

Oklahoma Municipal Retirement Fund

Financial Statements

June 30, 2013 and 2012
(With Independent Auditors' Report Thereon)



OKLAHOMA MUNICIPAL RETIREMENT FUND

FINANCIAL STATEMENTS

Table of Contents

	<u>Page</u>
<u>Independent Auditors' Report</u>	1
<u>Management's Discussion and Analysis</u>	I-1
<u>Financial Statements:</u>	
Statements of Plan Net Position—Defined Benefit Plans	4
Statements of Plan Net Position—Defined Contribution Plans.....	5
Statements of Changes in Plan Net Position—Defined Benefit Plans	6
Statements of Changes in Plan Net Position—Defined Contribution Plans.....	7
Notes to Financial Statements.....	8
<u>Required Supplementary Information:</u>	
Schedule of Funding Progress (Schedule I).....	35
Schedule of Contributions from Employers and Employees (Schedule II)	36
Schedule of Funding Progress by Municipality/Municipal Agency (Schedule III)	37
Schedule of Contributions from Employers and Employees by Municipality/Municipal Agency (Schedule IV)	48
Notes to Required Supplementary Information	57
<u>Other Supplementary Information:</u>	
Analysis of Fund Ownership for Defined Contribution Plans (Schedule V).....	64
<u>Report Required by Government Auditing Standards:</u>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	70



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Oklahoma Municipal Retirement Fund

Report on the Financial Statements

We have audited the accompanying financial statements of the Oklahoma Municipal Retirement Fund (the "Fund"), which comprise the statements of plan net position (Defined Benefit and Defined Contribution Plans) as of June 30, 2013 and 2012, and the related statements of changes in plan net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Fund's basic 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 auditor considers 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.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the plans (Defined Benefit and Defined Contribution Plans) as of June 30, 2013 and 2012, and the respective changes in net position for the years then ended in accordance with accounting principles generally accepted in the United States.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2013 the Fund adopted new accounting guidance, Statement No. 63 of the Governmental Accounting Standards Board (GASB), *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

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-8, the schedule of funding progress on page 35, the schedule of contributions from employers and employees on page 36, the schedule of funding progress by municipality/municipal agency on pages 37 through 47, and the schedule of contributions from employers and employees by municipality/municipal agency on pages 48 through 56 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying analysis of fund ownership for the defined contribution plans is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2013, on our consideration of the Fund'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 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 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 Fund's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Finley + Cook, PLLC". The signature is written in a cursive, flowing style.

Shawnee, Oklahoma
December 17, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Oklahoma Municipal Retirement Fund (the "Fund"), we offer readers of the Fund's financial statements this narrative overview and analysis of the financial activities of the Fund for the fiscal years ended June 30, 2013 and 2012. Please read it in conjunction with the Fund's financial statements, which begin on page 4.

Financial Highlights—Defined Benefit Plans

	<u>2013</u>	<u>2012</u>
• Net position of the Fund	\$ 406,102,566	346,839,701
• Contributions:		
Municipalities/municipal agencies	21,112,027	18,943,958
Employees	5,117,326	5,010,957
• Additions of municipalities	8,376,395	-
• Net investment income	47,335,849	6,956,890
• Benefits, including member refunds	20,782,459	19,418,012
• Expenses	1,896,273	1,720,157
• Changes in net position	59,262,865	9,773,636

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Financial Highlights—Defined Contribution Plans

	<u>2013</u>	<u>2012</u>
• Net position of the Fund	\$ 250,634,843	225,728,457
• Contributions:		
Municipalities/municipal agencies	11,087,068	10,387,712
Employees	6,534,068	5,823,129
• Net investment income	24,484,435	3,374,927
• Benefits, including member refunds	16,151,442	14,946,779
• Expenses	1,047,743	964,788
• Changes in net position	24,906,386	3,674,201

DISCUSSION OF THE BASIC FINANCIAL STATEMENTS

This annual financial report consists of two parts: management's discussion and analysis (this section) and the basic financial statements. The Fund offers both a defined benefit plan and a defined contribution plan in which the participating municipal employers share administrative expenses. The Fund is authorized under State statutes to pool funds for investment purposes. The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The statements provide financial information about the activities and operations of the Fund.

The statements of plan net position present information on the assets of the Fund, along with liabilities, and the resulting net position held in trust for benefits as of the end of the fiscal year. The Fund's investments are presented at fair value.

The statements of changes in plan net position are presented in order to show the changes in net position during the year. Activity of the Fund consists primarily of contributions to the Fund, unrealized and realized gains and losses on investments, investment income, benefits paid, investment and administrative expenses paid directly from the Fund, and addition or withdrawal of municipalities or plans.

The notes to financial statements provide additional information that is essential to gain a full understanding of the data provided in the financial statements.

The required supplementary information and the related notes present a schedule of funding progress, a schedule of contributions from employers and employees, a schedule of funding progress by municipality/municipal agency, and a schedule of contributions from employers and employees by municipality/municipal agency, along with a discussion of actuarial assumptions and methods.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

CONDENSED FINANCIAL INFORMATION COMPARING THE CURRENT YEAR TO THE PRIOR YEAR

Defined Benefit Net Position:

The following table summarizes the net position as of June 30:

	<u>2013</u>	<u>2012</u>	% Increase (Decrease)
Cash and short-term investments	\$ 6,763,853	9,374,864	(27.9)%
Investments, at fair value	390,117,505	337,283,126	15.7%
Securities lending collateral	11,980,651	12,662,907	(5.4)%
Receivables	<u>9,953,692</u>	<u>1,793,413</u>	455.0%
Total assets	<u>418,815,701</u>	<u>361,114,310</u>	16.0%
Liabilities	<u>12,713,135</u>	<u>14,274,609</u>	(10.9)%
Net position	<u>\$ 406,102,566</u>	<u>346,839,701</u>	17.1%

