

# **Oklahoma Law Enforcement Retirement Plan**

Administered by

# **Oklahoma Law Enforcement Retirement System**

*Schedules of Allocations and Pension Amounts  
by Participating Employer Agency*

June 30, 2022

(With Independent Auditors' Report Thereon)



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## **INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Oklahoma Law Enforcement Retirement System

### **Opinions**

We have audited the individual columns labeled “Employer Agency Allocations” included in the accompanying Schedule of Allocations by Participating Employer Agency and the Schedule of Pension Amounts by Participating Employer Agency (the “Schedules”) of the Oklahoma Law Enforcement Retirement Plan (the “Plan”), administered by the Oklahoma Law Enforcement Retirement System, which is a part of the State of Oklahoma financial reporting entity, as of and for the year ended June 30, 2022. We have also audited the total for all entities of the columns titled “Net Pension Liability,” “Total Deferred Outflows of Resources,” “Total Deferred Inflows of Resources,” and “Total Employer Agency Pension Expense, Excluding that Attributable to Employer-Paid Member Contributions and Other Employer-Specified Amounts” (“specified column totals”) included in the accompanying Schedules of the Plan as of and for the year ended June 30, 2022, and the related notes to the Schedules.

In our opinion, the Schedules referred to above present fairly, in all material respects, the employer agency allocations and net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total employer agency pension expense, excluding that attributable to employer-paid member contributions and other employer-specified amounts, for the total of all participating entities for the Plan as of and for the year ended June 30, 2022, in accordance with accounting principles generally accepted in the United States.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Other Matter**

We have audited, in accordance with auditing standards generally accepted in the United States, the financial statements of the Plan as of and for the year ended June 30, 2022, and our report thereon, dated October 19, 2022, expressed an unmodified opinion on those financial statements.

(Continued)

## **INDEPENDENT AUDITORS' REPORT, CONTINUED**

### **Responsibilities of Management for the Schedules**

Management is responsible for the preparation and fair presentation of these Schedules 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 schedules that are free from material misstatement, whether due to fraud or error.

In preparing the Schedules, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the date of the Schedules, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditors' Responsibilities for the Audit of the Schedules**

Our objectives are to obtain reasonable assurance about whether the amounts and disclosures in the individual columns labeled "Employer Agency Allocations" and the specified column totals included in the Schedules are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards 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 Schedules.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedules, 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 Schedules.
- 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 the Plan'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 Schedules.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan'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.

(Continued)

**INDEPENDENT AUDITORS' REPORT, CONTINUED**

**Restriction on Use**

Our report is intended solely for the information and use of the Plan's management, the Plan's Board of Trustees, and contributing employer agencies as of and for the year ended June 30, 2022, and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

*Finley & Cook, PLLC*

Shawnee, Oklahoma  
February 15, 2023

**OKLAHOMA LAW ENFORCEMENT RETIREMENT PLAN**  
**Administered by**  
**OKLAHOMA LAW ENFORCEMENT RETIREMENT SYSTEM**

**SCHEDULE OF ALLOCATIONS BY PARTICIPATING EMPLOYER AGENCY**

*As of and for the Year Ended June 30, 2022*

Entity	Employer Agency Allocations 2021		Employer Agency Allocations 2022		2022 Percentage Change in Proportion	Employer Agency Change in Proportion of June 30, 2021, Net Pension Liability	Employer Agency Change in Proportion of June 30, 2021, Deferred Inflows	Employer Agency Change in Proportion of June 30, 2021, Deferred Outflows	Total Change in Proportionate Share of June 30, 2021, Net Pension Liability Deferred Inflows and Outflows	Amount to Amortize as Pension Expense at June 30, 2022, Due to Changes in Proportion
	Employer Agency Contributions	Employer Agency Allocation Percentage	Employer Agency Contributions	Employer Agency Allocation Percentage						
<b>TOTAL TO BE ALLOCATED</b>	<b>\$ 9,877,785</b>	<b>100.0000%</b>	<b>9,568,211</b>	<b>100.0000%</b>	<b>0.0000%</b>	<b>13,446,988</b>	<b>166,843,536</b>	<b>64,013,064</b>	<b>3,500,533</b>	<b>-</b>
OSU	312,328	3.1619%	328,554	3.4338%	0.2719%	36,562	453,648	174,052	316,158	62,606
ABLE	105,167	1.0647%	146,482	1.5309%	0.4662%	62,690	777,825	298,429	542,086	107,344
OSBI	1,428,757	14.4643%	1,320,307	13.7989%	(0.6654)%	(89,476)	(1,110,177)	(425,943)	(773,710)	(153,210)
OBND	737,637	7.4676%	864,042	9.0303%	1.5627%	210,136	2,607,264	1,000,332	1,817,068	359,814
Pharmacy	23,044	0.2333%	24,269	0.2536%	0.0203%	2,730	33,869	12,995	23,604	4,674
Tourism	128,312	1.2990%	186,630	1.9505%	0.6515%	87,607	1,086,986	417,045	757,548	150,010
DPS	6,565,861	66.4711%	6,151,586	64.2921%	(2.1790)%	(293,009)	(3,635,521)	(1,394,845)	(2,533,685)	(501,719)
QRTZ	1,007	0.0102%	-	0.0000%	(0.0102)%	(1,372)	(17,018)	(6,529)	(11,861)	(2,349)
OU Norman	123,477	1.2500%	123,227	1.2879%	0.0379%	5,096	63,234	24,261	44,069	8,727
OU HSC	297,229	3.0091%	276,333	2.8880%	(0.1211)%	(16,284)	(202,048)	(77,520)	(140,812)	(27,884)
GRDA	154,966	1.5688%	146,781	1.5340%	(0.0348)%	(4,680)	(58,062)	(22,277)	(40,465)	(8,013)
	<u>\$ 9,877,785</u>	<u>100.0000%</u>	<u>9,568,211</u>	<u>100.0000%</u>	<u>0.0000%</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Due to the computed percentages being different from the percentages presented, the presented totals may vary due to rounding.

