383
Liabilities			
Due to brokers and investment managers	1,052,486,862	40,682,177	1,093,169,039
Securities lending collateral	580,360,230	22,432,880	602,793,110
Total liabilities	1,632,847,092	63,115,057	1,695,962,149
Net position restricted for pension/HISP benefits	$ 12,067,732,648	$ 458,150,586	$ 12,525,883,234

See accompanying notes to financial statements.

Statements of Changes in Fiduciary Net Position

As of June 30, 2022

	Pension Plan	Health Insurance Subsidy Plan	Combined
Additions			
Contributions:			
Members	$ 66,392,310	$ -	$ 66,392,310
State and local agencies	283,159,221	16,584,000	299,743,221
Total contributions	349,551,531	16,584,000	366,135,531
Investment income:			
From investing activities:			
Net depreciation in fair value of investments	(1,847,044,336)	(55,222,088)	(1,902,266,424)
Interest	64,239,865	1,958,446	66,198,311
Dividends	58,885,137	1,760,521	60,645,658
Real estate	69,055	2,065	71,120
Total investment income (loss)	(1,723,850,279)	(51,501,056)	(1,775,351,335)
Less – Investment expenses	(14,051,086)	(420,093)	(14,471,179)
Income from investing activities	(1,737,901,365)	(51,921,149)	(1,789,822,514)
From securities lending activities:			
Securities lending income	2,071,220	61,924	2,133,144
Securities lending expenses:			
Borrower rebates	(560,889)	(16,769)	(577,658)
Management fees	(225,473)	(6,741)	(232,214)
Income from securities lending activities	1,284,858	38,414	1,323,272
Net investment income (loss)	(1,736,616,507)	(51,882,735)	(1,788,499,242)
Total additions	(1,387,064,976)	(35,298,735)	(1,422,363,711)
Deductions			
Retirement, death and survivor benefits	675,558,744	17,254,579	692,813,323
Refunds and withdrawals	11,905,764	-	11,905,764
Administrative expenses	5,721,494	171,059	5,892,553
Total deductions	693,186,002	17,425,638	710,611,640
Net decrease in net position	(2,080,250,978)	(52,724,373)	(2,132,975,351)
Net position restricted for pension/HISP benefits			
Beginning of year	12,067,732,648	458,150,586	12,525,883,234
End of year	$ 9,987,481,670	$ 405,426,213	$ 10,392,907,883

See accompanying notes to financial statements.

Statements of Changes in Fiduciary Net Position

As of June 30, 2021

	Pension Plan	Health Insurance Subsidy Plan	Combined
Additions			
Contributions:			
Members	$ 66,204,166	$ -	$ 66,204,166
State and local agencies	275,342,730	17,676,000	293,018,730
Total contributions	341,546,896	17,676,000	359,222,896
Investment income:			
From investing activities:			
Net appreciation in fair value of investments	2,575,406,922	79,686,626	2,655,093,548
Interest	60,962,267	1,945,086	62,907,353
Dividends	61,486,443	1,902,475	63,388,918
Real estate	325,514	10,072	335,586
Total investment income	2,698,181,146	83,544,259	2,781,725,405
Less – Investment expenses	(18,225,569)	(563,924)	(18,789,493)
Income from investing activities	2,679,955,577	82,980,335	2,762,935,912
From securities lending activities:			
Securities lending income	1,265,359	39,152	1,304,511
Securities lending expenses:			
Borrower rebates	347,670	10,757	358,427
Management fees	(241,675)	(7,478)	(249,153)
Income from securities lending activities	1,371,354	42,431	1,413,785
Net investment income	2,681,326,931	83,022,766	2,764,349,697
Total additions	3,022,873,827	100,698,766	3,123,572,593
Deductions			
Retirement, death and survivor benefits	661,582,309	17,698,655	679,280,964
Refunds and withdrawals	10,732,584	-	10,732,584
Administrative expenses	5,310,329	164,309	5,474,638
Total deductions	677,625,222	17,862,964	695,488,186
Net increase in net position	2,345,248,605	82,835,802	2,428,084,407
Net position restricted for pension/HISP benefits			
Beginning of year	9,722,484,043	375,314,784	10,097,798,827
End of year	$ 12,067,732,648	$ 458,150,586	$ 12,525,883,234

See accompanying notes to financial statements.

Notes to Financial Statements
June 30, 2022 and 2021

(1) Reporting Entity

The Oklahoma Public Employees Retirement System (OPERS)(the System) is a defined benefit cost-sharing multiple employer plan consisting of a retirement plan and a cost-sharing multiple employer health insurance subsidy plan (HISP) both held in irrevocable trusts. The System, together with other similar fiduciary pension trust funds of the state of Oklahoma (the State), is a component unit of the State. The System is administered by the Oklahoma Public Employees Retirement System. As set forth in Title 74 of the Oklahoma Statutes, at Section 921, administrative expenses are paid with funds provided by operations of the System.

(2) Summary of Significant Accounting Policies

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

(a) Basis of Accounting

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

(b) Investments

The System's investments are presented at fair value. Purchases and sales are recorded at the trade date. At month end, there may be certain pending trades that were initiated by managers but not confirmed and, therefore, are not included in the fair value of investments. The System is authorized to invest in eligible investments as approved by the Board of Trustees (the Board) as set forth in its investment policy.

System investments are reported at fair value, which is the price that would be received if the investments were sold in an orderly transaction between a willing buyer and a willing seller. Short-term investments include bills and notes, commercial paper, and international foreign currency contracts. Short-term investments, debt securities, and equity securities are reported at fair value, as determined by the System'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 System in equity index and commingled trust funds is determined by the respective fund trustee based on quoted sales prices of the underlying securities. The investment in real estate is valued using an annual third-party appraisal.

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

Notes to Financial Statements (continued)

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

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

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

(c) Use of Estimates

Management of the System has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with U.S. generally accepted accounting principles (GAAP), note disclosures and required supplementary information (RSI). Actual results could differ from these estimates.

(d) Risk and Uncertainties

Contributions to the System and the actuarial information included in Note (6) Net Pension (Asset) Liability, Net HISP Asset and Actuarial Information and the RSI are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements.

(e) Composition of Board of Trustees

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

Notes to Financial Statements (continued)

(3) System Description and Contribution Information

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

(a) General

The System 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 seven other plans sponsored by the State. It also covers employees of participating county and local agencies. Nearly all new state employees first employed by a System participating employer on or after November 1, 2015, will participate in the State's new defined contribution plan. Therefore, the System is closed to nearly all new State employees, but remains open to new employees of participating counties and local agencies. Agencies and/or participants not included in the System are as follows: teachers, municipal police, municipal firefighters, judicial, wildlife, state law enforcement and nearly all State employees first employed on or after November 1, 2015.

The System also administers the Health Insurance Subsidy Plan, a cost-sharing multiple-employer defined benefit OPEB (Other Post Employee Benefit) plan that provides OPEB covering the same categories of employees covered by the pension plan.