Investments are made in accordance with the investment policy approved by the Board of Trustees. A more detailed description of the types of investments held and the investment policy are presented in the footnotes to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

CONDENSED FINANCIAL INFORMATION COMPARING THE CURRENT YEAR TO THE PRIOR YEAR, CONTINUED

Defined Benefit Changes in Net Position:

The following table summarizes the changes in net position between fiscal years 2013 and 2012:

	<u>2013</u>	<u>2012</u>	<u>% Increase (Decrease)</u>
Additions			
Contributions	\$ 26,229,353	23,954,915	9.5%
Net investment income	47,335,849	6,956,890	580.4%
Additions of municipalities	<u>8,376,395</u>	<u>-</u>	100.0%
 Total additions	 <u>81,941,597</u>	 <u>30,911,805</u>	 165.1%
 Deductions			
Benefits, including member refunds	20,782,459	19,418,012	7.0%
Expenses	<u>1,896,273</u>	<u>1,720,157</u>	10.2%
 Total deductions	 <u>22,678,732</u>	 <u>21,138,169</u>	 7.3%
 Changes in net position	 <u>\$ 59,262,865</u>	 <u>9,773,636</u>	 506.4%

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

CONDENSED FINANCIAL INFORMATION COMPARING THE CURRENT YEAR TO THE PRIOR YEAR, CONTINUED

Defined Contribution Net Position:

The following table summarizes the net position as of June 30:

	<u>2013</u>	<u>2012</u>	<u>% Increase (Decrease)</u>
Cash and short-term investments	\$ 9,864,744	11,130,564	(11.4)%
Investments, at fair value	233,801,302	207,647,312	12.6%
Securities lending collateral	4,664,462	5,690,840	(18.0)%
Receivables	670,682	463,145	44.8%
Participant loans	<u>9,363,295</u>	<u>9,048,187</u>	3.5%
 Total assets	 <u>258,364,485</u>	 <u>233,980,048</u>	 10.4%
 Liabilities	 <u>7,729,642</u>	 <u>8,251,591</u>	 (6.3)%
 Net position	 <u><u>\$ 250,634,843</u></u>	 <u><u>225,728,457</u></u>	 11.0%

Investments are made in accordance with the investment policy approved by the Board of Trustees. A more detailed description of the types of investments held and the investment policy are presented in the footnotes to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

CONDENSED FINANCIAL INFORMATION COMPARING THE CURRENT YEAR TO THE PRIOR YEAR, CONTINUED

Defined Contribution Changes in Net Position:

The following table summarizes the changes in net position between fiscal years 2013 and 2012 and the % changes in the balances:

	<u>2013</u>	<u>2012</u>	<u>% Increase (Decrease)</u>
Additions			
Contributions	\$ 17,621,136	16,210,841	8.7%
Net investment income	<u>24,484,435</u>	<u>3,374,927</u>	625.5%
Total additions	<u>42,105,571</u>	<u>19,585,768</u>	115.0%
Deductions			
Benefits, including member refunds	16,151,442	14,946,779	8.1%
Expenses	<u>1,047,743</u>	<u>964,788</u>	8.6%
Total deductions	<u>17,199,185</u>	<u>15,911,567</u>	8.1%
Changes in net position	<u>\$ 24,906,386</u>	<u>3,674,201</u>	577.9%

MANAGEMENT’S DISCUSSION AND ANALYSIS, CONTINUED

ANALYSIS OF THE OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

The purpose of the Fund is to provide cities, towns, and municipal agencies of Oklahoma with qualified retirement programs at minimal time, cost, and effort. The Fund offers several retirement plan alternatives for municipal employers, which include a Defined Benefit (“DB”) and/or a Defined Contribution (“DC”) plan. It is up to the member municipalities to choose which program best fits their needs. Funding for both plans is typically provided by contributions from the municipalities and their employees (“Participants”).

Although each municipality’s plan is funded separately, all assets for the DB plans are combined for investment purposes. The funds are invested for conservative long-term growth. All assets are held in a trust fund, and the Fund’s Board of Trustees retains professional investment managers to invest the funds. The DC plans are also combined for investment purposes; however, the Fund provides several investment alternatives with varying degrees of risk and reward. These alternatives provide Participants the ability to select a combination of investments to best meet their individual objectives, whether they are just beginning their careers or are close to retirement. Therefore, we will not show the Fund’s net yield on its average assets for the years ended June 30, 2013 and 2012, for the DC plan because the returns are solely based on each Participant’s investment selection.

Investment income for the DB plans has seen market volatility this past year as the investment markets have experienced turbulence. The diversity of the Fund’s investment portfolio continues to provide both security and potential growth with its 65/30/5 split between stocks, bonds, and real estate, respectively. The Fund’s yield on its average assets for the years ended June 30 and the yield for the S&P 500 and the Barclays Capital U.S. Aggregate during the same period were as follows:

	<u>2013</u>	<u>2012</u>
Fund's yield on average assets	14.00%	2.00%
S&P 500 yield	20.60%	5.44%
Barclays Capital U.S. Aggregate yield	(0.67)%	7.48%

Total benefit payments for the DB and DC plans increased this year, but will always vary based on specific activity within the individual plans.