See Independent Auditors' Report.

See accompanying notes to Schedules of Allocations and Pension Amounts by Participating Employer Agency.

**OKLAHOMA LAW ENFORCEMENT RETIREMENT PLAN**  
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**SCHEDULE OF ALLOCATIONS BY PARTICIPATING EMPLOYER AGENCY, CONTINUED**

*As of and for the Year Ended June 30, 2022*

<u>Entity</u>	June 30, 2022, Amount Recorded as Deferred OUTFLOWS Due to Changes in <u>Proportion</u> <u>2021</u>	June 30, 2022, Amount Recorded as Deferred INFLOWS Due to Changes in <u>Proportion</u> <u>2021</u>	June 30, 2022, Amount Recorded as Deferred OUTFLOWS Due to Changes in <u>Proportion</u> <u>2020</u>	June 30, 2022, Amount Recorded as Deferred INFLOWS Due to Changes in <u>Proportion</u> <u>2020</u>	June 30, 2022, Amount Recorded as Deferred OUTFLOWS Due to Changes in <u>Proportion</u> <u>2019</u>	June 30, 2022, Amount Recorded as Deferred INFLOWS Due to Changes in <u>Proportion</u> <u>2019</u>	June 30, 2022, Amount Recorded as Deferred OUTFLOWS Due to Changes in <u>Proportion</u> <u>2018</u>
<b>TOTAL TO BE ALLOCATED</b>	<b>2,807,358</b>	<b>2,807,358</b>	<b>2,686,926</b>	<b>2,686,926</b>	<b>822,756</b>	<b>822,756</b>	<b>349,093</b>
OSU	253,552	-	-	98,002	-	80,533	-
ABLE	434,742	-	-	251,610	244,377	-	20,603
OSBI	-	620,500	1,252,822	-	272,073	-	102,197
OBND	1,457,254	-	943,121	-	-	542,519	92,753
Pharmacy	18,930	-	-	59,865	49,961	-	24,042
Tourism	607,538	-	-	263,851	-	176,836	49,475
DPS	-	2,031,966	-	1,759,947	212,971	-	-
QRTZ	-	9,512	-	21,551	-	1,066	-
OU Norman	35,342	-	-	232,100	22,732	-	-
OU HSC	-	112,928	460,473	-	20,642	-	33,814
GRDA	-	32,452	30,510	-	-	21,802	26,209
	<u>2,807,358</u>	<u>2,807,358</u>	<u>2,686,926</u>	<u>2,686,926</u>	<u>822,756</u>	<u>822,756</u>	<u>349,093</u>

Due to the computed percentages being different from the percentages presented, the presented totals may vary due to rounding.

See Independent Auditors' Report.

See accompanying notes to Schedules of Allocations and Pension Amounts by Participating Employer Agency.

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**SCHEDULE OF ALLOCATIONS BY PARTICIPATING EMPLOYER AGENCY, CONTINUED**

*As of and for the Year Ended June 30, 2022*

<u>Entity</u>	June 30, 2022, Amount Recorded as Deferred INFLOWS Due to Changes in <u>Proportion</u> <u>2018</u>	June 30, 2022, Amount Recorded as Deferred OUTFLOWS Due to Changes in <u>Proportion</u> <u>2017</u>	June 30, 2022, Amount Recorded as Deferred INFLOWS Due to Changes in <u>Proportion</u> <u>2017</u>
<b>TOTAL TO BE ALLOCATED</b>	<b>349,093</b>	<b>111,073</b>	<b>111,073</b>
OSU	13,492	51,174	-
ABLE	-	-	52,761
OSBI	-	-	33,697
OBND	-	23,339	-
Pharmacy	-	-	9,202
Tourism	-	-	1,358
DPS	323,898	-	14,055
QRTZ	471	391	-
OU Norman	11,232	18,241	-
OU HSC	-	16,579	-
GRDA	-	1,349	-
	<u>349,093</u>	<u>111,073</u>	<u>111,073</u>

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See Independent Auditors' Report.

See accompanying notes to Schedules of Allocations and Pension Amounts by Participating Employer Agency.