The supervisory authority for the management and operation of the System and HISP is the Board, which acts as a fiduciary for investment of the funds and the application of System interpretations. At June 30, the System's membership consisted of:

	2022	**2021**
Inactive members or their beneficiaries currently receiving benefits	36,649	36,351
Inactive members entitled to but not yet receiving benefits	6,454	6,133
Active members	29,912	31,711
Total	73,015	74,195

Of the inactive members or their beneficiaries currently receiving benefits 13,468 and 13,820 are retirees and beneficiaries in the HISP as of June 30, 2022 and 2021, respectively. The Plan also includes 58,803 and 57,140 nonvested terminated members entitled to a refund of their member contributions as of June 30, 2022 and 2021, respectively.

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

Notes to Financial Statements (continued)

(b) Benefits

Pensions

Members qualify for full retirement benefits at their specified normal retirement age or, for any person who became a member prior to July 1, 1992, when the sum of the member's age and years of credited service equals or exceeds 80 (Rule of 80), and for any person who became a member after June 30, 1992, when the member's age and years of credited service equals or exceeds 90 (Rule of 90). Normal retirement date is further qualified to require that all members employed on or after January 1, 1983 must have six or more years of full-time equivalent employment with a participating employer before being eligible to receive benefits. Credited service is the sum of participating and prior service. Prior service includes nonparticipating service before January 1, 1975, or the entry date of the employer and active wartime military service.

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

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

Health Insurance Subsidy Plan

HISP provides a health insurance premium subsidy for retirees of the System who elect to maintain health insurance with the Oklahoma Employees Group Insurance Division (EGID) or other qualified insurance plan provided by the employer. This subsidy continues until the retiree terminates health insurance coverage with EGID or other qualified plan, or until death. The subsidy is only for the retiree, not joint annuitants or beneficiaries.

The following are various benefit attributes for each member category:

State, County, and Local Agency Employees

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

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

Notes to Financial Statements (continued)

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

Elected Officials

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

Hazardous Duty Members

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

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

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

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

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

Notes to Financial Statements (continued)

Upon the death of a retired member, the System will pay a $5,000 death benefit to the member's beneficiary or estate of the member if there is no living beneficiary. The death benefit will be paid in addition to any excess employee contributions or survivor benefits due to the beneficiary. Death benefits paid for the years ended June 30, 2022 and 2021 totaled approximately $6,288,000 and $6,446,000, respectively.

Legislation was enacted in 1999 which provided a limited additional benefit for certain terminated members eligible to vest as of July 1, 1998. This limited benefit is payable as an additional $200 monthly benefit upon the member's retirement up to the total amount of certain excess contributions paid by the participant to the System. In April 2001, limited benefit payments began for qualified retired members.

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

(c) Contributions

The contribution rates for each member category of the System are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. An actuarially determined portion of the total contributions to the System is set aside to finance the cost of the benefits of the HISP in accordance with provisions of the Internal Revenue Code.

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

The following contribution rates were in effect:

State, County, and Local Agency Employees

For 2022 and 2021, *state agency employers* contributed 16.5% on all salary, and *state employees* contributed 3.5% on all salary.

For 2022 and 2021, contributions of *participating county and local agencies* totaled 20.0% of salary composed of a minimum employee contribution rate of 3.5% up to a maximum of 8.5% and a minimum employer contribution rate of 11.5% up to a maximum of 16.5%.

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

Elected Officials

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

Notes to Financial Statements (continued)

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

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

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

Hazardous Duty Members

For 2022 and 2021, hazardous duty members contributed 8.0%, and their employer agencies contributed 16.5% on all salary.

(d) Participating Employers

At June 30, the number of participating employers for the pension plan and the HISP plan was as follows:

	2022	2021
State agencies	117	117
County governments	75	75
Local government towns and cities	29	29
Other local governmental units	67	66
Total	288	287

(e) Defined Contribution System created for New Members

House Bill 2630 and Senate Bill 2120 directed OPERS to establish a defined contribution retirement system for members first employed by a participating employer of the system on or after November 1, 2015, including statewide elected officials and legislators. The provisions of this bill are not applicable to hazardous duty members, district attorneys, assistant district attorneys or other employees of the district attorney's office who will continue to participate in the defined benefit plan. Also excluded from the plan are employees of a county, county elected officials, county hospital, city or town, conservation district, circuit engineering district, and any public or private trust in which a county, city or town participates and is the primary beneficiary.

This new defined contribution plan was created and implemented during the year ended June 30, 2016. Under this new plan, participating employees contribute a minimum of 4.5% of their compensation. Participating employers match employee contributions up to 7.0%. In addition to the matching contributions, participating employers are required to remit to OPERS the difference between the matching contributions for defined contribution plan members and the amount the participating employer would have contributed for a defined benefit plan member.

Notes to Financial Statements (continued)

(4) Cash Equivalents

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

At June 30, cash and cash equivalents were:

	2022	2021
Cash equivalents		
State Treasurer	$ 5,730,617	$ 3,544,905
Custodial agent	172,595,785	518,267,631
Foreign currency	2,965,352	1,482,016
Total cash and cash equivalents	$ 181,291,754	$523,294,552

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

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agency but not in the depositor-government's name. At June 30, 2022 and 2021, the cash equivalents in *OK INVEST* and the System's custodial agent cash equivalents were not exposed to custodial credit risk because their existence cannot be evidenced by securities that exist in physical or book entry form.

The System holds foreign currency in banks outside the United States as a result of transactions of international investment managers. The foreign currency is in accounts in the name of the System's custodial agent and is uncollateralized, and the System is exposed to custodial credit risk. At June 30, 2022 and 2021, the foreign currency holdings were $2,965,352 and $1,482,016, respectively. The System's exposure to foreign currency risk is detailed in the section entitled Investments, Foreign Currency Risk.

(5) Investments

(a) General

Investments are pooled for administrative purposes and then allocated to the pension plan and HISP based on actuarial data, inflows and outflows. The OPERS Statement of Investment Policy states that the Board believes that System assets should be managed in a fashion that reflects the System's unique liabilities and funding resources, incorporating accepted investment theory and reliable empirical evidence. Specifically, the Board has adopted the following principles:

- Asset allocation is the key determinant of return, and therefore, commitments to asset allocation targets will be maintained through a disciplined rebalancing program.
- Diversification, both by and within asset classes, is the primary risk control element.

Notes to Financial Statements (continued)

- Passive fund portfolios are suitable investment strategies, especially in highly efficient markets. These index funds which are externally managed by professional investment management firms selected through due diligence of the Board are deemed to be actively managed accounts within the meaning of Section 909.1(D) of Title 74 of the Oklahoma Statutes.

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

The asset allocation guidelines established by policy at June 30, 2022 and 2021, were U.S. equities – 40%, international equities – 28% and domestic fixed income – 32%. The guidelines also establish minimum and maximum percentages for each asset class allocation, and when allocations move outside these limits, portfolios are rebalanced.

