

**OKLAHOMA POLICE PENSION AND  
RETIREMENT SYSTEM**

**40<sup>th</sup>  
ANNUAL REPORT**

**FISCAL YEAR 2021**



**1001 N.W. 63rd Street, Suite 305  
Oklahoma City, OK 73116-7335  
(405) 840-3555  
(800) 347-6552  
Fax (405) 840-8465**

## EXECUTIVE DIRECTOR'S LETTER

Dear Member:

The Board of Trustees is pleased to submit the 40th Annual Report of the Oklahoma Police Pension and Retirement System for the year ended June 30, 2021. This report is furnished in accordance with Section 50-105.4 of Title 11 of the Oklahoma Statutes.

The purpose of this report is to provide comprehensive information about the retirement plan including audited financial statements, actuarial information, historical and statistical data on active members, annuitants and benefit payments.

The Oklahoma Police Pension and Retirement System's fiscal year end actuary and audit reports have been completed respectively by Cavanaugh Macdonald Consulting, LLC. and Finley & Cook, PLLC. Both reports are available for review at the office of the Oklahoma Police Pension and Retirement System and on our website at [www.opprs.ok.gov](http://www.opprs.ok.gov).

Respectfully,

Ginger Sigler  
Executive Director

## INTRODUCTION

The Oklahoma Police Pension and Retirement System was established January 1, 1981, to provide pension and other specified benefits for members who are qualified police officers and/or their beneficiaries of the participating municipalities.

The mission of the System is to provide secure retirement benefits for members and their beneficiaries.

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

The System provides retirement benefits to all retirees. The four primary sources of revenue for the System are contributions from active members, member municipalities, dedicated revenue and investment income. In order to fulfill their fiduciary responsibilities, the Board retains an actuary to prepare an annual valuation. This report is submitted to the Governor and the Legislature. The Board also retains investment managers to ensure that the assets of the fund are being adequately invested at all times. Performance measurement is provided by an investment consulting firm. This firm compares the management of funds and the investment rate of return of the System against similar funds and trusts.

The agency maintains records pertaining to active members, retirees and beneficiaries. The agency also monitors the investments of the System. The agency serves those who proudly and bravely serve all the citizens in their respective municipalities.

## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Oklahoma Police Pension and Retirement Plan (the "Plan"), administered by the Oklahoma Police Pension and Retirement System, which is a part of the State of Oklahoma financial reporting entity, which comprise the statements of fiduciary net position as of June 30, 2021 and 2020, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of June 30, 2021 and 2020, and the changes in fiduciary net position of the Plan for the years then ended in accordance with accounting principles generally accepted in the United States.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages I-1 through I-4 and the schedule of changes in employers' net pension (asset) liability, the schedule of employers' net pension (asset) liability, the schedule of contributions from employers and other contributing entities, and the schedule of investment returns, and the related notes, on pages 53 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2021, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Plan'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 Plan's internal control over financial reporting and compliance.

*Finley + Cook, PLLC*

Shawnee, Oklahoma  
September 8, 2021

## FINANCIAL HIGHLIGHTS

### Selected Financial Information at Fair Market Value

	Year Ended June 30	
	<u>2021</u>	<u>2020</u>
	(Amounts in Thousands)	
Net Assets	\$3,289,959	\$2,621,311
Net Investment (Loss) Income	770,131	55,808
Total Contributions	100,719	111,831
<b>Total Revenues</b>	<b>870,850</b>	<b>167,639</b>
Retirement and Other Benefits	200,222	163,193
Administrative Expenses	1,980	1,992
<b>Total Expenses</b>	<b>202,202</b>	<b>165,185</b>
<b>Net Position (Decrease) Increase</b>	<b>668,648</b>	<b>2,454</b>

### Selected Investment Information

	Year Ended June 30	
	<u>2021</u>	<u>2020</u>
	(Amounts in Thousands)	
US Government Securities	\$ 42,183	\$ 37,917
Domestic Corporate Bonds	208,271	217,356
International Corporate Bonds and Bond Funds	286,985	219,400
Domestic Equities	921,659	659,372
International Equities	536,635	399,687
Private Equity – Non-Real Estate	472,871	295,859
Low Volatility Hedge Funds	86,689	164,679
Long/Short Hedge Funds	274,281	229,943
Real Estate – Core and Private Equity	388,478	320,500
Commodities	0	22,799
Direct Real Estate – Columbus Square	<u>3,900</u>	<u>4,100</u>
<b>Total Investment Portfolio</b>	<b><u>\$ 3,221,952</u></b>	<b><u>\$ 2,571,612</u></b>

## MEMBER HIGHLIGHTS

### ACTIVE MEMBERS

	<u>2021</u>	<u>2020</u>
Active Members	4,920	4,990
Average Age	39.6	39.7
Average Service	11.5	11.7
Non-Vested Terminated Members	1,003	899
Average Balance	\$4,460	\$4,275