**OKLAHOMA LAW ENFORCEMENT RETIREMENT PLAN**  
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**SCHEDULE OF PENSION AMOUNTS BY PARTICIPATING EMPLOYER AGENCY**

*As of and for the Year Ended June 30, 2022*

Entity	Employer Agency Allocations		Net Pension Liability	Deferred Outflows of Resources								
	Employer Agency Contributions	Employer Agency Allocation Percentage	June 30, 2022, Net Pension Liability @ 7.5% Discount	Differences Between Expected and Actual Plan Experience	Net Difference Between Projected and Actual Plan Earnings on Pension Plan Investments	Changes in Proportion and Differences between Employer Agency Contributions and Proportionate Share of Contributions 2021	Changes in Proportion and Differences between Employer Agency Contributions and Proportionate Share of Contributions 2020	Changes in Proportion and Differences between Employer Agency Contributions and Proportionate Share of Contributions 2019	Changes in Proportion and Differences between Employer Agency Contributions and Proportionate Share of Contributions 2018	Changes in Proportion and Differences between Employer Agency Contributions and Proportionate Share of Contributions 2017	Total Deferred Outflows of Resources	
<b>TOTAL TO BE ALLOCATED</b>	<b>\$ 9,568,211</b>	<b>100.0000%</b>	<b>196,739,963</b>	<b>8,091,758</b>	<b>208,101,687</b>	<b>2,807,358</b>	<b>2,686,926</b>	<b>822,756</b>	<b>349,093</b>	<b>111,073</b>	<b>222,970,651</b>	
OSU	328,554	3.4338%	6,755,657	277,855	7,145,796	253,552	-	-	-	51,174	7,728,377	
ABLE	146,482	1.5309%	3,011,892	123,877	3,185,829	434,742	-	244,377	20,603	-	4,009,428	
OSBI	1,320,307	13.7989%	27,147,951	1,116,574	28,715,744	-	1,252,822	272,073	102,197	-	31,459,410	
OBND	864,042	9.0303%	17,766,209	730,710	18,792,207	1,457,254	943,121	-	92,753	23,339	22,039,384	
Pharmacy	24,269	0.2536%	498,933	20,521	527,746	18,930	-	49,961	24,042	-	641,200	
Tourism	186,630	1.9505%	3,837,413	157,830	4,059,023	607,538	-	-	49,475	-	4,873,866	
DPS	6,151,586	64.2921%	126,488,253	5,202,360	133,792,944	-	-	212,971	-	-	139,208,275	
QRTZ	-	0.0000%	-	-	-	-	-	-	-	391	391	
OU Norman	123,227	1.2879%	2,533,814	104,214	2,680,141	35,342	-	22,732	-	18,241	2,860,670	
OU HSC	276,333	2.8880%	5,681,850	233,690	6,009,977	-	460,473	20,642	33,814	16,579	6,775,175	
GRDA	146,781	1.5340%	3,017,991	124,127	3,192,280	-	30,510	-	26,209	1,349	3,374,475	
	<u>\$ 9,568,211</u>	<u>100.0000%</u>	<u>196,739,963</u>	<u>8,091,758</u>	<u>208,101,687</u>	<u>2,807,358</u>	<u>2,686,926</u>	<u>822,756</u>	<u>349,093</u>	<u>111,073</u>	<u>222,970,651</u>	

Due to the computed percentages being different from the percentages presented, the presented totals may vary due to rounding.

See Independent Auditors' Report.  
See accompanying notes to Schedules of Allocations and Pension Amounts by Participating Employer Agency.



**OKLAHOMA LAW ENFORCEMENT RETIREMENT PLAN**  
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**SCHEDULE OF PENSION AMOUNTS BY PARTICIPATING EMPLOYER AGENCY, CONTINUED**

*As of and for the Year Ended June 30, 2022*

Entity	Differences Between Expected and Actual Plan Experience	Net Difference Between Projected and Actual Plan Investment Earnings on Pension Plan Investments	Changes in Assumptions	Deferred Inflows of Resources					Total Deferred Inflows of Resources
				Changes in Proportion and Differences between Employer Agency Contributions and Proportionate Share of Contributions 2021	Changes in Proportion and Differences between Employer Agency Contributions and Proportionate Share of Contributions 2020	Changes in Proportion and Differences between Employer Agency Contributions and Proportionate Share of Contributions 2019	Changes in Proportion and Differences between Employer Agency Contributions and Proportionate Share of Contributions 2018	Changes in Proportion and Differences between Employer Agency Contributions and Proportionate Share of Contributions 2017	
<b>TOTAL TO BE ALLOCATED</b>	<b>6,715,674</b>	<b>122,149,730</b>	<b>8,184,734</b>	<b>2,807,358</b>	<b>2,686,926</b>	<b>822,756</b>	<b>349,093</b>	<b>111,073</b>	<b>143,827,344</b>
OSU	230,603	4,194,377	281,047	-	98,002	80,533	-	-	4,884,562
ABLE	102,810	1,869,990	125,300	-	251,610	-	20,603	52,761	2,423,074
OSBI	926,689	16,855,319	1,129,403	620,500	-	-	102,197	33,697	19,667,805
OBND	606,446	11,030,487	739,106	-	-	542,519	92,753	-	13,011,311
Pharmacy	17,031	309,772	20,757	-	59,865	-	24,042	9,202	440,669
Tourism	130,989	2,382,530	159,643	-	263,851	176,836	49,475	1,358	3,164,682
DPS	4,317,648	78,532,628	5,262,138	2,031,966	1,759,947	-	-	14,055	91,918,382
QRTZ	-	-	-	9,512	21,551	1,066	-	-	32,129
OU Norman	86,491	1,573,166	105,411	-	232,100	-	-	-	1,997,168
OU HSC	193,949	3,527,684	236,375	112,928	-	-	33,814	-	4,104,750
GRDA	103,018	1,873,777	125,554	32,452	-	21,802	26,209	-	2,182,812
	<u>6,715,674</u>	<u>122,149,730</u>	<u>8,184,734</u>	<u>2,807,358</u>	<u>2,686,926</u>	<u>822,756</u>	<u>349,093</u>	<u>111,073</u>	<u>143,827,344</u>

Due to the computed percentages being different from the percentages presented, the presented totals may vary due to rounding.