The Fund members share plan operational costs, enabling many municipalities to provide plans which might not be affordable otherwise. The major components of the expenses are for investment management of the assets, actuarial and participant recordkeeping, payroll-related expenses for the employees of the Fund, custodial and legal fees, and miscellaneous office expenses. The Fund uses mutual funds to invest a portion of the assets. These mutual funds have internal expenses and management fees that have not been itemized as Fund expenses since they are not paid directly by the Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

ANALYSIS OF THE OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS, CONTINUED

While the Fund is directly impacted by the overall investment market changes, investments are made based on their expected long-term performance and in the best interest of the members of the Fund. With over \$677 million in assets and a wide range of diversity of investments, the Fund has the financial resources to maintain its current investment strategies while continuing to review other investment options to benefit its members.

During the year, seven new plans were established; three of those were new members to the Fund and four were current members that added an additional plan. One retiree-only plan was terminated due to all obligations being satisfied.

No other items are known by management to have a significant impact on the operations or financial position of the Fund as of December 17, 2013.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Fund's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, c/o Oklahoma Municipal Retirement Fund, 525 Central Park Drive, Suite 320, Oklahoma City, OK 73105.

OKLAHOMA MUNICIPAL RETIREMENT FUND

STATEMENTS OF PLAN NET POSITION— DEFINED BENEFIT PLANS

<i>June 30,</i>	<i>2013</i>	<i>2012</i>
Assets		
Cash and short-term investments	\$ 6,763,853	9,374,864
Investments, at fair value:		
Fixed income securities	107,304,482	97,990,531
Equity securities—domestic	157,525,217	125,750,671
Equity securities—international	80,306,913	68,143,552
Equity securities—real estate	612,460	235,519
Alternative investments	24,718,416	30,761,985
Real estate	19,650,017	14,400,868
Total investments, at fair value	390,117,505	337,283,126
Securities lending collateral	11,980,651	12,662,907
Receivables:		
Contributions receivable from municipalities/municipal agencies	883,734	941,779
Contributions receivable from employees	260,028	260,468
Accrued interest and dividends receivable	166,182	147,941
Due from broker	8,643,748	443,225
Total receivables	9,953,692	1,793,413
Total assets	418,815,701	361,114,310
Liabilities		
Payable to terminated participants	399,393	907,544
Due to broker	333,091	704,158
Securities lending collateral payable	11,980,651	12,662,907
Total liabilities	12,713,135	14,274,609
Net position restricted for pension benefits	\$ 406,102,566	346,839,701

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA MUNICIPAL RETIREMENT FUND

STATEMENTS OF PLAN NET POSITION— DEFINED CONTRIBUTION PLANS

<i>June 30,</i>	<i>2013</i>	<i>2012</i>
Assets		
Cash and short-term investments	\$ 9,864,744	11,130,564
Investments, at fair value:		
Fixed income securities	90,935,282	92,239,147
Equity securities—domestic	104,348,857	88,213,348
Equity securities—international	38,197,961	27,064,241
Equity securities—real estate	319,202	130,576
Total investments, at fair value	233,801,302	207,647,312
Securities lending collateral	4,664,462	5,690,840
Participant loans	9,363,295	9,048,187
Receivables:		
Contributions receivable from municipalities/ municipal agencies	354,043	235,120
Contributions receivable from employees	232,256	169,622
Accrued interest and dividends receivable	50,013	34,819
Due from broker	34,370	23,584
Total receivables	670,682	463,145
Total assets	258,364,485	233,980,048
Liabilities		
Payable to terminated participants	3,047,173	2,375,834
Due to broker	18,007	184,917
Securities lending collateral payable	4,664,462	5,690,840
Total liabilities	7,729,642	8,251,591
Net position restricted for plan benefits	\$ 250,634,843	225,728,457

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA MUNICIPAL RETIREMENT FUND

STATEMENTS OF CHANGES IN PLAN NET POSITION— DEFINED BENEFIT PLANS

<i>Years Ended June 30,</i>	<i>2013</i>	<i>2012</i>
ADDITIONS		
Contributions:		
Municipalities/municipal agencies	\$ 21,112,027	18,943,958
Employees	5,117,326	5,010,957
Total contributions	<u>26,229,353</u>	<u>23,954,915</u>
Investment income:		
Interest and dividends	3,270,016	3,225,872
Net appreciation in fair value of investments	<u>44,065,833</u>	<u>3,731,018</u>
Net investment income	<u>47,335,849</u>	<u>6,956,890</u>
Additions of municipalities	<u>8,376,395</u>	<u>-</u>
Total additions	<u>81,941,597</u>	<u>30,911,805</u>
DEDUCTIONS		
Benefits, including member refunds	20,782,459	19,418,012
Expenses	<u>1,896,273</u>	<u>1,720,157</u>
Total deductions	<u>22,678,732</u>	<u>21,138,169</u>
Changes in net position	59,262,865	9,773,636
Net position restricted for pension benefits, beginning of year	<u>346,839,701</u>	<u>337,066,065</u>
Net position restricted for pension benefits, end of year	<u>\$ 406,102,566</u>	<u>346,839,701</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA MUNICIPAL RETIREMENT FUND

STATEMENTS OF CHANGES IN PLAN NET POSITION— DEFINED CONTRIBUTION PLANS

<i>Years Ended June 30,</i>	<i>2013</i>	<i>2012</i>
ADDITIONS		
Contributions:		
Municipalities/municipal agencies	\$ 11,087,068	10,387,712
Employees	6,534,068	5,823,129
Total contributions	<u>17,621,136</u>	<u>16,210,841</u>
Investment income:		
Interest and dividends	3,013,545	2,688,790
Net appreciation in fair value of investments	21,470,890	686,137
Net investment income	<u>24,484,435</u>	<u>3,374,927</u>
Total additions	<u>42,105,571</u>	<u>19,585,768</u>
DEDUCTIONS		
Benefits, including member refunds	16,151,442	14,946,779
Expenses	<u>1,047,743</u>	<u>964,788</u>
Total deductions	<u>17,199,185</u>	<u>15,911,567</u>
Changes in net position	24,906,386	3,674,201
Net position restricted for plan benefits, beginning of year	<u>225,728,457</u>	<u>222,054,256</u>
Net position restricted for plan benefits, end of year	<u>\$ 250,634,843</u>	<u>225,728,457</u>