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

	2022	2021
U.S. Treasury notes/bonds	$ 1,097,903,588	$ 1,459,778,749
U.S. TIPS index fund	404,365,667	426,092,846
Government agencies	37,771,967	11,950,913
Government mortgage-backed securities	812,347,271	860,734,999
Foreign bonds	34,239,652	22,917,093
Municipal bonds	18,359,694	7,112,883
Corporate bonds	833,285,027	811,311,063
Asset-backed securities	132,791,523	114,682,690
Commercial mortgage-backed securities	94,297,124	80,790,022
Non government backed collateralized mortgage obligations	61,035,247	41,435,432
Other fixed income	1,843,553	551,758
Domestic equities	2,116,624,322	2,574,880,397
U.S. equity index fund	2,009,349,942	2,536,004,809
International equities	906,295,021	1,166,458,502
International equity index funds	1,930,657,567	2,406,530,043
Real estate	8,650,000	9,285,000
Securities lending collateral	481,838,462	602,793,110
Total investments	$ 10,981,655,627	$ 13,133,310,309

The System participates in fixed income and international and domestic equity index funds managed by BlackRock Institutional Trust Company, N.A. (BTC). BTC, a subsidiary of BlackRock Inc., is a national banking association and operates as a limited purpose trust company. Its primary regulator is the Office of the Comptroller of the Currency (OCC), the agency of the U.S. Treasury Department that regulates United States national banks. Each fund is a collective fund which is a group trust and an entity separate from BTC, other funds, and the investing participants. BTC is trustee of each of the collective fund trusts and holds legal title to each trust's assets for the exclusive benefit of the System. The fair value of the System's position in the pool is the same as the value of the pool shares. As of June 30, 2022 and 2021, the System was invested in two domestic equity index funds, two international equity index funds, and a fixed income index fund.

Notes to Financial Statements (continued)

The System shares the risk of loss in these funds with other participants in proportion to its respective investment. Because the System does not own any specific identifiable investment securities of these funds, the risk associated with any derivative investments held in these funds is not apparent. The degree of risk depends on the underlying portfolios of the funds, which were selected by the System 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.

Securities Lending

The System's investment policy provides for its participation in a securities lending program. The program is administered by the System's master custodian, and there are no restrictions on the amount of loans that can be made. During 2022 and 2021, the types of securities loaned were primarily U.S. Government and corporate bonds, domestic equity securities, and international equity securities. Certain securities of the System are loaned to participating brokers, who must provide collateral in the form of cash, U.S. Treasury or Government Agency securities, or letters of credit issued by approved banks.

Under the terms of the securities lending agreement, collateral is required to be provided in the amount of 102% of the fair value of U.S. securities loaned and 105% of the fair value of non-U.S. securities loaned. At June 30, 2022 and 2021, the System had no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System. The market values of the cash and non-cash collateral for those securities on loan were $481,838,462 and $342,502,842 in FY2022 and $602,793,110 and $445,198,311 in FY2021.
The master custodian provides for full indemnification to the System 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 System for income of the securities while on loan. The loan premium paid by the borrower of the securities is apportioned between the System and its custodial agent in accordance with the securities lending agreement. All securities loans can be terminated on demand by either the lender or the borrower.

Securities On Loan		**2022**	**%**		**2021**	**%**
Collateralized by Cash Collateral	$	466,686,486	58%	$	588,592,321	58%
Collateralized by non- Cash Collateral		332,933,197	42%		433,335,692	42%
Total	$	799,619,683	100%	$	1,021,928,013	100%

The securities lending agreement provides that cash collateral be invested in the custodial agent's short-term investment pool and sets forth credit-quality standards, acceptable investments, diversification standards, and maturity and liquidity constraints for the investment fund. The System's investment guidelines do not require a matching of investment maturities with loan maturities but do establish minimum levels of liquidity and other investment restrictions designed to minimize the interest rate risk associated with not matching the maturities of the investments with the loans. At June 30, 2022 and 2021, the cash collateral investments had an average weighted maturity of 13 and 31 days, respectively, and the relationship between the maturities of the custodial agent's investment pool and the System's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the System cannot determine.

Notes to Financial Statements (continued)

The System's non-cash collateral is represented by its allocated share of a pool administered by the agent for the System and other pool participants and the System cannot pledge or sell them unless the borrower defaults and thus, is not included in the statements of fiduciary net position.

(b) Credit Risk

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

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

The *Constrained Core* manager will invest in a broadly diversified portfolio with characteristics similar to a broad fixed income market index, such as the Barclays Capital Aggregate Bond Index. The total portfolio minimum quality should be single-A as rated by a nationally recognized statistical rating organization (NRSRO). The portfolio should primarily consist of investment grade securities, with a minimum quality rating for any issue of triple-B minus rating by at least one NRSRO. In the event that a credit rating is downgraded below this minimum, the investment manager shall immediately notify OPERS staff and provide an evaluation and recommended course of action.

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

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

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

At June 30, 2022, the domestic fixed income portfolio consisted of a constrained core fixed income portfolio, a core plus fixed income portfolio, a rate anticipator portfolio, and a passive U.S. TIPS Index fund. All components met the stated policy restrictions except the core fixed income portfolio, which held $12,104,973 in issues rated below triple-B minus, and the core plus fixed income portfolio, which held $16,550,358 in issues rated below single-B. The System's investment managers have advised retention of the securities after having assessed their risk/reward profiles. At June 30, 2021, the domestic fixed income portfolio consisted of a constrained core fixed income portfolio, a core plus fixed income portfolio, a rate anticipator portfolio, and a passive U.S. TIPS Index fund. All components met the stated policy restrictions except the core fixed income portfolio, which held $15,770,097 in issues rated below triple-B minus, and the core plus fixed income portfolio, which held $23,116,211 in issues rated below single-B. The System's investment managers have advised retention of the securities after having assessed their risk/reward profiles.

Notes to Financial Statements (continued)

Investments issued by or explicitly guaranteed by the U.S. Government are not considered to have credit risk. At June 30, 2022, the System held 31.6% of fixed income investments that were not considered to have credit risk and 11.5% in a U.S. TIPS index fund made up of explicitly guaranteed U.S. Treasury Inflation-Protected Securities. At June 30, 2021, the System held 41.9% of fixed income investments that were not considered to have credit risk and 11.1% in a U.S. TIPS index fund made up of explicitly guaranteed U.S. Treasury Inflation-Protected Securities. Implicitly guaranteed investments primarily refer to bonds issued by a government sponsored entity (GSE) which is a government-chartered corporation. This government charter implies that the government is unlikely to allow a GSE to default on its bond payments.

The System's exposure to credit risk at June 30, 2022 is presented below, in thousands, by investment category as rated by an NRSRO.

	Triple-A	Double-A	Single-A	Triple-B	Double-B	Single-B	Triple-C	Double-C	Not Rated or Rating Not Available	Total
Government agencies	$ 901	$ 513	$ 457.00	$ 2,310	$ 728.00	$ -	$ -	$ -	$ -	$ 4,909
Municipal bonds	2,148	11,968	3,859	385	-	-				18,360
Foreign government bonds	1,529	1,012	2,267	21,530	7,738	164	-	-	-	34,240
Corporate bonds	38,253	15,383	255,299	500,697	15,645	5,308	-	-	2,700	833,285
Asset-backed securities	107,231	14,425	4,203	-	562	4,517	1,233	620	-	132,791
Commercial mortgage-backed securities	81,504	8,431	1,594	831	1,937	-	-	-	-	94,297
Non government backed collateralized mortgage obligations	46,499	3,617	105	2,835	2,608	3,162	2,209	-	-	61,035
Other fixed Income	-	-	844	1,000	-	-	-	-	-	1,844
Total fixed income securities exposed to credit risk	$ 278,065	$ 55,349	$ 268,628	$ 529,588	$ 29,218	$ 13,151	$ 3,442	$ 620	$ 2,700	$ 1,180,761
Percent of total fixed income portfolio	7.9%	1.6%	7.6%	15.0%	0.8%	0.4%	0.1%	0.0%	0.1%	33.5%

The System's exposure to credit risk at June 30, 2021 is presented below, in thousands, by investment category as rated by an NRSRO.