See Independent Auditors' Report.

See accompanying notes to Schedules of Allocations and Pension Amounts by Participating Employer Agency.

**OKLAHOMA LAW ENFORCEMENT RETIREMENT PLAN**  
**Administered by**  
**OKLAHOMA LAW ENFORCEMENT RETIREMENT SYSTEM**

**SCHEDULE OF PENSION AMOUNTS BY PARTICIPATING EMPLOYER AGENCY, CONTINUED**

*As of and for the Year Ended June 30, 2022*

Entity	Pension Expense, Excluding That Attributable to Employer-Paid Member Contributions and Other Employer-Specified Amounts							Total Employer Agency Pension Expense, Excluding that Attributable to Employer-Paid Member Contributions and Other Employer-Specified Amounts
	Proportionate Share of Plan Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences between Employer Agency Contributions and Proportionate Share of Contributions	Net Amortization of Deferred Amounts from Changes in Proportion and Differences between Employer Agency Contributions and Proportionate Share of Contributions	Net Amortization of Deferred Amounts from Changes in Proportion and Differences between Employer Agency Contributions and Proportionate Share of Contributions	Net Amortization of Deferred Amounts from Changes in Proportion and Differences between Employer Agency Contributions and Proportionate Share of Contributions	Net Amortization of Deferred Amounts from Changes in Proportion and Differences between Employer Agency Contributions and Proportionate Share of Contributions	Net Amortization of Deferred Amounts from Changes in Proportion and Differences between Employer Agency Contributions and Proportionate Share of Contributions	
		<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	
<b>TOTAL TO BE ALLOCATED</b>	<b>36,172,680</b>	-	-	-	-	-	-	<b>36,172,680</b>
OSU	1,242,097	62,606	(30,247)	(36,439)	(9,370)	86,735	11,057	1,326,439
ABLE	553,768	107,344	(77,658)	110,578	14,308	(89,427)	11,575	630,488
OSBI	4,991,432	(153,210)	386,673	123,109	70,969	(57,109)	(48,171)	5,313,693
OBND	3,266,502	359,814	291,086	(245,484)	64,412	39,558	(2,711)	3,773,177
Pharmacy	91,734	4,674	(18,477)	22,607	16,696	(15,600)	(539)	101,095
Tourism	705,548	150,010	(81,435)	(80,016)	34,356	(2,298)	(24,407)	701,758
DPS	23,256,175	(501,719)	(543,193)	96,368	(224,926)	(23,816)	34,339	22,093,228
QRTZ	-	(2,349)	(6,652)	(483)	(327)	661	371	(8,779)
OU Norman	465,868	8,727	(71,635)	10,285	(7,800)	30,916	(2,597)	433,764
OU HSC	1,044,667	(27,884)	142,122	9,341	23,482	28,098	21,231	1,241,057
GRDA	554,889	(8,013)	9,416	(9,866)	18,200	2,282	(148)	566,760
	<u>36,172,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,172,680</u>

Due to the computed percentages being different from the percentages presented, the presented totals y vary due to rounding.

See Independent Auditors' Report.

See accompanying notes to Schedules of Allocations and Pension Amounts by Participating Employer Agency.

**OKLAHOMA LAW ENFORCEMENT RETIREMENT PLAN**  
**Administered by**  
**OKLAHOMA LAW ENFORCEMENT RETIREMENT SYSTEM**

**NOTES TO SCHEDULES OF ALLOCATIONS AND PENSION AMOUNTS**  
**BY PARTICIPATING EMPLOYER AGENCY**

**June 30, 2022**

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**(1) SYSTEM STRUCTURE AND OPERATIONS**

The Oklahoma Law Enforcement Retirement System (the “System”) is administrator of the Oklahoma Law Enforcement Retirement Plan (the “Plan”), a single-employer, cost-sharing defined benefit pension plan established by Oklahoma statutes. The Plan is a part of the financial reporting entity of the State of Oklahoma (the “State”). Currently, agencies and/or departments who are members of the System are the Oklahoma Highway Patrol and Capitol Patrol of the Department of Public Safety (DPS), the Oklahoma State Bureau of Investigation, the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the Alcoholic Beverage Law Enforcement Commission, certain members of the Grand River Dam Authority, certain members of the DPS Communications Division, the DPS Waterways Lake Patrol Division, park rangers, park managers, and park supervisors of the Oklahoma Tourism and Recreation Department, inspectors of the Oklahoma State Board of Pharmacy, and Oklahoma University and Oklahoma State University campus police officers.

This report was prepared to provide participating employer agencies with additional information needed to comply with the financial reporting requirements promulgated under Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions— an amendment of GASB Statement No. 27* (GASB 68). The System’s annual financial statements, located at [www.oters.state.ok.us](http://www.oters.state.ok.us), contain additional information not included within the scope of this report. Participating employer agencies will need to reference this report and the System’s financial statements to fully comply with the disclosure requirements of GASB 68.

This report provides specific detailed information and should be utilized by the System’s participating employer agencies to assist with the preparation of their financial statements. Data provided in this report is limited in time, nature, and scope and does not provide complete financial information related to the System or its participating employer agencies.

