STATE OF WISCONSIN PUBLIC EMPLOYEES
DEFERRED COMPENSATION PLAN
AND TRUST
Madison, Wisconsin

FINANCIAL STATEMENTS
December 31, 2016 and 2015

TABLE OF CONTENTS

COLEMAN & WILLIAMS, LTD.
A Professional Services Firm

INDEPENDENT AUDITORS' REPORT

State of Wisconsin Public Employees Deferred Compensation Plan and Trust Board
State of Wisconsin Public Employees Deferred Compensation Plan and Trust

Report on the Financial Statements

We have audited the accompanying financial statements of the State of Wisconsin Public Employees Deferred Compensation Plan and Trust (the "Plan"), which comprise the statements of net position as of December 31, 2016 and 2015, and the related statements of changes in net position available for plan benefits for the years then ended, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

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 Statements 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 auditor considers internal control over financial reporting relevant to the Plan'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 Plan'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.

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A Professional Services Firm

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of December 31, 2016 and 2015, and the changes in its financial status for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as listed in the table of contents, 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Coleman & Williams, Ltd.

Milwaukee, Wisconsin
May 22, 2017

STATE OF WISCONSIN PUBLIC EMPLOYEES
DEFERRED COMPENSATION PLAN AND TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

This section presents management's discussion and analysis of the Wisconsin Public Employees Deferred Compensation Plan and Trust (the Plan) financial performance, which provides an overview of the Plan's financial position and activities as of December 31, 2016, and 2015 and for the years then ended. It is presented as required supplemental information to the financial statements.

FINANCIAL HIGHLIGHTS

- Net position available for plan benefits increased by $290.9 million during the year ended December 31, 2016 from $4 billion at December 31, 2015 to $4.3 billion at December 31, 2016. This increase was primarily due to increased participation in the Plan and increased investment income from Variable Investments. Net position available for plan benefits increased by $82.9 million during the year ended December 31, 2016. This increase was primarily due to employee contributions and investment income offset by distributions to participants. The Plan's rate of return on mutual fund investments was approximately 10.07% and 1.50% for the years ending December 31, 2016 and 2015, respectively.

- Interest income earned on fixed earning investments was $12 million and $11.2 million for the years ended December 31, 2016 and 2015, respectively. Changes in interest income relate directly to the balance of fixed earning investments during the year and changes in their respective interest rates. See Note 1 in the Notes to Financial Statements for information regarding interest rates.

- The change in value of the self-directed option (SDO) directly relates to participant contributions and increased value on participant SDO accounts. The value of the SDO increased by $4.7 million at December 31, 2016, compared to a loss in value of $1.8 million at December 31, 2015.

- Employee contributions increased from $150.5 million for the year ended December 31, 2015 to $151.8 million for the year ended December 31, 2016. The change from 2015 to 2016 was primarily due to the fluctuations in the number of plan participants with a balance from year to year. There were 59,891 and 58,119 plan participants with a balance as of December 31, 2016 and 2015, respectively.

- Distributions to participants increased from $171 million for the year ended December 31, 2015 to $198 million for the year ended December 31, 2016. These changes were due to an increase in both the number of individuals receiving distributions from year to year and the average amount distributed. There were 7,615, and 7,023 individuals who received a distribution during the years ended December 31, 2016 and 2015, respectively.

- Net Administrative Expenses decreased from $3.1 million for the year ended December 31, 2015 to $1.9 million, a change of 36%, for the year ended December 31, 2016. The main reason for the decrease was due the implementation of monthly investment option reimbursements in January 2016. Prior to 2016, monthly investment option reimbursements were netted against the Board's administrative expenses payable.

	2016	2015
Admin Fees	3,468,987	3,125,698
Monthly Investment Option Reimbursements	(1,470,189)	NA
Net Administrative Fees	1,998,798	3,125,698

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of the Statements of Net Position Available for Plan Benefits and the Statements of Changes in Net Position Available for Plan Benefits. These statements provide information about the financial position and activities of the Plan as a whole.

The following Summary of Net Position Available for Plan Benefits and the Summary of Changes in Net Position Available for Plan Benefits provide information about the financial position and activities of the Plan as a whole.