### RETIREES AND AVERAGE BENEFITS

	<u>2021</u>	<u>2020</u>
Retired Members	3,088	2,954
Average Annual Benefit	\$36,249	\$35,338
Beneficiaries	862	828
Average Annual Benefit	\$27,868	\$27,953
Disabled Members	132	130
Average Annual Benefit	\$18,009	\$17,820
Deferred Option Plan Members	1	2
Average Annual Benefit	\$67,300	\$64,446
Vested Terminated Members	156	161
Average Annual Deferred Benefit	\$18,053	\$18,026

### SELECTED ACTUARIAL INFORMATION

	<u>Valuation as of July 1 Actuarial</u>	
	<u>Status - Actuarial Basis (in millions) Funded</u>	
	<u>2021</u>	<u>2020</u>
Actuarial Accrued Liability	\$2,810.2	\$2,736.2
Actuarial Value of Asset	\$2,940.1	\$2,756.9
Unfunded Liability	(\$129.9)	(\$20.7)
<b>Funded Ratio</b>	<b>104.6%</b>	<b>100.8%</b>

**Twenty-Year Projected Benefit Payments  
(Retirement Benefit Payments)**

Retirement, Survivor and Withdrawal Benefits

Year Ending June 30	Actives	Inactives	Total
2022	\$ 70,903,000	\$ 138,395,000	\$ 209,298,000
2023	64,409,000	137,411,000	201,820,000
2024	69,334,000	136,229,000	205,563,000
2025	75,109,000	134,957,000	210,066,000
2026	79,248,000	133,484,000	212,732,000
2027	86,311,000	131,973,000	218,284,000
2028	94,757,000	130,269,000	225,026,000
2029	101,660,000	128,329,000	229,989,000
2030	113,052,000	126,202,000	239,254,000
2031	122,581,000	123,904,000	246,485,000
2032	130,727,000	121,394,000	252,121,000
2033	139,371,000	118,679,000	258,050,000
2034	148,158,000	115,802,000	263,960,000
2035	156,161,000	112,752,000	268,913,000
2036	164,120,000	109,619,000	273,739,000
2037	179,781,000	106,331,000	286,112,000
2038	190,720,000	102,897,000	293,617,000
2039	204,548,000	99,350,000	303,898,000
2040	217,341,000	95,692,000	313,033,000
2041	232,359,000	91,932,000	324,291,000

**Contribution Requirement Summary**

Year ended June 30

	<u>2021</u>	<u>2020</u>
Total Normal Cost	72,041,000	72,172,000
Amortization of Unfunded Accrued Liability	(10,606,000)	(1,692,000)
Budgeted Expenses	<u>2,387,000</u>	<u>2,310,000</u>
<b>Total Required Contribution</b>	<b>63,822,000</b>	<b>72,790,000</b>
Estimated Member Contributions	28,045,000	28,108,000
Estimated Employer Contributions	<u>45,580,000</u>	<u>45,694,000</u>
Required State Contribution (not less than -0-)	0.00	0.00
Actual State Contribution – Prior Year	28,368,000	40,295,000



**POLICE PENSION AND RETIREMENT SYSTEM  
BOARD OF TRUSTEES**

**CHAIRMAN, Thomas Cooper, Broken Arrow**  
**VICE CHAIRMAN, Chris Cook, Edmond**

State Board District 1	Chris Cook, Edmond
State Board District 2	Robert Groseclose, Mustang
State Board District 3	Thomas Cooper, Broken Arrow
State Board District 4	Jeff Russell, Norman
State Board District 5	Ryan Woods, Tulsa
State Board District 6	John George, Oklahoma City
State Board District 7	Jeff Cealka, Retired
Governor Appointee	Greg Wood
Speaker of the House Appointee	Tim Foley
Senate President Pro Tempore Appointee	Chris Chandler
Oklahoma Municipal League Appointee	Mike Brown
State Insurance Commissioner	Glen Mulready <i>Antuanya "Bo" DeBose, Designee</i>
Director of Management and Enterprise Services	Steven Harpe <i>Lia Tepker-McHughes, Designee</i>

**STAFF**

Ginger Sigler, Executive Director  
Sean Ruark, Deputy Director  
Deric Berousek, Chief Financial Officer  
Ann Burrows, Comptroller  
Darcie Gordon, Administrative Officer  
Elizabeth Marshall, Accountant  
Katie Luttrell, Pension Operations Administrator/IT  
Leeandra Galutia, Pension Analyst  
Angela McCullough, Senior Pension Analyst  
Lauren Holmes, Administrative Assistant

**PROFESSIONAL SERVICE PROVIDERS**

<b>BNY MELLON</b> Master Custodian	<b>Cavanaugh Macdonald Consulting, LLC</b> Actuarial Consultant
<b>Asset Consulting Group</b> Investment Consultant	<b>Finley &amp; Cook, PLLC</b> Independent Auditor