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2012

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Fund

The Oklahoma Municipal Retirement Fund (the “Fund”) was established July 1, 1966, for the purpose of providing a trust instrument for the administration of retirement allowances and other specified benefits for employees of city or town governments and municipally owned agencies in Oklahoma. These municipalities may elect to participate in the Fund in order to provide for the retirement of their employees who are not covered by another retirement plan. There are two programs available to each participating municipality, one being a defined contribution plan and the other a defined benefit plan. Each plan has various available options. The defined benefit plan is an agent multiple-employer type plan.

The overall operations of the Fund are supervised by a nine-member Board of Trustees elected by the participating municipalities. JPMorgan Chase Bank (“JPMorgan”) acts as securities custodian. The Fund utilizes mutual funds, collective trust funds of banks and trust companies, or separate accounts specifically tailored for the Fund by investment advisors, greatly expanding the universe of managers to choose from. In each case, rigorous standards for selection and monitoring are applied. The usage of vehicles other than mutual funds may enable the Fund to reduce expenses or utilize the talent of an investment manager that might not be available via a mutual fund. The investment managers utilized by the Fund are as follows:

Manager	Style	Type
Artisan Funds, Inc.	Active	Mutual and Commingled Fund
Aston Asset Management	Active	Mutual Fund
Barings Asset Investment Management, Inc.	Active	Commingled Fund, Private Placement
BNY Mellon	Active	Collective Trust Fund
Common Sense Long-Biased, L.P.	Active	Fund of Funds
EARNEST Partners	Active	Separate Account Manager
Goldman Sachs Trust Financial Square Fund	Active	Mutual Fund
INTECH Investment Management, LLC	Active	Separate Account Manager and Collective Trust Fund
Invesco Stable Value Trust	Active	Collective Trust Fund
JPMorgan Asset Management	Active	Commingled Funds and Collective Trust Fund
Pioneer Institutional Asset Management, Inc.	Active	Collective Trust Fund
State Street Global Advisors	Passive	Collective Trust Fund
TimesSquare Capital Management, LLC	Active	Separate Account Manager
Vanguard Institutional Asset Management	Active & Passive	Mutual Fund
Western Asset Management Investment Company	Active	Mutual Fund

See Independent Auditors’ Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Description of the Fund, Continued

There were 209 and 206 member municipalities in the Fund at June 30, 2013 and 2012, respectively. The members use a defined benefit plan, a defined contribution plan, or a combination of plans. As of June 30, 2013, there was a total of 316 plans administered by the Fund, which included 131 defined benefit plans and 185 defined contribution plans. As of June 30, 2012, there were a total of 310 plans administered by the Fund, which included 131 defined benefit plans and 179 defined contribution plans.

Employee membership data related to the defined benefit plans is as follows:

	Plans with Actuarial Information at January 1,	
	<u>2013</u>	<u>2012</u>
Retirees and beneficiaries currently receiving benefits, and terminated employees entitled to benefits but not yet receiving them	<u>2,003</u>	<u>1,905</u>
Vested	1,749	1,736
Nonvested	<u>2,076</u>	<u>2,128</u>
	<u>3,825</u>	<u>3,864</u>

Employee membership data related to defined benefit plans with retirees only of municipalities which no longer participate in the Fund is as follows:

	Plans with Actuarial Information at January 1,	
	<u>2013</u>	<u>2012</u>
Retirees and beneficiaries currently receiving benefits, and terminated employees entitled to benefits but not yet receiving them	<u>58</u>	<u>63</u>

The municipalities involved are still responsible for maintaining the funded status of the plans.

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Description of the Fund, Continued

In general, the Fund provides retirement benefits based on either members' final average compensation, age, term of service, plus annual cost-of-living adjustments, if so elected, or the accumulation of contributions and earnings, depending upon the type of plan elected. Benefit and funding provisions include:

Defined Benefit Plans

- Members participating in a defined benefit plan become 100% vested in retirement benefits earned to date according to the plan option elected by the municipality. Vesting can occur after 5 years, 7 years, or 10 years, depending on the election made. Participants are eligible for normal retirement at their normal retirement age, which is generally the latter of age 65 or becoming vested. If elected by members, normal retirement could be as early as age 55, 60, or 62, with various service requirements. Early retirement benefits are available at reduced amounts as early as age 55. The normal retirement benefit is equal to an elected percentage of final compensation for each year of credited service. Final compensation is defined as the average salary for the highest 60 consecutive months out of the last 10 years of the participant's employment.⁽¹⁾
- A member is eligible for disability benefits upon becoming disabled and vested.
- On non-hybrid municipalities, upon separation from the Fund, nonvested defined benefit members' contributions are refundable in addition to a 6% return on their contributions. On hybrid municipalities, upon separation from the Fund, nonvested defined benefit members' contributions are refundable in addition to real investment returns/losses on their contributions.
- The monthly employer contribution requirement for each municipality participating in one of the defined benefit plans is based upon a percentage of employees' compensation. The percentage for each municipality is computed every year by the Fund's actuary, pursuant to an actuarial cost method which consists of the actuarially computed normal costs and the interest on any unfunded past service costs amortized over a fixed 30-year period.