Table 1
Summary of Net Position Available for Plan Benefits

	December 31, 2016	December 31, 2015
Investments	$ 4,301,130,437	$ 4,010,185,444
Receivables - contributions	502,092	708,867
Total assets	4,301,632,528	4,010,894,311
Administrative expenses payable	2,364,309	2,482,799
Net position available for plan benefits	$ 4,299,268,220	$ 4,008,411,512

STATE OF WISCONSIN PUBLIC EMPLOYEES
DEFERRED COMPENSATION PLAN AND TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

Table 2
Summary of Changes in Net Position Available for Plan Benefits

	2016	2015
Additions		
Employee Contributions	$ 151,790,151	$ 150,520,137
Transfers-in from other plans	35,931,506	48,475,481
Investment Income:		
Interest income	12,019,071	11,228,634
Mutual fund investment income	286,558,102	48,662,972
Change in value of self-directed option	4,737,853	(1,829,264)
Total additions	491,036,684	257,057,959
Deductions		
Distributions to participants	198,181,179	171,029,123
Administrative expenses	1,998,798	3,125,698
Total Deductions	200,179,977	174,154,822
Net increase	$ 290,856,708	$ 82,903,137

FINANCIAL CONTACT

The Plan’s financial statements are designed to present users with a general overview of the Plan’s finances and to demonstrate the trustees’ accountability. If you have questions about the report or need additional financial information, contact the Deferred Compensation Director for the Department of Employee Trust Funds at P.O. Box 7931, Madison, Wisconsin, 53707-7931.

FINANCIAL STATEMENTS

STATE OF WISCONSIN PUBLIC EMPLOYEES
DEFERRED COMPENSATION PLAN AND TRUST
STATEMENTS OF NET POSITION AVAILABLE FOR PLAN BENEFITS
Years Ended December 31, 2016 and 2015

		2016		2015
ASSETS				
Investments:				
Fixed earnings investments	$	749,046,562	$	697,061,277
Variable earnings investments		3,491,998,037		3,250,795,891
Self-directed option		60,085,838		62,328,277
Total investments		4,301,130,437		4,010,185,444
Receivable - contributions		502,092		708,867
Total assets		4,301,632,528		4,010,894,311
LIABILITIES				
Administrative expenses payable		2,364,309		2,482,799
NET POSITION AVAILABLE FOR PLAN BENEFITS	$	4,299,268,220	$	4,008,411,512

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

STATE OF WISCONSIN PUBLIC EMPLOYEES
DEFERRED COMPENSATION PLAN AND TRUST
STATEMENTS OF CHANGES IN NET POSITION AVAILABLE FOR PLAN BENEFITS
Years Ended December 31, 2016 and 2015

	2016	2015
ADDITIONS		
Employee Contributions	$ 151,790,151	$ 150,520,137
Transfers-in from other plans	35,931,506	48,475,481
Investment income:		
Interest income	12,019,071	11,228,634
Investment income from variable earnings investments	286,558,102	48,662,972
Gain/loss in value of self-directed option	4,737,853	(1,829,264)
Total additions	491,036,684	257,057,959
DEDUCTIONS		
Distributions to participants	198,181,179	171,029,123
Administrative expenses	1,998,798	3,125,698
Total Deductions	200,179,977	174,154,822
NET INCREASE	290,856,708	82,903,137
NET POSITION AVAILABLE FOR PLAN BENEFITS, BEGINNING OF PERIOD	4,008,411,512	3,925,508,375
NET POSITION AVAILABLE FOR PLAN BENEFITS, END OF PERIOD	$ 4,299,268,220	$ 4,008,411,512

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

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The State of Wisconsin Public Employees Deferred Compensation Plan and Trust (the Plan) was established in 1981 pursuant to Wisconsin State Statute Section 40.80.