As interpreted through GASB 68, the State is considered a non-employer contributing entity. The State contributes a portion of the insurance premium tax collected through its taxing authority. This contribution is 5% of insurance premium tax collected by the State. See Note 6 for a discussion of legislative changes impacting insurance premium tax. In addition, the Plan also receives 1.2% of all fees, taxes, and penalties collected by motor license agents. For the fiscal year ended June 30, 2022, the State’s contribution to the System totaled \$25,285,271. As a non-employer contributing entity, no portion of the net pension liability has been allocated directly to the State as a result of this contribution. The state agencies listed on the Schedule of Allocations by Participating Employer Agency and the Schedule of Pension Amounts by Participating Employer Agency (the “Schedules”) have been allocated their proportionate share of the net pension liability and other related pension amounts.

See Independent Auditors’ Report.

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**NOTES TO SCHEDULES OF ALLOCATIONS AND PENSION AMOUNTS**  
**BY PARTICIPATING EMPLOYER AGENCY, CONTINUED**

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**(2) ESTIMATES, CONSIDERATION OF VOLATILITY, AND KEY DATES**

The Schedules present amounts that are considered elements of the financial statements of the Plan or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the Plan or the participating employers. The amounts presented in the Schedules were prepared in accordance with accounting principles generally accepted in the United States. Such preparation requires management of the Plan to make a number of estimates and assumptions that affect reported amounts, and changes therein, and disclosures. Due to the inherent nature of these estimates, actual results could differ from these estimates and differences could be material.

Due to the long-term nature of defined-benefit pension plans, certain amounts, including the net pension liability, are based on actuarial mathematical models and estimates that project future expectations. The Schedules provide results for a specific point in time, and changes in estimates, investment performance, and future cost expectations can have a material impact on the information presented from one year to the next.

*Measurement Date and Valuation Date*—The System has an annual actuarial valuation that coincides with its fiscal year end. The measurement date and valuation date covered by this valuation is June 30, 2022. The System’s actuarial report is dated July 1, 2022.

*Expected Remaining Service Life of Members*—Certain deferred inflow and deferred outflow calculations require amortization over the remaining service life of the System’s members, including retirees. For the fiscal year ended June 30, 2022, the membership’s remaining service life was 5.05 years.

See Independent Auditors’ Report.

**OKLAHOMA LAW ENFORCEMENT RETIREMENT PLAN**  
**Administered by**  
**OKLAHOMA LAW ENFORCEMENT RETIREMENT SYSTEM**

**NOTES TO SCHEDULES OF ALLOCATIONS AND PENSION AMOUNTS**  
**BY PARTICIPATING EMPLOYER AGENCY, CONTINUED**

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**(3) SCHEDULES' COMPONENTS**

The Plan requires participating employers in the Plan to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense, excluding that attributable to employer-paid member contributions and other employer-specified amounts. The employer allocation percentages presented in the Schedules are based on the ratio of the contributions as an individual employer to total contributions to the Plan during the years ended June 30, 2022 and 2021. In addition, employer contributions for employer agencies participating in other postemployment benefits (OPEB) were reduced by the portion of contributions allocated to OPEB by the Plan. Employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the Schedules may result in immaterial differences.

**Employer Agency Allocations**

*Employer Agency Contributions*

Employer agency contributions represent each participating employer agency's contributions to the Plan for the fiscal year.

*Employer Agency Allocation Percentage*

The employer agency allocation percentage represents the portion of each individual employer agency's contributions for the fiscal year divided by the total of all employer agency contributions for the fiscal year. This percentage represents each employer agency's proportionate share of the pension amounts presented in the Schedules.

**2022 Percentage Change in Proportion** shows the difference between each employer agency's proportion determined for fiscal year 2022 and that of fiscal year 2021.

**Employer Agency Change in Proportion of June 30, 2021, Net Pension Liability** represents each employer agency's increase or decrease in proportionate share of the net pension liability calculated for fiscal year 2021.

**Employer Agency Change in Proportion of June 30, 2021, Deferred Inflows** represents each employer agency's increase or decrease in proportionate share of the deferred inflows determined in fiscal year 2021.

**Employer Agency Change in Proportion of June 30, 2021, Deferred Outflows** represents each employer agency's increase or decrease in proportionate share of the deferred inflows determined in fiscal year 2021.

See Independent Auditors' Report.

**OKLAHOMA LAW ENFORCEMENT RETIREMENT PLAN**  
Administered by  
**OKLAHOMA LAW ENFORCEMENT RETIREMENT SYSTEM**

**NOTES TO SCHEDULES OF ALLOCATIONS AND PENSION AMOUNTS**  
**BY PARTICIPATING EMPLOYER AGENCY, CONTINUED**

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**(3) SCHEDULES' COMPONENTS, CONTINUED**

**Total Change in Proportionate Share of June 30, 2021, Net Pension Liability and Deferred Inflows and Outflows** shows the combined total of proportionate share changes for each employer agency for fiscal year 2021. This change in proportion is then amortized over the remaining service life of the System's members, with the remaining unamortized balance presented as either a deferred inflow or deferred outflow due to changes in proportion.