	Triple-A	Double-A	Single-A	Triple-B	Double-B	Single-B	Triple-C	Not Rated or Rating Not Available	Total
Government agencies	$ -	$ -	$ -	$ 3,999	$ 827	$ -	$ -	$ -	$ 4,826
Municipal bonds	512	5,736	360	505	-	-	-	-	7,113
Foreign government bonds	-	-	1,284	16,301	5,331	-	-	-	22,916
Corporate bonds	1,003	21,799	203,135	503,150	34,381	5,214	2,108	524	771,314
Asset-backed securities	90,568	9,803	4,590	-	69	7,348	2,305	-	114,683
Commercial mortgage-backed securities	72,356	4,670	512	-	826	-	-	2,425	80,789
Non government backed collateralized mortgage obligations	17,052	5,204	4,460	3,977	3,482	4,117	3,144	-	41,436
Other Fixed Income	-	-	552	-	-	-	-	-	552
Total fixed income securities exposed to credit risk	$ 181,491	$ 47,212	$ 214,893	$ 527,932	$ 44,916	$ 16,679	$ 7,557	$ 2,949	$ 1,043,629
Percent of total fixed income portfolio	4.7%	1.2%	5.6%	13.8%	1.2%	0.4%	0.2%	0.1%	27.2%

The exposure to credit risk of the underlying investments of the System's cash equivalents at June 30 is 100% invested in Double-A credit rating at June 30, 2022 and 2021.

Notes to Financial Statements (continued)

(c) Concentration of Credit Risk

Investments can be exposed to concentration of credit risk if significant amounts are invested in any one issuer. The System's investment policy states that portfolios managed on behalf of the System should not hold more than 5% of the outstanding securities of any single issuer. As of June 30, 2022, and 2021, the System did not have 5% or more of its total investments in any single issuer.

(d) Interest Rate Risk

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

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

	2022		2021	
	Fair Value	**Effective duration in years**	**Fair Value**	**Effective duration in years**
U.S. Treasury notes/bonds	$ 1,097,903,588	10.3	$ 1,459,778,749	10.4
U.S. TIPS index fund	404,365,667	6.9	426,092,846	7.5
Government agencies	37,771,967	3.7	11,950,913	8.0
Government mortgage-backed securities	812,347,271	7.8	860,734,999	3.8
Foreign bonds	34,239,652	7.2	22,917,093	8.8
Municipal bonds	18,359,694	10.1	7,112,883	15.5
Corporate bonds	833,285,027	6.0	811,311,063	7.4
Asset-backed securities	132,791,523	1.4	114,682,690	2.3
Commercial mortgage-backed securities	94,297,124	3.0	80,790,022	4.1
Non government backed collateralized mortgage obligations	61,035,247	3.0	41,435,432	2.4
Other fixed income	1,843,553	5.8	551,758	8.7
Total fixed income	$ 3,528,240,313		$ 3,837,358,448	
Porfolio duration		7.5		7.5

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

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

Notes to Financial Statements (continued)

Asset-backed securities are bonds or notes backed by loan paper or accounts receivable originated by banks, credit card companies, or other providers of credit and often enhanced by a bank letter of credit or by insurance coverage proved by an institution other than the issuer. At June 30, 2022 and 2021, the System held $132,791,523 and $114,682,690, respectively, in asset-backed securities.

Mortgage-backed securities are securities backed by mortgages issued by public and private institutions. At June 30, 2022 and 2021, the System held $812,347,271 and $860,734,999, respectively, in government mortgage-backed securities issued by the Federal Home Loan Mortgage Corporation (FHLMC), Government National Mortgage Association (GNMA), and Federal National Mortgage Association (FNMA) as well as $94,297,124 and $80,790,022, respectively, in commercial mortgage-backed securities.

Collateralized mortgage obligations (CMOs) are mortgage-backed bonds that allocate mortgage cash flows (interest and principal) into different maturity classes, called tranches. This is accomplished by dedicating mortgage cash flows to specific tranches and paying each tranche off in turn by prespecified rules. CMOs provide investors with increased security about the life of their investment compared to purchasing a pass-through mortgage-backed security. If mortgage rates drop (rise) sharply, prepayment rates will increase (decrease), and CMO tranches may be repaid before (after) the expected maturity. At June 30, 2022 and 2021, the System held $61,035,247 and $41,435,432, respectively, in non-government backed CMOs.

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

Maturities (in days)	2022	2021
0 - 14	33.3 %	47.4 %
15 - 30	7.1	4.3
31 - 60	11.3	9.7
61 - 90	18.1	17.7
91 - 180	9.2	9.2
181 - 364	20.0	11.2
365 - 730	1.0	0.5
	100.0 %	100.0 %

(e) Foreign Currency Risk

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

Notes to Financial Statements (continued)

The System's exposure to foreign currency risk by asset class at June 30, 2022 is as follows:

Currency	Equities	Short-term Investments	Cash	Total	Percent
Australian dollar	$ 11,942,427	$ -	$ -	$ 11,942,427	0.4 %
Brazilian real	10,198,532	-	-	10,198,532	0.4
British pound sterling	138,757,369	(486,551)	1,318,043	139,588,861	4.8
Danish krone	2,682,919	-	-	2,682,919	0.1
Euro	191,554,748	1,840,498	95,477	193,490,723	6.7
Hong Kong dollar	117,955,233	(987,766)	90,542	117,058,009	4.1
Indonesian rupiah	4,351,271	-	-	4,351,271	0.2
Japanese yen	186,936,214	(217,404)	736,767	187,455,577	6.5
Mexican peso	4,753,169	319,052	-	5,072,221	0.2
Polish zloty	-	-	368	368	0.0
Singapore dollar	20,906,942	(11,142)	11,142	20,906,942	0.7
South Korean won	28,950,026	931,966	-	29,881,992	1.0
Swedish krona	25,482,374	(177,653)	144,992	25,449,713	0.9
Swiss franc	23,782,608	-	-	23,782,608	0.8
International portfolio exposed to foreign currency risk	768,253,832	1,211,000	2,397,331	771,862,163	26.8
International portfolio in U.S. dollars	2,068,703,858	36,837,222	5,075,148	2,110,616,228	73.2
Total international portfolio	$ 2,836,957,690	$ 38,048,222	$ 7,472,479	$ 2,882,478,391	100.0 %

The System's exposure to foreign currency risk by asset class at June 30, 2021 is as follows:

Currency	Equities	Short-term Investments	Cash	Total	Percent
Australian dollar	$ 17,909,251	$ -	$ -	$ 17,909,251	0.5 %
Brazilian real	12,981,941	-	-	12,981,941	0.4
British pound sterling	172,403,608	(49,506)	87,770	172,441,872	4.8
Canadian dollar	8,579,678	-	-	8,579,678	0.2
Danish krone	7,742,299	-	-	7,742,299	0.2
Euro	255,418,097	(15,770)	15,770	255,418,097	7.1
Hong Kong dollar	138,708,225	328,814	26,618	139,063,657	3.9
Indonesian rupiah	3,152,027	-	-	3,152,027	0.1
Japanese yen	223,586,463	(133,345)	680,320	224,133,438	6.3
Mexican peso	4,449,580	-	-	4,449,580	0.1
Polish zloty	-	-	435	435	0.0
Singapore dollar	22,916,549	(103,082)	103,082	22,916,549	0.6
South African rand	7,073,870	-	-	7,073,870	0.2
South Korean won	35,844,897	-	-	35,844,897	1.0
Swedish krona	37,886,030	-	-	37,886,030	1.1
Swiss franc	20,433,378	-	-	20,433,378	0.6
International portfolio exposed to foreign currency risk	969,085,893	27,111	913,995	970,026,999	27.1
International portfolio in U.S. dollars	2,603,901,995	(26,455)	6,142,106	2,610,017,646	72.9
Total international portfolio	$ 3,572,987,888	$ 656	$ 7,056,101	$ 3,580,044,645	100.0 %

The System's actively-managed international equity securities are recorded at fair value, which includes foreign currency gains and losses attributable to fluctuations in the exchange rate between the foreign denominated currency of the investment and the U.S. dollar. This translation gain or loss is calculated based on month-end exchange rates. Cumulative unrealized translation losses at June 30, 2022 and 2021 were approximately $91.9 and $11.2 million, respectively.

Notes to Financial Statements (continued)

(f) Rate of Return

For the year ended June 30, 2022 and 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was -14.61% and 28.05% respectively, and the annual money-weighted rate of return on HISP plan investments, net of HISP plan investment expenses, was -11.30% and 22.10% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(g) Fair Value Measurement

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The inputs to the three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Significant other observable inputs, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in markets that are not active and other market corroborated inputs

Level 3: Significant unobservable inputs

Investments in equity securities classified in level 1 are valued directly from a predetermined primary external pricing vendor using published prices. Investments in debt securities classified as level 2 are obtained from using an alternative pricing source due to lack of information by the primary vendor. The investment in real estate is classified as level 3 due to lack of observable pricing inputs and is valued using annual appraisals.

Notes to Financial Statements (continued)

Assets measured at fair value and net asset value on June 30, 2022 are as follows:

		Fair Value Measurements Using		
Investments by Fair Value Level	**6/30/2022**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Short-term investment fund	$ 168,088,658	$ -	$ 168,088,658	$ -
Debt Securities				
U.S. Treasury notes/bonds	1,097,903,588	-	1,097,903,588	-
Government agencies	37,771,967	-	37,771,967	-
Government mortgage-backed securities	812,347,271	-	812,347,271	-
Foreign bonds	34,239,652	-	34,239,652	-
Municipal bonds	18,359,694	-	18,359,694	-
Corporate bonds	833,285,027	-	833,285,027	-
Asset-backed securities	132,791,523	-	132,791,523	-
Commercial mortgage-backed securities	94,297,124	-	94,297,124	-
Non government backed collateralized mortgag	61,035,247	-	61,035,247	-
Other fixed income	1,843,553		1,843,553	
Total Debt Securities	3,123,874,646	-	3,123,874,646	-
Equity Securities				
International equities	906,295,021	906,295,021	-	-
U.S. common and preferred stock	2,116,624,322	2,116,624,322	-	-
Total Equity Securities	3,022,919,343	3,022,919,343	-	-
Real estate				
Real estate	8,650,000	-	-	8,650,000
Total Investments by Fair Value Level	$ 6,155,443,989	$ 3,022,919,343	$ 3,123,874,646	$ 8,650,000
Investments Measured at the Net Asset Value (NAV)				
U.S. TIPS index fund	$ 404,365,667			
International equity index funds	1,930,657,567			
U.S. equity index fund	2,009,349,942			
Total Investments Measured at NAV	4,344,373,176			
Securities lending collateral	481,838,462			
Total Investments	$ 10,981,655,627			

Notes to Financial Statements (continued)

Assets measured at fair value and net asset value on June 30, 2021 are as follows:

		Fair Value Measurements Using		
Investments by Fair Value Level	**6/30/2021**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Short-term investment fund	$ 512,693,547	$ -	$ 512,693,547	$ -
Debt Securities				
U.S. Treasury notes/bonds	1,459,778,749	-	1,459,778,749	-
Government agencies	11,950,913	-	11,950,913	-
Government mortgage-backed securities	860,734,999	-	860,734,999	-
Foreign bonds	22,917,093	-	22,917,093	-
Municipal bonds	7,112,883	-	7,112,883	-
Corporate bonds	811,311,063	-	811,311,063	-
Asset-backed securities	114,682,690	-	114,682,690	-
Commercial mortgage-backed securities	80,790,022	-	80,790,022	-
Non government backed collateralized mortgage obligations	41,435,432	-	41,435,432	-
Other fixed income	551,758	-	551,758	-
Total Debt Securities	3,411,265,602	-	3,411,265,602	-
Equity Securities				
International equities	1,166,458,502	1,166,458,502	-	-
U.S. common and preferred stock	2,574,880,397	2,574,880,397	-	-
Total Equity Securities	3,741,338,899	3,741,338,899	-	-
Real estate				
Real estate	9,285,000	-	-	9,285,000
Total Investments by Fair Value Level	$ 7,161,889,501	$ 3,741,338,899	$ 3,411,265,602	$ 9,285,000
Investments Measured at the Net Asset Value (NAV)				
U.S. TIPS index fund	$ 426,092,846			
International equity index funds	2,406,530,043			
U.S. equity index fund	2,536,004,809			
Total Investments Measured at NAV	5,368,627,698			
Securities lending collateral	602,793,110			
Total Investments	$ 13,133,310,309			

There have been no significant changes in valuation techniques during the fiscal years ended June 30, 2022 and 2021.

Certain investments that do not have a readily determinable fair value are measured at NAV (or its equivalent), such as member units or an ownership interest. NAV per share is calculated as of the System's year-end and is provided by the investment manager. Redemption information for investments measured at the NAV per share, or equivalent, is presented in the table below.