In accordance with Section 457 of the Internal Revenue Code (IRC), the Plan limits the amount of an employee's annual contributions to an amount not to exceed the lesser of $18,000 or 100% of the employee's includable compensation for 2016 and 2015. In 2010, the federal government passed the Small Business Jobs Act of 2010, which allows 457 plans such as the Wisconsin Deferred Compensation (WDC) Program to offer a Roth contribution option effective January 1, 2011. Roth contributions are made with after-tax dollars. Participants may withdraw WDC Roth contributions and earnings income tax and penalty free once they have held the account for at least five years and severed employment. The WDC opened the WDC Roth contribution option to participants on July 1, 2011. The Plan also provides certain catch-up contribution provisions for participants age 50 or older and for participants within three years of their normal retirement age. Amounts contributed by employees are deferred for federal and state income tax purposes until benefits are paid to the employees. The Plan allows the employer to make contributions to the Plan on behalf of employees. No such contributions were made in 2016 or 2015.

Under the Plan provisions, employees of the State of Wisconsin and public employers in Wisconsin that elect to participate are eligible to contribute to the Plan through payroll deductions. As of December 31, 2016 and 2015, approximately 68% of the Plan assets were applicable to State employees and the remaining 32% represent the assets of other Wisconsin public employers participating in the Plan.

Under provisions of the Small Business Job Protection Act of 1996 (SBJPA), which became effective for plan years beginning after December 31, 1996, assets of IRC Section 457 plans must be held in a trust, custodial account, or annuity contract for the exclusive benefit of employees and beneficiaries. In March 2006, Wisconsin Act 150 was signed into law, creating Code Section s.40.80 (2)(g) of the Wisconsin Statutes. Section s.40.80 (2)(g) incorporates requirements of the federal tax code by establishing the Wisconsin Deferred Compensation (WDC) Program as a trust. Furthermore, it established the Deferred Compensation Board members as trustees with fiduciary responsibilities.

The Plan is governed by the Wisconsin Deferred Compensation Board (the Board) and is administered by a third party. The Board is also the trustee of the Plan.

Employees electing to participate in the Plan may contribute to or exchange within any of the following investment options:

- Fixed earnings investment of the Stable Value option managed by Galliard Capital Management, Inc.;
- Fixed earnings investment in a FDIC option managed by Nationwide Bank;
- Variable earnings investments options consisting of select mutual funds;
- Self-directed option - Personal Choice Retirement Accounts (PCRA) offered by Charles Schwab & Co., Inc. Participants may exchange funds accumulated in the core options of the Plan to a PCRA account, which provides approximately 3,000 additional investment offerings other than the Plan's core options

Employees may withdraw the value of the funds contributed to the Plan upon termination of employment with the employer, retirement, death, or financial hardship. Employees, or their beneficiaries, may select various payout options which include lump sum or periodic payments.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and present the net position available for plan benefits and the net changes in position.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

Contributions and Contributions Receivable

Employee contributions are recognized when such amounts are withheld. Receivable contributions represent amounts withheld from employees but not yet received or remitted to the investment carriers at fiscal year-end and these receivables approximate fair value.

Investment Valuation

Fixed earnings investments are valued as reported by Galliard Capital Management and Nationwide Bank at fair value, which represents contributions received plus interest income earned to date less applicable charges and amounts withdrawn.

Variable earnings investments (mutual funds) and personal choice retirement accounts are presented at fair value based on published quotations. All purchases and sales are recorded on a trade-date basis.

Distributions

Distributions are recorded at the time withdrawals are made from participant accounts.

Fixed and Variable Earnings Investment Income

Fixed and Variable Earnings investment income consists of dividend income and realized and unrealized gains and losses attributed to the mutual funds and personal choice retirement accounts.

Interest Income

The Stable Value option paid interest ranging from 1.89% to 1.91% and 1.74% to 1.85% during the years ended December 31, 2016 and 2015, respectively. At December 31, 2016 and 2015, the actual crediting rate was 1.90% and 1.85%, respectively.

The FDIC option, managed by Nationwide Bank, paid interest of 0.68% and 0.38% during the years ended December 31, 2016 and 2015, respectively. At December 31, 2016 and 2015, the actual crediting rate was 0.68% and 0.38%, respectively.

Interest income is recorded as earned on the accrual basis.

Participants' Accounts

Earnings are credited to individual participants' accounts based upon the investment performance of each specific option selected.