## **INVESTMENT MANAGERS**

### **DOMESTIC EQUITY MANAGERS**

Boston Partners Asset Management – Small-Mid Capitalization Value  
Silvercrest (formerly Cortina) – Small Capitalization Growth  
Grosvenor Capital Management, LP – Long/Short Equity  
K2 Ascent LLC – Long/Short Equity  
Northern Trust Asset Management – Large Capitalization Core Index

### **INTERNATIONAL EQUITY MANAGERS**

AllianceBernstein Trust – Emerging Markets Strategic Core Equity  
Baring Asset Management – Focused EAFE Plus International Equity  
Mondrian Investment Partners Limited – International Value  
Wasatch Advisors- Emerging Markets Small Capitalization

### **DOMESTIC FIXED INCOME MANAGERS**

Agincourt Capital Management – Core Fixed Income  
Oaktree Capital Management – Multi- Sector Fixed Income

### **GLOBAL FIXED INCOME MANAGER**

Loomis Sayles & Company, LP – Global Fixed income

### **REAL ASSETS MANAGERS**

Angelo Gordon – Private Real Estate  
Blackstone Property Partners – Core Real Estate  
Blackstone REP IX – Private Real Estate  
Cerberus Capital Management – Private Real Estate  
Columbus Square – Direct Real Estate  
Hall Capital – Private Real Estate  
J.P. Morgan Asset Management Inc. – Core Real Estate  
Siguler Guff – Private Real Estate  
Starwood Capital Group – Private Real Estate  
The Realty Associates Fund – Private Real Estate

### **SPECIAL STRATEGY MANAGERS**

Accel Europe, LP – European Venture Capital  
Actis IV – Emerging Market Focused  
Apollo European Principal Finance Fund III – European Distressed Debt  
Apollo Investment Fund VIII & IX – Buyout  
Apollo Accord IV – Private Credit  
ArcLight Energy Partners VI & VII – Other Private Equity – Energy  
Arsenal Capital Partners Fund II, & III LP – Small/Mid-Market Buyout  
Calera Capital IV – Mid Market Buyout  
CarVal Credit Value Fund V – Private Credit  
CenterOak Partners I – Buyout  
Encap Energy Cap IX, X & XI – Other Private Equity - Energy  
FirstMark Capital Management Fund I, II, III, IV, & V LP – Early & Late Stage Venture Capital  
Firstmark Capital Opportunity Fund I, II & III – Venture Capital  
Francisco Partners IV, V, & VI – Buyout  
Francisco Partners Agility II – Buyout  
Greenspring Global Partners X – Venture Capital Fund of Funds

Jade Equity Investors (Leonard Green) LP - Buyout  
 Knightsbridge Advisers Inc. Fund VI – Venture Capital Fund of Funds  
 LBC Credit Partners IV – Private Credit  
 Leonard Green Equity Investors VII & VIII - Buyout  
 Levine Leichtman Capital Partners III & IV, LP – Mid Market Structured Equity  
 Lexington Capital Partners VI-B, LP – Secondary Interests in Private Equity  
 Newstone Capital Partners II & III, LP – Mezzanine Debt & Private Credit  
 North Sky Clean Growth Fund V LP - Buyout  
 Oaktree Capital Mgmt. Partners Fund VII, VIIb, VIII, IX, X, Xb, XI LP – Distressed Debt  
 Oaktree European Dislocation Fund - Distressed  
 Pacific Alternative Asset Mgmt. Co., Newport Mesa, LLC – Low Volatility Hedge Fund of Funds  
 Redmile Biopharma III, LP – Venture Capital  
 Siguler Guff & Company III, LLC – Distressed Debt  
 Sun Capital Partners Group, Inc. Fund V – Control Buyout  
 TA Associates Fund XIII-B & XIV – Venture Capital  
 TCW/Crescent Mezzanine Partners Fund V, LP – Mezzanine Debt  
 TCW MetWest Unconstrained Bond Fund – Global Fixed Income/Absolute Return  
 Thompson Street Capital Partners Fund II, III, IV, V & VI – Small/Mid-Market Buyout  
 Warburg Pincus Private Equity X, XI, XII & Global Growth LP – Diversified Private Equity  
 Weathergage Venture Capital I, II & IV, LP – Venture Capital Fund of Funds  
 Wellington Trust – Global Total Return Fund

## LEGISLATION

The following Legislation passed during the Session of the 58<sup>th</sup> Legislature (2021) amended statutes pertaining to the Oklahoma Police Pension and Retirement System:

HB2457 - Changes Required Minimum Distributions from 70 ½ to 72 years of age

HB 2499 – Allows for Members to have final payments left to Trusts.

HB2893 - Modifies the percentage of revenue appropriated in FY22 to the Oklahoma Firefighters’ Pension and Retirement Fund, the Police Pension and Retirement System, and the Law Enforcement Retirement Fund and reallocates this revenue to the Education Reform Revolving (“HB 1017”) Fund.