Investments Measured at the Net Asset Value	**6/30/2022**	**6/30/2021**	**Redemption Frequency**	**Redemption Notice Period**
U.S. TIPS index fund (1)	$ 404,365,667	$ 426,092,846	Daily	2 days
International equity index funds (2)	1,930,657,567	2,406,530,043	Daily	2 days
U.S. equity index fund (3)	2,009,349,942	2,536,004,809	Daily	1 day
	$ 4,344,373,176	$ 5,368,627,698		

Notes to Financial Statements (continued)

[1] **U.S. TIPS index fund** – The US Treasury Inflation Protected Securities fund is an index fund that establishes an objective of delivering investment performance approximating the rate of return for outstanding US Treasury inflation protected securities with a maturity of one year or greater. The investment is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

[2] **International Equity Index Funds** – The International equity funds consist of index funds that are designed to track various segments of non-US equity markets. Those index funds include the ACWI ex-US Index Fund and the ACWI ex-US Growth Index Fund. The index funds are invested and reinvested in portfolios of non-US developed and emerging markets equity securities, with the objective of approximating the capitalization-weighted return of each respective market segment for publicly traded equity securities. The investment is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

[3] **U.S. Equity Index Fund** – The US equity fund consist of an index fund that is designed to track various segments of US equity markets. That index fund is the Russell 1000 Index Fund. The index fund is invested and reinvested in portfolios of US equity securities, with the objective of approximating the capitalization-weighted return of each respective market segment for publicly traded equity securities. The investment is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

(6) Net Pension (Asset) Liability, Net HISP Asset and Actuarial Information

(a) Net Pension (Asset) Liability and Net HISP Asset of Participating Agencies

The components of the net pension (asset) liability of the employers' at June 30 were as follows:

	2022	2021
Total pension liability	$ 10,828,046,484	$ 10,725,571,917
Plan fiduciary net position	9,987,481,670	12,067,732,648
Employers' net pension (asset) liability	$ 840,564,814	$ (1,342,160,731)
Plan fiduciary net position as a percentage of the total pension liability	92.24%	112.51%

The components of the net HISP asset of the employers' at June 30 were as follows:

	2022	2021
Total HISP liability	$ 311,838,597	$ 320,668,249
HISP plan fiduciary net position	405,426,213	458,150,586
Employers' net HISP (asset)	$ (93,587,616)	$ (137,482,337)
Plan fiduciary net position as a percentage of the total HISP liability	130.01%	142.87%

Notes to Financial Statements (continued)

(b) Actuarial Methods and Assumptions

The total pension liability and total HISP liability, both as of June 30, 2022 and 2021, were determined based on actuarial valuations prepared as of July 1, 2022, using the following actuarial assumptions:

- Investment return – 6.50% for 2022 and 2021 compounded annually net of investment expense and including inflation
- Salary increases, including price inflation – 3.25% to 9.25% for 2022 and 2021
- Mortality rates – In 2022 and 2021, Pub-2010 Below Media, General Membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019. Male rates are unadjusted, and female rates are set forward two year.
- No annual post-retirement benefit increases
- Assumed inflation rate – 2.50% for 2022 and 2021
- Payroll growth – 3.25% for 2022 and 2021
- Actuarial cost method – Entry age
- Select period for the termination of employment assumptions – 10 years

The actuarial assumptions used in the July 1, 2022, valuation are based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2019. The experience study report is dated May 13, 2020.

The long-term expected rate of return on pension plan investments and HISP plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The HISP represents a subsidy that is capped at $105 per month per retiree.

The target asset allocation and best estimates of arithmetic real rates of return for each major class, as used in the June 30, 2019 experience study, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	34.0%	4.7%
U.S. Small Cap Equity	6.0%	5.8%
Int'l Developed Equity	23.0%	6.5%
Emerging Market Equity	5.0%	8.5%
Core Fixed Income	25.0%	0.5%
Long Term Treasuries	3.5%	0.0%
US TIPS	3.5%	0.3%
Total	100.0%	

Notes to Financial Statements (continued)

(c) Discount rate

The discount rate used to measure the total pension liability and the total HISP liability was 6.50%, net of investment expenses, for 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that contributions from System members and the employers will be made at the current contribution rate as set out in state statute. Based on those assumptions, the pension plan's fiduciary net position and the HISP's fiduciary net position were projected to be available to make all projected future benefit payments of current System members. Therefore, the long-term expected rate of return on pension plan and HISP plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total HISP liability. The discount rate determined does not use a municipal bond rate.

Sensitivity of the net pension asset and net HISP asset to changes in the discount rate

The following presents the net pension (asset) liability of the employer calculated using the discount rate of 6.50% for 2022 and 2021, as well as what the System's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	June 30, 2022			June 30, 2021		
	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net pension liability (asset)	$ 2,060,228,380	$ 840,564,814	$ (190,917,136)	$ (124,603,241)	$ (1,342,160,731)	$ (2,371,285,064)

The following presents the net HISP asset or liability of the employer calculated using the discount rate of 6.50% for 2022 and 2021 as well as what the System's net HISP (asset) liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	June 30, 2022			June 30, 2021		
	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net HISP liability (asset)	$ (60,410,410)	$ (93,587,616)	$ (122,014,741)	$ (103,378,854)	$ (137,482,337)	$ (166,712,874)

Due to the structure of the HISP, healthcare cost trend rate sensitivity analysis is not meaningful.

(7) Federal Income Tax Status

Pursuant to a determination by the IRS, the System is qualified under the Internal Revenue Code of 1986, as amended and, therefore, is exempt from federal income taxes. The latest determination letter is dated October 28, 2014 and was a favorable determination for the Oklahoma Public Employees Retirement Plan. The System has been amended since receiving the determination letter; however, the System administrator believes that the System is designed and is currently being operated in substantial compliance with the applicable requirements of the Internal Revenue Code and will retain its status as a qualified plan.

Required Supplementary Information

(Unaudited)

June 30, 2022

Schedule 1

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

Year Ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	$ 166,411	$ 170,303	$ 158,748	$ 162,170	$ 170,490	$ 177,082	$ 178,523	$ 175,809	$ 184,835
Interest	675,171	668,446	658,714	647,009	640,881	639,266	653,306	635,975	621,990
Benefit changes	-	-	182,977	-	8,929	-	-	-	-
Difference between expected and actual experience	(51,644)	(55,509)	(7,442)	(2,065)	(110,269)	(117,283)	(52,745)	(11,228)	(89,172)
Changes of assumptions	-	-	538,446	-	-	238,225	233,874	-	15,413
Benefit payments	(675,559)	(661,582)	(628,669)	(621,409)	(592,726)	(573,962)	(565,412)	(542,488)	(520,641)
Refunds of contributions	(11,906)	(10,733)	(14,452)	(15,369)	(15,957)	(15,950)	(15,862)	(15,611)	(14,878)
Net change in total pension liability	102,473	110,925	888,322	170,336	101,348	347,378	431,684	242,457	197,547
Total pension liability - beginning	10,725,573	10,614,648	9,726,326	9,555,990	9,454,642	9,427,810	8,996,126	8,753,669	8,556,122
Adoption of GASB 74	-	-	-	-	-	(320,546)	-	-	-
Total pension liability - ending (a)	$ 10,828,046	$ 10,725,573	$ 10,614,648	$ 9,726,326	$ 9,555,990	$ 9,454,642	$ 9,427,810	$ 8,996,126	$ 8,753,669
Plan Fiduciary Net Position									
Contributions - employer	$ 283,159	$ 275,343	$ 274,882	$ 263,730	$ 258,907	$ 269,511	$ 296,249	$ 292,185	$ 280,047
Contributions - member	66,392	66,204	67,808	66,566	66,930	70,276	73,801	73,145	70,524
Net investment income	(1,736,616)	2,681,327	435,320	544,237	734,976	1,013,868	15,756	264,289	1,317,980
Benefit payments	(675,559)	(661,582)	(628,669)	(621,409)	(592,726)	(573,962)	(565,412)	(542,488)	(520,641)
Administrative expense	(5,722)	(5,310)	(5,543)	(5,564)	(5,162)	(5,214)	(5,395)	(5,183)	(4,709)
Refunds of contributions	(11,906)	(10,733)	(14,452)	(15,369)	(15,957)	(15,950)	(15,862)	(15,611)	(14,878)
Net change in plan fiduciary net position	(2,080,252)	2,345,249	129,346	232,191	446,968	758,529	(200,863)	66,337	1,128,323
Plan fiduciary net position - beginning	12,067,733	9,722,484	9,593,138	9,360,947	8,913,979	8,435,579	8,636,442	8,570,105	7,441,782
Adoption of GASB 74	-	-	-	-	-	(280,129)	-	-	-
Plan fiduciary net position - ending (b)	9,987,481	12,067,733	9,722,484	9,593,138	9,360,947	8,913,979	8,435,579	8,636,442	8,570,105
Net pension (asset) liability - ending (a) - (b)	$ 840,565	$ (1,342,160)	$ 892,164	$ 133,188	$ 195,043	$ 540,663	$ 992,231	$ 359,684	$ 183,564