Transfers-In from Other Plans

Transfers-in represent the balances of assets transferred by employees from other eligible plans.

Related Party Transactions

Certain members of the Deferred Compensation Board, Wisconsin Retirement Board, Teachers Retirement Board, Group Insurance Board and Employee Trust Funds Board are participating or retired members of the Plan.

STATE OF WISCONSIN PUBLIC EMPLOYEES
DEFERRED COMPENSATION PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 2 – INVESTMENTS

Investments held in the name of the Plan at December 31, 2016 and 2015 were as follows. Investments marked with an asterisk (*) represent individual investment options, which exceed 5% of the net position available for plan benefits as of December 31, 2016 and 2015. Investments marked with two asterisks (**) represent international mutual funds.

	Fair and Carrying Value 2016		Fair and Carrying Value 2015	
Fixed earning investments:				
Stable Value	$ 636,005,824	*	$ 600,687,638	*
Nationwide Bank	113,040,738		96,373,638	
Total fixed earnings investments	749,046,562		697,061,277	
Variable earnings investments:				
International equity funds				
American Funds Europacific Fund - Class R6	149,395,476	**	156,762,538	**
BlackRock EAFE Equity Index Fund - Class W	97,314,238	**	89,908,324	**
Total International Equity Funds	246,709,714		246,670,862	
Mid-Cap Funds				
T. Rowe Price Instl Mid Cap Equity Growth	419,521,522	*	417,862,274	*
BlackRock Mid Cap Equity Index Fund - Collective W	191,201,628		157,058,113	
Total Mid-Cap Funds	610,723,151		574,920,386	
Target Date Funds				
Vanguard Instl Trgt Retire 2015 Instl	105,291,457		104,136,156	
Vanguard Instl Trgt Retire 2025 Instl	179,467,678		154,862,856	
Vanguard Target Retirement 2035 Istl	114,879,858		95,703,478	
Vanguard Instl Trgt Retire 2045 Instl	62,935,109		51,728,975	
Vanguard Instl Trgt Retire 2055 Instl	13,263,266		9,360,242	
Vanguard Instl Trgt Retire Inc Instl	40,666,367		39,969,875	
Total Target Date Funds	516,503,735		455,761,581	
Large-Cap funds				
Calvert Social Investment Fund - Equity Portfolio - Class I	45,192,024		47,960,992	
Fidelity Contrafund	559,530,090	*	578,167,726	*
Vanguard Institutional Index Fund Plus Shares	443,993,784	*	387,824,445	*
Vanguard Wellington Fund Admiral Shares	438,340,600	*	411,056,402	*
Total Large-Cap Funds	1,487,056,498		1,425,009,565	
Bonds				
BlackRock U.S. Debt Index Fund - Class W	123,402,778		99,903,598	
Federated U.S. Government Securities Fund - 2-5 Institutional Shares	32,392,096		32,576,771	
Vanguard Long-Term Investment Grade Fund Admiral Shares	129,627,354		115,276,728	
Total Bonds	285,422,227		247,757,097	
Small-Cap				
BlackRock Russell 2000 Index Collective T	73,388,606		57,082,551	
DFA US Micro Cap Fund	246,530,029	*	215,339,914	*
Total Small-Cap	319,918,635		272,422,466	
Money Market				
Vanguard Admiral Treasury Money Market Fund - Admiral Shares	25,664,078		28,253,933	
Total Money Market	25,664,078		28,253,933	
Total variable earnings investments	3,491,998,037		3,250,795,891	
Self-directed option:				
Personal Choice Retire Accounts - Charles Schwab	60,085,838		62,328,277	
Total Self-directed	60,085,838		62,328,277	
Total investments	$ 4,301,130,437		$ 4,010,185,444	

At December 31, 2016 and 2015, the Stable Value option fixed earnings investment of $2,364,309 and $2,482,799, respectively, is payable in future years to the Board for Plan administration costs.

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Plan would not be able to recover the value of its deposits, investments, or collateral securities that were in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured or not registered in the name of the Plan and are held by either the counterparty or the counterparty's trust department or agent, but not in the Plan's name.