**Net Pension Liability**

The total pension liability was calculated using a discount rate of 7.5%. For the fiscal year ended June 30, 2022, the System had a net pension liability of \$196,739,936 to be allocated proportionately among participating employer agencies. The System's net pension liability at June 30, 2022, was calculated as follows:

Total pension liability	\$ 1,271,355,120
Plan fiduciary net position	<u>1,074,615,157</u>
Employer agencies' net pension liability	<u>\$ 196,739,963</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>84.53%</u>

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**OKLAHOMA LAW ENFORCEMENT RETIREMENT PLAN**  
**Administered by**  
**OKLAHOMA LAW ENFORCEMENT RETIREMENT SYSTEM**

**NOTES TO SCHEDULES OF ALLOCATIONS AND PENSION AMOUNTS**  
**BY PARTICIPATING EMPLOYER AGENCY, CONTINUED**

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**(3) SCHEDULES' COMPONENTS, CONTINUED**

**Net Pension Liability, Continued**

*Actuarial Assumptions*—The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	3.50% to 10.00%, including inflation
Investment rate of return:	7.5%, compounded annually, net of investment expense, and including inflation
Mortality:	Pre-retirement mortality rates were based on the Pub-2010 Public Safety Employees Amount-Weighted Mortality Table with rates set forward two years, projected generationally using Scale MP-2021.  Post-retirement mortality rates were based on the Pub-2010 Public Safety Retirees Amount-Weighted Mortality Table with rates set forward two years, projected generationally using Scale MP-2021.  Disabled mortality rates were based on the Pub-2010 Public Safety Disabled Retirees Amount-Weighted Mortality Table with rates set forward two years, projected generationally using Scale MP-2021.  Survivor mortality rates were based on the Pub-2010 Public Safety Contingent Survivors Amount-Weighted Mortality Table with rates set forward two years, projected generationally using Scale MP-2021.
Actuarial cost method:	Entry age

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 2017 to June 2021.

See Independent Auditors' Report.

**OKLAHOMA LAW ENFORCEMENT RETIREMENT PLAN**  
**Administered by**  
**OKLAHOMA LAW ENFORCEMENT RETIREMENT SYSTEM**

**NOTES TO SCHEDULES OF ALLOCATIONS AND PENSION AMOUNTS**  
**BY PARTICIPATING EMPLOYER AGENCY, CONTINUED**

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**(3) SCHEDULES' COMPONENTS, CONTINUED**

**Net Pension Liability, Continued**

*Long-Term Expected Real Rate of Return*—The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The inflation factor added back was 2.75% for 2022. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	Long-Term Expected Real Rate of Return <i>(Includes inflation factor)</i>
Fixed income:		
Core bonds	5.00%	5.33%
Core plus bonds	10.00%	5.63%
Multisector	5.00%	6.28%
Equities:		
U.S. large cap equity	20.00%	9.88%
U.S. small cap equity	10.00%	11.28%
International developed equity	15.00%	10.74%
Emerging market equity	5.00%	11.98%
Long/Short equity	5.00%	8.43%
Private equity	10.00%	13.22%
Real assets:		
Core real estate	10.00%	9.35%
Value added real estate	<u>5.00%</u>	10.85%
	<u>100.00%</u>	

See Independent Auditors' Report.



**OKLAHOMA LAW ENFORCEMENT RETIREMENT PLAN**  
**Administered by**  
**OKLAHOMA LAW ENFORCEMENT RETIREMENT SYSTEM**

**NOTES TO SCHEDULES OF ALLOCATIONS AND PENSION AMOUNTS**  
**BY PARTICIPATING EMPLOYER AGENCY, CONTINUED**

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**(3) SCHEDULES' COMPONENTS, CONTINUED**

**Net Pension Liability, Continued**

*Discount Rate*—The discount rate used to measure the total pension liability was 7.5% for 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employer agencies will be made at contractually required rates, determined by the State statutes. Projected cash flows also assume the State will continue contributing 5% of the insurance premium, as established by statute, and the System will continue to receive its share of fees, taxes, and penalties from motor license agents. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*—The following presents the System's net pension liability calculated using the current discount rate of 7.5%, as well as what it would be using a discount rate 1% lower (6.5%) and 1% higher (8.5%).

	1% Decrease in Discount Rate (6.5%)	Current Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Employer agencies' net pension liability	\$ 340,443,838	196,739,963	78,177,981

The Schedules present the net pension liability at the current discount rate.

**Deferred Outflows and Inflows of Resources**

Certain differences that occur from year to year in the calculation of the net pension liability and the net pension expense require amortization and recognition in future years. The following types of differences can result in a deferred outflow or deferred inflow of resources. Due to the variability of results that will affect the Plan, deferred inflows and outflows of resources may vary significantly between years. Additionally, certain deferrals may have both inflow and outflow components that are amortized over future years.

See Independent Auditors' Report.

**OKLAHOMA LAW ENFORCEMENT RETIREMENT PLAN**  
**Administered by**  
**OKLAHOMA LAW ENFORCEMENT RETIREMENT SYSTEM**

**NOTES TO SCHEDULES OF ALLOCATIONS AND PENSION AMOUNTS**  
**BY PARTICIPATING EMPLOYER AGENCY, CONTINUED**

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**(3) SCHEDULES' COMPONENTS, CONTINUED**

**Deferred Outflows and Inflows of Resources, Continued**

*Differences between Expected and Actual Plan Experience*

This difference occurs when the System's actuarial estimate of the Plan's experience costs for a given period differs from the actual experience costs. This is usually the result of differences in the make-up of retirees, the dates chosen to retire, the longevity of System's members, or other similar demographic factors. The most recent actuarial experience study for the System was for the period from July 1, 2017, to June 30, 2021. Actuarial experience studies are generally performed every 5 years. For the fiscal year ended June 30, 2022, the System experienced a gain over expected experience, resulting in a system-wide deferred inflow for plan experience of \$7,575,181. System-wide deferred inflows and outflows that result from plan experience differences are divided by the expected remaining service life of its members, which was calculated as of the beginning of the measurement date to be 5.05 years, and amortized over that period, with the current year amount included in the determination of pension expense. For fiscal year 2022, \$1,500,036 was included as a component of the calculation for pension expense, with the remaining balance of \$6,075,145 recognized as a deferred inflow. Each employer agency's proportionate share was multiplied by this amount to determine the remaining balance of deferred inflows attributable to plan experience differences for fiscal year 2022.