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

Year Ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability	$ 10,828,046	$ 10,725,573	$ 10,614,648	$ 9,726,326	$ 9,555,990	$ 9,454,642	$ 9,427,810	$ 8,996,126	$ 8,753,669
Plan fiduciary net position	9,987,481	12,067,733	9,722,484	9,593,138	9,360,947	8,913,979	8,435,579	8,636,442	8,570,105
Net pension (asset) liability	$ 840,565	$ (1,342,160)	$ 892,164	$ 133,188	$ 195,043	$ 540,663	$ 992,231	$ 359,684	$ 183,564
Ratio of plan fiduciary net position to total pension liability	92.24%	112.51%	91.59%	98.63%	97.96%	94.28%	89.48%	96.00%	97.90%
Covered payroll	$ 1,556,561	$ 1,571,954	$ 1,584,631	$ 1,601,075	$ 1,688,544	$ 1,790,810	$ 1,808,973	$ 1,744,042	$ 1,695,348
Net pension liability as a % of covered payroll	54.00%	-85.38%	56.30%	8.32%	11.55%	30.19%	54.85%	20.62%	10.83%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information included is for those years for which information is available.

Required Supplementary Information

Schedule of Pension Employer Contributions ($ in Thousands)
(Unaudited)
June 30, 2022
Schedule 2

Year Ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined employer contribution	$ 116,791	$ 224,843	$ 118,083	$ 129,707	$ 168,494	$ 176,016	$ 164,600	$ 200,784	$ 258,879
Actual employer contributions	283,159	275,343	274,882	263,730	258,907	269,511	296,249	292,185	280,047
Annul contribution (excess)	$ (166,368)	$ (50,500)	$ (156,799)	$ (134,023)	$ (90,413)	$ (93,495)	$ (131,649)	$ (91,401)	$ (21,168)
Covered payroll*	$1,556,561	$1,571,954	$1,584,631	$1,601,075	$1,688,544	$1,790,810	$1,808,973	$1,744,042	$1,695,348
Actual contributions as a percentage of covered payroll*	18.19%	17.52%	17.35%	16.47%	15.33%	15.05%	16.38%	16.75%	16.52%

* Covered payroll beginning in 2017 is for the defined benefit plan members only although employer contributions toward the net pension liability are being received on behalf of defined contribution plan members. Note: 2017 was the first year to exclude the health insurance subsidy.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information included is for those years for which information is available.

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	6 years
Asset valuation method	5-year moving average
Inflation	2.50% for 2022 , 2021 and 2020, and 2.75% 2019, 2018 and 2017, and 3.00% for 2016
Salary increases, including inflation	3.25% to 9.25%
Investment rate of return	6.50% for 2022, 2021 and 2020, 7.00% for 2019, 7.00% for 2018 and 2017, and 7.25% for 2016, compounded annually, net of investment expense and including inflation
Retirement age	Age 65 for all members hired on or after November 1, 2011, age 62 for members hired prior to November 1, 2011
Mortality	For 2022 and 2021 - Pub-2010 Below Median, General membership Active/ Retiree Healthy Mortality table with base rates projected to 2030 using Scale MP-2019. For 2022 and 2021, males rates are unadjusted, and female rates are set forward two years. For 2020 males rates are set back one year, and female rates are set forward one year. For 2019 and 2018, active participants and nondisabled pensioners – RP-2014 Mortality Table projected to 2025 by Scale MP-2016 (disabled pensioners set forward 12 years). For 2016, Active participants and nondisabled pensioners – RP-2000 Mortality Table projected to 2010 by Scale AA (disabled pensioners set forward 15 years)

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

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

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

Required Supplementary Information

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

(Unaudited)

June 30, 2022

Schedule 3

Annual money-weighted rate of return, net of investment expense	
Year Ended June 30, 2022	-14.61%
Year Ended June 30, 2021	28.05%
Year Ended June 30, 2020	4.61%
Year Ended June 30, 2019	5.91%
Year Ended June 30, 2018	8.38%
Year Ended June 30, 2017	12.64%
Year Ended June 30, 2016	0.18%
Year Ended June 30, 2015	3.12%
Year Ended June 30, 2014	17.96%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information included is for those years for which information is available.

Required Supplementary Information

(Unaudited)

June 30, 2022

Schedule 4

Schedule of Changes in the Net HISP (Asset) Liability ($ in Thousands)

Year Ended June 30,	2022	2021	2020	2019	2018	2017
Total HISP Liability						
Service cost	$ 7,599	$ 7,988	$ 7,567	$ 7,909	$ 8,367	$ 8,550
Interest	20,291	20,782	21,848	22,332	22,240	22,563
Difference between expected and actual experience	(19,466)	(18,835)	(18,882)	(18,780)	(10,599)	(16,757)
Changes of assumptions	-	-	15,022	-	-	11,073
Benefit payments	(17,254)	(17,699)	(18,171)	(18,556)	(18,840)	(18,999)
Net change in total HISP liability	(8,830)	(7,764)	7,384	(7,095)	1,168	6,430
Total HISP liability - beginning	320,668	328,432	321,048	328,143	326,975	320,545
Total HISP liability - ending (a)	$ 311,838	$ 320,668	$ 328,432	$ 321,048	$ 328,143	$ 326,975
Plan Fiduciary Net Position						
Contributions - employer	$ 16,584	$ 17,676	$ 19,236	$ 18,744	$ 19,080	$ 18,828
Net investment income	(51,883)	83,022	14,510	18,841	25,502	35,747
Benefit payments	(17,254)	(17,699)	(18,171)	(18,555)	(18,840)	(18,999)
Administrative expense	(171)	(164)	(183)	(191)	(179)	(184)
Net change in plan fiduciary net position	(52,724)	82,835	15,392	18,839	25,563	35,392
Plan fiduciary net position - beginning	458,150	375,315	359,923	341,084	315,521	280,129
Plan fiduciary net position - ending (b)	405,426	458,150	375,315	359,923	341,084	315,521
Net HISP (asset) liability - ending (a) - (b)	$ (93,588)	$ (137,482)	$ (46,883)	$ (38,875)	$ (12,941)	$ 11,454

Schedule of the Net HISP (Asset) Liability ($ in Thousands)

Year Ended June 30,	2022	2021	2020	2019	2018	2017
Total HISP liability	$ 311,838	$ 320,668	$ 328,432	$ 321,048	$ 328,143	$ 326,975
Plan fiduciary net position	405,426	458,150	375,315	359,923	341,084	315,521
Net HISP (asset) liability	$ (93,588)	$ (137,482)	$ (46,883)	$ (38,875)	$ (12,941)	$ 11,454
Ratio of plan fiduciary net position to total HISP (asset) liability	130.01%	142.87%	114.27%	112.11%	103.94%	96.50%
Covered payroll*	N/A	N/A	N/A	N/A	N/A	N/A
Net HISP liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

*Covered Payroll is not meaningful to formulate a ratio of net HISP liability as a percentage of covered payroll. Contributions are only received from employers.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information included is for those years for which information is available.