The fixed earning investments with Nationwide Bank are insured by the Federal Deposit Insurance Corporation up to $250,000 per participant. At December 31, 2016 and 2015, 47 and 38 accounts of individual participants held more than $250,000, respectively.

The Stable Value option and the variable earning mutual funds do not have securities that are used as evidence of the investments and therefore are not exposed to custodial credit risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. Duration is the 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. The weighted average effective duration in years for investments held in 2015 and 2016 are as follows:

Weighted Average Maturity for the Years ended December 31, 2016 and 2015

	2016		2015	
	Fair Value	Weighted Average Maturity	Fair Value	Weighted Average Maturity
Fixed earnings investment:				
Stable Value	$ 633,641,516	3.49	$ 598,204,839	3.39
Variable earnings investments:				
Vanguard Wellington Fund Admiral Shares	438,340,600	9.9	411,056,402	9.8
Vanguard Long-Term Investment Grade Fund Admiral Shares	129,627,354	22.8	115,276,728	22.6
BlackRock U. S. Debt Index Fund-Class W	123,402,778	7.73	99,903,598	7.41
Federated U.S.. Government Securities Fund 2-5 Institutional Shares	32,392,096	3.9	32,576,771	3.6
Vanguard Instl Trgt Retire Inc Instl	40,666,367	7.07	39,969,875	7.12
Vanguard Instl Trgt Retire 2015 Instl	105,291,457	7.42	104,136,156	7.46
Vanguard Instl Trgt Retire 2025 Instl	179,467,678	8.51	154,862,856	8.35
Vanguard Target Retirement 2035 Istl	114,879,858	8.51	95,703,478	8.35
Vanguard Instl Trgt Retire 2045 Instl	62,935,109	8.51	51,728,975	8.36
Vanguard Instl Trgt Retire 2055 Instl	13,263,266	8.51	9,360,242	8.36

Credit risk is the risk that the Plan will lose money because of the default of the security of the issuer or investment counterparty. The stable value option and the variable earnings mutual funds are unrated.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan's investments are managed by several fund managers. The concentrations of investments are determined by the participants' elections to invest in the available investment options as selected by the Board. Investments that exceed 5% of net position are identified on page 12.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the investment. The Plan allows the option of investments in mutual funds of countries outside the U.S. that invest in securities and are not required to disclose the individual assets within the fund. The fair value of these investments was $246,709,714 and $246,670,862 as of December 31, 2016 and 2015, respectively. The individual funds are identified on page 12.

Fair Value Measurement: The Plan 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.

Assets measured at fair value on a recurring basis are summarized below:

	Level 1	Level 2	Level 3	Fair Value
December 31, 2016				
Mutual Funds:				
Bond funds	$ 285,422,227	$ -	$ -	$ 285,422,227
Fixed Earnings	749,046,562	-	-	749,046,562
Money Market	25,664,078	-	-	25,664,078
Large-Cap equity funds	1,487,056,498	-	-	1,487,056,498
Mid-Cap equity funds	610,723,150	-	-	610,723,150
Small-Cap equity funds	319,918,635	-	-	319,918,635
International equity funds	246,709,714	-	-	246,709,714
Target date funds	516,503,735	-	-	516,503,735
Self-directed brokerage mutual funds	60,085,838	-	-	60,085,838
Totals	$ 4,301,130,437	$ -	$ -	$ 4,301,130,437

	Level 1	Level 2	Level 3	Fair Value
December 31, 2015				
Mutual Funds:				
Bond funds	$ 247,757,097	$ -	$ -	$ 247,757,097
Fixed Earnings	697,061,277	-	-	697,061,277
Money Market	28,253,933	-	-	28,253,933
Large-Cap equity funds	1,425,009,565	-	-	1,425,009,565
Mid-Cap equity funds	574,920,386	-	-	574,920,386
Small-Cap equity funds	272,422,466	-	-	272,422,466
International equity funds	246,670,862	-	-	246,670,862
Target date funds	455,761,581	-	-	455,761,581
Self-directed brokerage mutual funds	62,328,277	-	-	62,328,277
Totals	$ $ 4,010,185,444	$ -	$ -	$ 4,010,185,444

An agreement was reached between the Board and Great-West Life on April 27, 1994, whereby the Plan purchased a single premium group annuity policy on May 1, 1994 for $12,946,917 (the balance in the annuity payout reserve at the time of purchase). Under the terms of the policy, Great-West Life assumed the contractual liability for the remaining annuity terms and amounts and assumed all risk related to market fluctuation. The actuarial value of the group annuity contracts, as determined by Great-West Life was $1,340,288 and $1,477,767 at December 31, 2016 and 2015, respectively.