*Net Difference between Projected and Actual Plan Investment Earnings on  
Pension Plan Investments*

Each annual actuarial valuation estimates the projected return for the Plan. Net differences between this estimate and the actual investment earnings for a given year are included as either a deferred inflow when actual investment earnings exceed the estimate or a deferred outflow when actual investment earnings are less than the estimate. This difference is then amortized over a fixed 5-year period for each unique fiscal year. For fiscal year 2022, the System's estimated investment return was \$91,837,803. Actual investment losses for fiscal year 2022 were \$(128,387,834), resulting in a loss of \$220,225,637 under the expected return. This amount is amortized over 5 years, resulting in \$44,045,127 used as a component of pension expense for fiscal year 2022, with the remaining balance of \$176,180,510 to be amortized over the next 4 years as deferred outflows. These are collective plan amounts and are multiplied by each employer agency's proportionate share to determine each employer agency's allocation of this amount.

See Independent Auditors' Report.

**OKLAHOMA LAW ENFORCEMENT RETIREMENT PLAN**  
**Administered by**  
**OKLAHOMA LAW ENFORCEMENT RETIREMENT SYSTEM**

**NOTES TO SCHEDULES OF ALLOCATIONS AND PENSION AMOUNTS**  
**BY PARTICIPATING EMPLOYER AGENCY, CONTINUED**

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**(3) SCHEDULES' COMPONENTS, CONTINUED**

**Deferred Outflows and Inflows of Resources, Continued**

*Changes in Assumptions*

On occasion, as the result of an experience study or other actuarial considerations, certain assumptions used for estimates may need to be changed. When this occurs, the Plan will generally experience an increase or decrease in either deferred inflows or deferred outflows. For the fiscal year ended June 30, 2022, changes in assumptions were made regarding the determination of the Plan's liabilities that resulted in a gain of \$10,205,656. For fiscal year 2022, \$2,020,922 was included as a component of the calculation for pension expense, with the remaining balance of \$8,184,734 recognized as a deferred inflow. Each employer agency's proportionate share was multiplied by this amount to determine the remaining balance of deferred inflows attributable to changes in assumptions for fiscal year 2022.

*Changes in Proportion and Differences between Employer Agency Contributions and Proportionate Share of Contributions*

A change in an employer agency's proportion can occur due to changes in the membership of participating employer agencies, new employer agencies joining the System, or other factors affecting the contributions of a participating employer agency in relation to all participating employer agencies. When a change in proportion occurs, the participating employer agency will experience an increase or decrease in either deferred inflows or outflows during the period the change occurs, with an offsetting effect on pension expense. The Schedule of Employer Allocations by Participating Employer Agency presents this change in proportion between the periods ended June 30, 2021, and June 30, 2022. Proportionate changes are then multiplied by the June 30, 2021, net pension liability, deferred inflows, and deferred outflows to determine the net effect of a change in proportion of each employer agency's pension expense for the current year as well as remaining deferred inflows or deferred outflows to be amortized over future periods.

See Independent Auditors' Report.

**OKLAHOMA LAW ENFORCEMENT RETIREMENT PLAN**  
**Administered by**  
**OKLAHOMA LAW ENFORCEMENT RETIREMENT SYSTEM**

**NOTES TO SCHEDULES OF ALLOCATIONS AND PENSION AMOUNTS**  
**BY PARTICIPATING EMPLOYER AGENCY, CONTINUED**

**(3) SCHEDULES' COMPONENTS, CONTINUED**

**Deferred Outflows and Inflows of Resources, Continued**

The following table (the table excludes any employer-specific amounts or other employer-specified amounts) presents the fiscal amounts determined and their effect on pension expense, deferred inflows, and deferred outflows, respectively, as well as remaining unamortized deferred balances and the period of amortization at June 30, 2022:

	Total Fiscal (Gains)/Losses	Amount Included in 2022 Pension Expense Calculation	Deferred Outflows Balance for 2022	Deferred Inflows Balance for 2022	Amortization Period (Years)
Changes in Assumptions					
2017	\$ 1,106,642	95,086	-	-	5.47
2022	(10,205,656)	(2,020,922)	-	(8,184,734)	5.05
Differences Between Expected and Actual Experience					
2017	(2,306,866)	(198,213)	-	-	5.47
2018	(5,996,493)	(1,072,717)	-	(632,904)	5.59
2019	13,872,884	2,550,163	3,672,234	-	5.44
2020	10,418,879	1,999,785	4,419,524	-	5.21
2021	(12,332)	(2,353)	-	(7,625)	5.24
2022	(7,575,181)	(1,500,036)	-	(6,075,145)	5.05
Differences Between Projected and Actual Earnings					
2018	(10,317,080)	(2,063,415)	-	-	5.00
2019	33,945,061	6,789,012	6,789,012	-	5.00
2020	62,830,412	12,566,083	25,132,165	-	5.00
2021	(203,582,884)	(40,716,577)	-	(122,149,730)	5.00
2022	220,225,637	44,045,127	176,180,510	-	5.00
Differences Due to Changes in Proportion					
2018	-	-	111,073	(111,073)	5.59
2019	-	-	349,093	(349,093)	5.44
2020	-	-	822,756	(822,756)	5.21
2021	-	-	2,686,926	(2,686,926)	5.24
2022	-	-	<u>2,807,358</u>	<u>(2,807,358)</u>	5.05
			<u>\$ 222,970,651</u>	<u>(143,827,344)</u>	

See Independent Auditors' Report.