⁽¹⁾ Bartlesville is the only exception. They have a career average plan and allow for normal retirement upon reaching Rule of 80 with no age minimum.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Description of the Fund, Continued

Defined Benefit Plans, Continued

Funded Status and Funding Progress

June 30, 2013—As of January 1, 2013, the most recent actuarial valuation date, the Plan was 81.0% funded on an actuarial basis. The actuarial accrued liability for benefits was \$474.1 million, and the actuarial value of assets was \$384.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$90.1 million. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$138.0 million, and the ratio of UAAL to covered payroll was 65.3%.

June 30, 2012—As of January 1, 2012, the most recent actuarial valuation date, the Plan was 79.4% funded on an actuarial basis. The actuarial accrued liability for benefits was \$439.1 million, and the actuarial value of assets was \$348.5 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$90.6 million. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$130.6 million, and the ratio of UAAL to covered payroll was 69.4%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2013
Actuarial cost method	Entry age normal, except Bartlesville which used the unit credit cost method
Amortization method	Level dollar
Asset valuation method	Market value with smoothed gains or losses
Disability	Old age survivors and disability insurance incident rates

Actuarial assumptions:

Investment rate of return	7.5%
Projected salary increases	4.0% to 7.42%
Includes inflation at	3.0%
Post-retirement increase	3.0%

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Description of the Fund, Continued

Defined Benefit Plans, Continued

Health Plans

Included in the defined benefit plans at June 30, 2013 and 2012, were assets totaling \$404,608 and \$321,356, respectively, for medical plans for two cities, Bartlesville and Mannford. Actuarial information for these two plans is not included in the schedule of funding progress, presented as required supplementary information following the notes to the financial statements.

Defined Contribution Plans

The defined contribution plans are funded through selected rates of contributions as elected by each municipality. The funds are credited to individual participant accounts and pooled for investment purposes through the Fund. All gains and/or losses are credited directly to each participant. Upon retirement, termination of employment, disability, or death, the vested portion of a participant's account is paid to the participant or beneficiary as elected and in accordance with IRS regulations. This amount is based on an accumulation of employee and employer contributions, forfeitures, if applicable, and earnings or losses.

Termination and Withdrawal

An employer under a defined benefit plan may at any time terminate its involvement with the Fund with respect to its employees, pursuant to resolution by the governing body of the employer, and may direct and require the Board of Trustees to liquidate the portion of the Fund allocable to its employees or their beneficiaries in the following order:

- a. Benefits attributable to employee contributions with interest, taking into account those paid out before termination.
- b. Benefits to former employees or their beneficiaries receiving a retirement income or those employees who have become eligible for normal retirement but have not yet retired.
- c. Pensions deferred to normal retirement date for participants who have qualified for an early deferred pension.
- d. Pensions deferred to normal retirement date for participants who have qualified for a deferred vested pension.
- e. All other vested benefits.
- f. All nonvested benefits.
- g. All remaining assets shall be distributed as designated by the employer's retirement committee.

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting, under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period in which they are earned and become measurable, and investment purchases and sales are recorded as of their trade date. The financial statements are in conformity with provisions of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, issued by the Governmental Accounting Standards Board (GASB 25) and Statement No. 50, *Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27* (GASB 50).

Income Taxes

The Fund is exempt from federal and state income taxes.

Investments

The Fund is authorized to invest in eligible investments as approved by the Board of Trustees as set forth in the investment policy.

The net depreciation or appreciation in the fair value of the Fund's investments is recorded as a component of investment income based on the valuation of investments as of June 30, 2013 and 2012.

Investments are stated at fair value based on published market prices. Because the investments are reported at fair values, the financial statements of the Fund are directly impacted by interest rate changes and market conditions. In addition, the Fund has investments in securities of foreign governments which are subject not only to changes in values due to interest rates but also to domestic, international, and world trade policies.

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates, or financial indexes. They include futures contracts, swap contracts, options contracts, and forward foreign currency exchange. The Fund's investment policy addresses the use of derivatives by fund manager. Investments in commingled funds may include derivatives. Commingled funds have been reviewed to ensure they are in compliance with the Fund's investment policy. The Fund did not hold any direct derivative investments as of June 30, 2013 or 2012.

The investment policy limits the concentration of each portfolio manager. No direct investment in any one organization represents 5% or more of the net position restricted for pension benefits.

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investments, Continued

At June 30, 2013 and 2012, the Fund's investments included short-term investments of \$9,102,192 and \$13,734,159, respectively. These represent monies invested in a diversified pool consisting of U.S. government obligations, bank obligations, commercial investments, and repurchase agreements secured by U.S. Treasury obligations. Because of the nature and liquidity of these investments, they are classified as cash equivalents. Debt and equity securities are reported at fair value, as determined by the Fund's custodial agent, using pricing services or prices quoted by independent brokers based on the latest reported sales prices at current exchange rates for securities traded on national or international exchanges.

Participant Loans

The Fund began a participant loan program on July 1, 1996. Municipalities can elect to include the participant loan program as part of their defined contribution plan. Plan participants can borrow up to the lesser of \$50,000 or 50% of the participant's vested balance. The minimum amount of a loan is \$1,000. Special rules apply to the City of Muskogee and the City of Sand Springs.

Earnings attributable to the participant loans are allocated only to the account of the borrowing participant.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make significant estimates and assumptions that affect the reported amounts of net position restricted for benefits at the date of the financial statements and the actuarial information in Schedules I, II, III and IV included in the required supplementary information as of the benefit information date, the changes in the Fund's net position during the reporting period, and when applicable, disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Risks and Uncertainties

Contributions to the Fund and the actuarial information included in Schedules I, II, III and IV of the required supplementary information are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements.