NOTE 3 - PLAN ADMINISTRATION

Until 2016, the Plan received period recordkeeping fee payments (reimbursements) from certain investment companies. As of January 1, 2016, when an investment option provides reimbursements, these reimbursements will be allocated back to the participants in the option that generated the revenue. Consequently, the Plan updated participant administrative fees. As shown below, effective January 1, 2016, plan fees were as follows:

Each participant in the Plan is charged a fee based upon their account balance and a tiered dollar charge.

Participant Account Balance	Monthly/Annual Participant Fee
$1 - $5,000	$0/$0
$5001 - $25,000	$1/$12
$25,001 - $50,000	$2.50/$30
$50,001 - $100,000	$5/$60
$100,001 - $150,000	$7/$84
$150,001 - $250,000	$10/$120
More than $250,000	$15/$180

Fees assessed in excess of the Plan administrative expenses as of December 31, 2016 and 2015, were $2,364,309 and $2,482,799, respectively. At the Board's discretion, these excess fees are invested and available to defray future administrative expenses and participant fee increases.

NOTE 4 - TAX STATUS

The Plan is reviewed by legal counsel to ensure conformity with Section 457 of the IRC. Accordingly, any amount of compensation deferred under the Plan and any income attributable to the amounts so deferred shall be included in the gross income of the participant only for the taxable year in which such compensation or other income is paid or otherwise made available to the participant or other beneficiary.

NOTE 5 - CONTINGENCIES

The Plan is subject to various threatened and pending claims. It is the opinion of management that the ultimate liability arising from such threatened and pending claims will not have a material effect on the financial position of the Plan. The Plan is exposed to various other liabilities and risks related to the fiduciary responsibility of directors and officers.

NOTE 6 - RISK AND UNCERTAINTIES

The Plan, as directed by participants, may invest in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks.

Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities may occur in the near term and that such changes could materially affect the amounts reported in the Statements of Net Position Available for Plan Benefits.

NOTE 7 - PLAN TERMINATION

The State may terminate the Plan at any time, although no intent to terminate the Plan has been expressed. In the event of termination, all participants will remain fully vested.

NOTE 8 – NEW PRONOUNCEMENTS

In February 2015, GASB issued Statement No. 72, Fair Value Measurement and Application (GASB 72). GASB 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB 72 provides guidance for determining a fair value measurement for financial reporting purposes. GASB 72 also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. GASB 72 became effective for fiscal years beginning after June 15, 2015. Adoption of GASB 72 had no impact on the Plan's statements of fiduciary net position and changes in fiduciary net position but resulted in additional disclosures related to the Plan's fair value measurements.

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 (GASB 73): GASB No. 73 was issued June 2015 and became effective for the Plan beginning with its fiscal year ending June 30, 2016-except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for the Plan beginning with is fiscal year ending June 30, 2017.The Statement establishes requirements for pensions not covered by Statement Nos. 67 and 68 which are essentially the same requirements as Statement No 68.

However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. Adoption of the effective portion of this statement did not have an impact on the Plan's financial statements for the year ended December 31, 2016.

GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments (GASB No. 76): The objective of GASB No. 76 is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The requirement of this Statement are effective for financial statements for periods beginning after June 15, 2015 and should be applied retroactively. Adoption of this statement did not have an impact on the Plan's financial statements.

NOTE 9 - SUBSEQUENT EVENTS

The Plan evaluated subsequent events through May 22, 2017, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2016, but prior to May 22, 2017, that provided additional evidence about conditions that existed at December 31, 2016, have been recognized in the financial statements for the year ended December 31, 2016. Events or transactions that provided evidence about conditions that did not exist at December 31, 2016, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended December 31, 2016.