**OKLAHOMA LAW ENFORCEMENT RETIREMENT PLAN**  
Administered by  
**OKLAHOMA LAW ENFORCEMENT RETIREMENT SYSTEM**

**NOTES TO SCHEDULES OF ALLOCATIONS AND PENSION AMOUNTS**  
**BY PARTICIPATING EMPLOYER AGENCY, CONTINUED**

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**(3) SCHEDULES' COMPONENTS, CONTINUED**

**Deferred Outflows and Inflows of Resources, Continued**

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer-specific amounts and other employer-specified amounts) related to pensions at June 30, 2022, will be recognized in pension expense as follows:

<u>Year Ending June 30:</u>	<u>Deferred</u> <u>Outflows</u>	<u>Deferred</u> <u>Inflows</u>
2023	\$ 70,198,427	(47,121,049)
2024	61,734,495	(46,241,317)
2025	46,065,735	(45,840,541)
2026	44,937,335	(4,413,730)
2027	<u>34,659</u>	<u>(210,707)</u>
	<u>\$ 222,970,651</u>	<u>(143,827,344)</u>

See Independent Auditors' Report.

**OKLAHOMA LAW ENFORCEMENT RETIREMENT PLAN**  
**Administered by**  
**OKLAHOMA LAW ENFORCEMENT RETIREMENT SYSTEM**

**NOTES TO SCHEDULES OF ALLOCATIONS AND PENSION AMOUNTS**  
**BY PARTICIPATING EMPLOYER AGENCY, CONTINUED**

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**(3) SCHEDULES' COMPONENTS, CONTINUED**

**Pension Expense**

*Proportionate Share of Plan Pension Expense*

Under GASB 68, participating employers in cost-sharing, defined-benefit pension plans no longer expense actual contributions made to the Plan. Accounting principles generally accepted in the United States require that the pension expense recognized by participating employers in a given year consider their proportionate share of all plan components, not just payments into the Plan. For the fiscal year ended June 30, 2022, the Plan's collective pension expense allocated to all participating employer agencies was \$36,172,680. This amount for the year ended June 30, 2022, was calculated as follows:

Service cost	\$ 21,066,397
Interest on total pension liability	91,371,141
Benefit changes	310,979
Expensed portion of differences	
between expected and actual experience	1,776,629
Changes in assumptions	(1,925,836)
Employee contributions	(6,714,155)
Projected earnings on pension plan investments	(91,837,803)
Expensed portion of differences between	
projected and actual earnings on plan investments	20,620,230
Pension plan administrative expense	1,505,098
Other changes in fiduciary net position	<u>-</u>
 Total collective pension expense	 <u>\$ 36,172,680</u>

The collective pension expense is broken out for employer agencies by each unique proportion in the Schedule of Pension Amounts by Participating Employer Agency. The differences between expected and actual experience and the differences between projected and actual earnings on plan investments represent only the current year's portion of amortization to pension expense. The remaining unamortized balances of these differences are presented in their respective columns in the Schedule of Pension Amounts by Participating Employer Agency.

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**OKLAHOMA LAW ENFORCEMENT RETIREMENT PLAN**  
**Administered by**  
**OKLAHOMA LAW ENFORCEMENT RETIREMENT SYSTEM**

**NOTES TO SCHEDULES OF ALLOCATIONS AND PENSION AMOUNTS**  
**BY PARTICIPATING EMPLOYER AGENCY, CONTINUED**

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**(5) EMPLOYER-PAID MEMBER CONTRIBUTIONS AND OTHER EMPLOYER-SPECIFIED AMOUNTS**

Because of the nature of the Plan, plan management is not aware of employer-paid member contributions and other employer-specified amounts. As such, each employer agency should determine the effect, if applicable, such employer-paid contributions and other employer-specified amounts will have on its pension expense and deferred inflows/outflows.

**(6) LEGISLATIVE CHANGES**

The following is a summary of significant plan provision changes that were enacted by the Oklahoma State Legislature that will impact the amount of insurance premium tax contributed to the Plan through 2028:

- House Bill 2742—Decreased the Plan’s portion of insurance premium tax from 5.0% to 3.5% for September 2020 through June 2021. In fiscal year 2022, the percentage increased to 3.75% and in fiscal years 2023 through 2027, the percentage increases to 5.5%. The portion goes back to the original 5.0% in fiscal year 2028. This House Bill was superseded by House Bill 2893 that was approved in 2021.
- House Bill 3864—This bill reduced the Plan’s insurance premium tax by \$12,500 permanently.
- House Bill 2893—Increases the Plan’s portion of insurance premium tax to 5.00% for fiscal year 2022. This rate will increase to 5.25% and \$5,626 annually for fiscal years 2023 to 2027. In fiscal year 2028, the rate decreases back to 5.00%.

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