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Employee Costs

The Fund hires Nextep, Inc. to provide administrative services, including payroll, human resources, employee health and welfare benefits, and cafeteria plan benefits; therefore, the Fund does not remit federal or state withholding taxes directly to the taxing agencies. Nextep, Inc. charges the Fund 1.58% of its gross wages as administrative costs. The employees' retirement plan is through the Fund. Employee costs are paid through the Trust Administrative Account, which is detailed in Note 5.

Recent Accounting Pronouncements

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62). The objective of GASB 62 is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedures

The requirements in GASB 62 will improve financial reporting by contributing to GASB's efforts to codify all sources of accounting principles generally accepted in the United States for state and local governments so that they derive from a single source. GASB 62 is effective for financial statements for periods beginning after December 15, 2011. The provisions of GASB 62 were adopted by the Fund as of July 1, 2012. The adoption had no material impact on the statements of net position or changes in net position.

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recent Accounting Pronouncements, Continued

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63). The objective of GASB 63 is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The pronouncement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2011. The Fund adopted GASB 63 effective July 1, 2012. The adoption of the statement required the Fund to adopt the term "net position" as required. In addition, as required by GASB 63, the Fund determined that as of June 30, 2013 and 2012, there were no items of deferred outflows of resources or deferred inflows of resources, as presently defined, to be reported.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). The objective of GASB 65 is to establish accounting and financial reporting standards that reclassify certain items that were previously reported as assets or liabilities as deferred outflows of resources or deferred inflows of resources; and recognize certain items that were previously reported as assets and liabilities as outflows of resources or inflows of resources. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2012.

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans* (GASB 67). GASB 67 addresses reporting by pension plans that administer benefits for governments and outlines basic framework for the separately issued financial reports of defined benefit pension plans, and details note disclosure requirements for defined benefit and defined contribution pension plans. This statement is effective for financial statements for periods beginning after June 15, 2013.

Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through December 17, 2013, the date which the financial statements were available to be issued, and determined that no subsequent events have occurred which require adjustment or disclosure in the financial statements, except as discussed in Note 3.

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH AND INVESTMENTS

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

	2013	
	Defined <u>Benefit Plans</u>	Defined <u>Contribution Plans</u>
Cash on deposit with custodial agent:		
U.S. currency deposits	\$ 5,331,746	2,194,659
Short-term investments	<u>1,432,107</u>	<u>7,670,085</u>
	<u>\$ 6,763,853</u>	<u>9,864,744</u>
	2012	
	Defined <u>Benefit Plans</u>	Defined <u>Contribution Plans</u>
Cash on deposit with custodial agent:		
U.S. currency deposits	\$ 4,655,190	2,116,079
Short-term investments	<u>4,719,674</u>	<u>9,014,485</u>
	<u>\$ 9,374,864</u>	<u>11,130,564</u>

The short-term investments are considered cash equivalents and are invested in U.S. Treasury money market funds.

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH AND INVESTMENTS, CONTINUED

During 2013 and 2012, the Fund's investments, including investments bought, sold, as well as held during the year, appreciated in value as follows:

	2013		
	Defined Benefit <u>Plans</u>	Defined Contribution <u>Plans</u>	<u>Total</u>
Unrealized appreciation (depreciation):			
Debt securities	\$ 437,301	(68,505)	368,796
Equity securities	36,968,541	16,185,761	53,154,302
Net unrealized appreciation	37,405,842	16,117,256	53,523,098
Net realized appreciation	6,659,991	5,353,634	12,013,625
Net appreciation in fair value of investments	<u>\$ 44,065,833</u>	<u>21,470,890</u>	<u>65,536,723</u>
	2012		
	Defined Benefit <u>Plans</u>	Defined Contribution <u>Plans</u>	<u>Total</u>
Unrealized appreciation (depreciation):			
Debt securities	\$ 3,578,628	1,160,871	4,739,499
Equity securities	300,549	(958,366)	(657,817)
Net unrealized appreciation	3,879,177	202,505	4,081,682
Net realized (depreciation) appreciation	(148,159)	483,632	335,473
Net appreciation in fair value of investments	<u>\$ 3,731,018</u>	<u>686,137</u>	<u>4,417,155</u>

Also included in the current appreciation in the fair value of investments are dividends reinvested in mutual funds.

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH AND INVESTMENTS, CONTINUED

While the Fund has no direct investment in any one organization over 5%, it does have investments in the following mutual funds or collective trust funds at June 30 which are over 5% of the net position of each plan.

<u>Description</u>	<u>Fair Value</u>	
	<u>2013</u>	<u>2012</u>
<u>Defined Benefit Plans:</u>		
Artisan International Value Institutional Fund	\$ 23,299,385	19,930,881
Baring International Equity Fund	22,530,115	18,195,191
Common Sense Long-Biased, L.P.	24,718,416	30,761,985
JPMorgan Core Bond Fund	32,017,803	31,381,218
Pioneer Core Plus Fixed Income Fund	37,676,724	33,606,003
State Street Global Advisors Daily MSCI		
ACWI Ex-USA Index Strategy Fund	31,126,373	27,741,288
State Street S&P 500 Flagship Fund	76,875,175	60,111,406
Western Asset Core Plus Bond Portfolio	37,609,956	33,003,310
<u>Defined Contribution Plans:</u>		
Invesco Stable Value Trust Fund	17,002,126	16,357,209
State Street Global Advisors US Bond Index Fund	12,977,840	16,319,236
State Street S&P 500 Flagship Fund	28,356,610	22,180,750
Vanguard LifeStrategy Conservative Growth Fund	23,618,096	20,142,650
Vanguard LifeStrategy Moderate Growth Fund	22,355,211	20,870,693