Required Supplementary Information

Schedule of HISP Employer Contributions ($ in Thousands)
(Unaudited)
June 30, 2022
Schedule 5

Year Ended June 30,	2022	2021	2020	2019	2018	2017
Actuarially determined employer contribution	$ 3,363	$ 6,722	$ 3,654	$ 4,281	$ 5,786	$ 6,087
Actual employer contributions	16,584	17,676	19,236	18,744	19,080	18,828
Annul contribution (excess)	$ (13,221)	$ (10,954)	$ (15,582)	$ (14,463)	$ (13,294)	$ (12,741)
Covered payroll*	N/A	N/A	N/A	N/A	N/A	N/A
Actual contributions as a % of covered payroll*	N/A	N/A	N/A	N/A	N/A	N/A

*Covered Payroll is not meaningful to formulate a ratio of net HISP liability (asset) as a percentage of covered payroll. Contributions are only received from employers.

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	6 years
Asset valuation method	5-year moving average
Inflation	2.50% for 2022, 2021 and 2020, 2.75% for 2019, 2018 and 2017, 3.00% for 2016 and 2015
Salary increases, including inflation	3.25% to 9.25% for FY22, FY21 and FY20, 3.75% for 2019, 2018 and 2017, 5.00% for 2016 and 2015, including inflation
Investment rate of return	6.50% for 2022, 2021 and 2020, 7.00% for 2019, 2018 and 2017, 7.25% for 2016 and 7.50% for 2015, compounded annually, net of investment expense and including inflation
Retirement age	Age 65 for all members hired on or after November 1, 2011, age 62 for members hired prior to November 1, 2011
Mortality	For 2022 and 2021 - Pub-2010 Below Median, General membership Active/ Retiree Healthy Mortality table with base rates projected to 2030 using Scale MP-2019. Males rates are unadjusted, and female rates are set forward two years.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information included is for those years for which information is available.

Required Supplementary Information

Schedule of Money-Weighted Rate of Return on HISP Investments

(Unaudited)

June 30, 2022

Schedule 6

Annual money-weighted rate of return, net of investment expense	
Year Ended June 30, 2022	-11.30%
Year Ended June 30, 2021	22.10%
Year Ended June 30, 2020	4.03%
Year Ended June 30, 2019	5.52%
Year Ended June 30, 2018	8.08%
Year Ended June 30, 2017	12.76%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information included is for those years for which information is available.

Supplementary Information

Schedule of Investment Expenses

Years Ended June 30, 2022 and 2021

Schedule 7

	2022	2021
Investment management fees		
Fixed Income Managers:		
BlackRock Financial Management, Inc.	$ 1,415,920	$ 1,328,222
Hoisington Investment Management	474,251	470,537
Metropolitan West Asset Management, LLC	546,298	2,041,729
BlackRock Institutional Trust Company, N.A. - TIPS	36,697	31,837
U.S. Equity Managers:		
Barrow, Hanley, Mewhinney & Strauss, Inc.	1,212,148	1,265,195
BlackRock Institutional Trust Company, N.A.	154,171	139,137
DePrince Race & Zollo, Inc.	4,840,293	730,517
Newton Investment Management North America, LLC	62,500	62,500
State Street Global Advisors	226,774	195,887
UBS Global Asset Management	712,158	4,197,708
Westfield Capital Management	401,713	366,576
International Equity Managers:		
Baillie Gifford Overseas Limited	782,494	4,568,295
BlackRock Institutional Trust Company, N.A.	590,113	561,830
Mondrian Investment Partners, Ltd	2,475,578	2,307,293
Total investment management fees	13,931,109	18,267,263
Investment consultant fees		
Verus Investment Advisory Group	241,828	244,494
Investment custodial fees		
Northern Trust Company	43,495	37,595
Other investment related expenses	254,747	240,141
Total investment expenses	$ 14,471,179	$ 18,789,493

Supplementary Information

Schedule of Administrative Expenses

Year Ended June 30, 2022 and 2021

Schedule 8

	2022	2021
Staff salaries	$ 3,793,160	$ 3,426,959
Social Security	282,718	255,234
Retirement	631,021	594,769
Insurance	641,164	626,065
Temporary employees	-	249
Total personnel services	5,348,063	4,903,276
Actuarial	97,850	97,850
Audit	250,511	319,733
IT Consulting	186,570	172,340
Legal	24,841	13,766
Total professional services	559,772	603,689
Printing	58,807	42,842
Telephone	24,758	24,236
Postage and mailing expenses	105,276	87,950
Travel	20,914	9,493
Information Technology	377,640	265,471
Total communication	587,395	429,992
Office space	259,736	259,736
Equipment leasing	15,161	14,530
Total rentals	274,897	274,266
Supplies	8,002	5,340
Maintenance	66,355	56,280
Depreciation	67,304	70,385
Other	99,637	92,602
Total miscellaneous	241,298	224,607
Total administrative expenses	7,011,425	6,435,830
Administrative expenses allocated		
Uniform Retirement System for Justices and Judges (URSJJ)	(200,219)	(181,425)
Oklahoma State Employees Deferred Compensation Plan (DCP)	(518,401)	(485,311)
Oklahoma State Employees Deferred Savings Incentive Plan (SIP)	(136,848)	(125,968)
Pathfinder 401(a) Defined Contribution Plan	(232,639)	(149,339)
Pathfinder 457 Defined Contribution Plan	(30,765)	(19,149)
Total administrative expenses allocated	(1,118,872)	(961,192)
Net administrative expenses	$ 5,892,553	$ 5,474,638

Note to Schedule of Administrative Expenses

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

Supplementary Information

Schedule of Professional/Consultant Fees

Year Ended June 30, 2022 and 2021

Schedule 9

		2022	2021
Professional/Consultant	**Service**		
Cavanaugh Macdonald Consulting, Inc.	Actuarial	$ 97,850	$ 97,850
Eide Bailly LLP	External Auditor	73,000	72,300
Arledge & Associates	External Auditor	34,500	40,000
Finley & Cook, PLLC	Internal Auditor	143,011	207,433
Gartner Inc.	IT Consulting	150,405	146,465
True Digital Security	IT Consulting	36,165	25,875
Ice Miller LLP	Legal	24,841	13,666
Michael Mitchelson	Legal	-	100
Total professional/consultant fees		$ 559,772	$ 603,689

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
Oklahoma Public Employees Retirement System
Oklahoma City, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Oklahoma Public Employees Retirement System (the System), which comprise the statements of fiduciary net position as of June 30, 2022, and the related statements of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 11, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Oklahoma City, Oklahoma
October 11, 2022