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of a counterparty, the Fund will not be able to recover the value of its investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the Fund, or are held by a counterparty or the counterparty's trust department but not in the name of the Fund. The investment policy states that the Fund shall mitigate custodial risk by having a continuing deposit security agreement in place with the bank on each of the operating cash accounts. The agreement requires the bank to pledge assets in an amount equal to or greater than the aggregate deposit account balance over the Federal Deposit Insurance Corporation (FDIC) insured amount. The collateral is delivered and held by the Federal Reserve Bank in the name of the Fund. The investment policy also states that the Fund shall rely on Title 12 of the Code of Federal Regulations (12 CFR) Part 9, Section 13 issued by the Comptroller of the Currency, which states that a national bank shall keep the assets of the fiduciary accounts separate from the assets of the bank.

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH AND INVESTMENTS, CONTINUED

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The investment policy states that investments should be prudently managed relative to the given benchmark for that investment manager so as to avoid excessive exposure to any single currency. Country exposures are monitored through a quarterly performance report provided by the investment consultant.

Investment in international equity securities as of June 30 is shown by monetary unit to indicate possible foreign currency risk.

<u>Currency</u>	<u>2013</u>		<u>2012</u>	
	<u>Defined Benefit Plans</u>	<u>Defined Contribution Plans</u>	<u>Defined Benefit Plans</u>	<u>Defined Contribution Plans</u>
U.S. dollar ⁽¹⁾	\$ 3,351,040	1,310,355	2,276,192	1,046,712
Mutual funds ⁽¹⁾	-	18,289,973	-	10,256,551
Commingled funds and collective trust funds	<u>76,955,873</u>	<u>18,597,633</u>	<u>65,867,360</u>	<u>15,760,978</u>
	<u>\$ 80,306,913</u>	<u>38,197,961</u>	<u>68,143,552</u>	<u>27,064,241</u>

⁽¹⁾ Represents investments in international equity securities and mutual funds traded in U.S. dollars.

At June 30, 2013 and 2012, commingled funds and collective trust funds were made up of the following:

- Baring International Equity Fund—The investment objective of the fund is to seek long-term capital appreciation and a return in excess of that achieved by the Morgan Stanley Capital International (MSCI) Europe Australasia Far East Index (the “EAFE Index”). Under normal conditions, the fund will invest in a minimum of 50 issuers which are organized, headquartered, or domiciled in any country included in the EAFE Index or whose principal listing is on a securities exchange in any country included in the EAFE Index. The fund will invest a minimum of 90% of its total assets in equity securities, and a maximum of 10% of its total assets in cash, options, warrants, and convertible securities.

See Independent Auditors’ Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH AND INVESTMENTS, CONTINUED

Foreign Currency Risk, Continued

- Artisan International Value Institutional Fund—The investment objective of the fund is maximum long-term capital growth. The fund employs a fundamental investment process to construct a diversified portfolio of stocks of undervalued non-U.S. companies of all sizes. Under normal market conditions, the fund invests no less than 80% of its total assets (excluding cash and cash equivalents), measured at market value at the time of purchase, in common stocks and other equity and equity-linked securities of non-U.S. companies. The fund invests primarily in developed markets but may also invest in emerging and less developed markets.
- State Street Global Advisors Daily MSCI ACWI Ex-USA Index Strategy Fund—The investment objective of the fund is to seek an investment return that approximates as closely as practicable, before expenses, the performance of its benchmark index, the MSCI All Country World Index (ACWI) with the exception of the United States Index (the “index”), over the long term. The fund is managed using a passive or indexing investment approach by which State Street Global Advisors (SSgA) attempts to match, before expenses, the performance of the index. SSgA typically invests in the securities comprising the index in approximately the same proportions as they are represented in the index.
- State Street Global Advisors Global Equity Ex-U.S. Index Fund—The investment objective of the fund is to seek an investment return that approximates as closely as practicable, before expenses, the performance of its benchmark index, the MSCI ACWI with the exception of the United States Index (the “index”), over the long term. The fund is managed using a passive or indexing investment approach by which SSgA attempts to match, before expenses, the performance of the index. SSgA typically invests in the securities comprising the index in approximately the same proportions as they are represented in the index.

See Independent Auditors’ Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH AND INVESTMENTS, CONTINUED

Credit Risk

Fixed income securities are subject to credit risk. Credit quality rating is one method of assessing the ability of the issuer to meet its obligation. The investment portfolio for core fixed income managers requires the security to have a minimum quality rating of Standard & Poor's BBB at the time of purchase and the portfolio to maintain an average of AA or higher. For core plus fixed income managers, the investment policy requires the portfolio to invest in securities equal to or better than Moody's B3 or Standard & Poor's B-, with the overall portfolio maintaining an average of AA- or better. Exposure to credit risk as of June 30 was as follows:

<u>Investment Type</u>	<u>Standard & Poor's Ratings (Unless Noted)</u>	2013			
		<u>Defined Benefit Plans</u>		<u>Defined Contribution Plans</u>	
			<u>Fair Value</u> as a Percent of Total Fixed Maturity <u>Fair Value</u>	<u>Fair Value</u> as a Percent of Total Fixed Maturity <u>Fair Value</u>	
Mutual funds:					
Invesco Stable Value Trust Fund ⁽¹⁾	Not Rated	\$ -	N/A	17,002,126	18.68%
Vanguard LifeStrategy Growth Fund ⁽²⁾	Not Rated	-	N/A	1,697,028	1.87%
Vanguard LifeStrategy Income Fund ⁽³⁾	Not Rated	-	N/A	6,217,591	6.84%
Vanguard LifeStrategy Conservative Growth Fund ⁽⁴⁾	Not Rated	-	N/A	11,383,922	12.52%
Vanguard LifeStrategy Moderate Growth Fund ⁽⁵⁾	Not Rated	-	N/A	7,198,378	7.92%
Western Asset Core Plus Bond Portfolio ⁽⁶⁾	Not Rated	37,609,955	35.05%	6,962,683	7.65%
Collective trust funds:					
BNY Mellon Stable Value Fund ⁽⁷⁾	Not Rated	-	N/A	7,773,759	8.55%
JPMorgan Core Bond Fund ⁽⁸⁾	Not Rated	32,017,803	29.84%	9,376,539	10.32%
Pioneer Core Plus Fixed Income Fund ⁽⁹⁾	Not Rated	37,676,724	35.11%	10,345,416	11.38%
State Street Global Advisor US Bond Index Fund ⁽¹⁰⁾	Not Rated	-	N/A	12,977,840	14.27%
Total fixed income securities		<u>\$ 107,304,482</u>	<u>100.00%</u>	<u>90,935,282</u>	<u>100.00%</u>

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH AND INVESTMENTS, CONTINUED

Credit Risk, Continued

- (1) At June 30, 2013, the Invesco Stable Value Trust Fund's asset allocation was as follows: 58.8% short duration investments, 27.4% intermediate investments, 4.3% short term investments, and 9.5% core investments. The primary investment objective of the fund is to seek the preservation of principal and to provide interest income reasonably obtained under prevailing market conditions and rates, consistent with seeking to maintain required liquidity.
- (2) The Vanguard LifeStrategy Growth Fund invests in other Vanguard mutual funds according to a fixed formula that over time should reflect an allocation of approximately 80% of the fund's assets to common stocks and 20% to bonds. The fund's indirect stock holdings are a diversified mix of U.S. and foreign large, mid, and small capitalization stocks. Its indirect bond holdings are a diversified mix of short-, intermediate-, and long-term U.S. government, U.S. agency, and investment-grade U.S. corporate bonds, as well as mortgage-backed and asset-backed securities; and government, agency, corporate, and securitized investment-grade foreign bonds issued in currencies other than the U.S. dollar (but hedged by Vanguard to minimize currency exposure). The fund seeks to provide capital appreciation and some current income.
- (3) The Vanguard LifeStrategy Income Fund invests in other Vanguard mutual funds according to a fixed formula that over time should reflect an allocation of approximately 80% of the fund's assets to bonds and 20% to common stocks. The fund's indirect bond holdings are a diversified mix of short-, intermediate-, and long-term U.S. government, U.S. agency, and investment-grade U.S. corporate bonds, as well as mortgage-backed and asset-backed securities; and government, agency, corporate, and securitized investment-grade foreign bonds issued in currencies other than the U.S. dollar (but hedged by Vanguard to minimize currency exposure). Its indirect stock holdings are a diversified mix of U.S. and foreign large, mid, and small capitalization stocks. The fund seeks to provide current income and some capital appreciation.
- (4) The Vanguard LifeStrategy Conservative Growth Fund invests in other Vanguard mutual funds according to a fixed formula that over time should reflect an allocation of approximately 60% of the fund's assets to bonds and 40% to common stocks. The fund's indirect bond holdings are a diversified mix of short-, intermediate-, and long-term U.S. government, U.S. agency, and investment-grade U.S. corporate bonds, as well as mortgage-backed and asset backed securities; and government, agency, corporate, and securitized investment-grade foreign bonds issued in currencies other than the U.S. dollar (but hedged by Vanguard to minimize currency exposure). Its indirect stock holdings are a diversified mix of U.S. and foreign large, mid, and small capitalization stocks. The fund seeks to provide current income and low-to-moderate capital appreciation.

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH AND INVESTMENTS, CONTINUED

Credit Risk, Continued

- (5) The Vanguard LifeStrategy Moderate Growth Fund invests in other Vanguard mutual funds according to a fixed formula that over time should reflect an allocation of approximately 60% of the fund's assets to common stocks and 40% to bonds. The fund's indirect bond holdings are a diversified mix of short-, intermediate-, and long-term U.S. government, U.S. agency, and investment-grade U.S. corporate bonds, as well as mortgage-backed and asset-backed securities; and government, agency, corporate, and securitized investment-grade foreign bonds issued in currencies other than the U.S. dollar (but hedged by Vanguard to minimize currency exposure). Its indirect stock holdings are a diversified mix of U.S. and foreign large, mid, and small capitalization stocks. The fund seeks to provide capital appreciation and a low-to-moderate level of current income.
- (6) The Western Asset Core Plus Bond Portfolio invests in a portfolio of fixed income securities of various maturities. Investments include U.S. treasuries, agencies, investment grade corporates, asset-backed and mortgage-backed securities. In addition, the portfolio may invest up to 20% of net position in high-yield securities and non-U.S. dollar denominated bonds, including emerging markets. The portfolio seeks to maximize total return, consistent with prudent investment management and liquidity needs by investing to obtain an average duration of generally 2.5 to 7 years.
- (7) As of June 30, 2013, the BNY Mellon Stable Value Fund's asset allocation was as follows: 40.0% constant duration synthetic, 20.6% cash equivalent, 6.6% fixed maturity synthetic, 15.9% guaranteed interest contracts, 12.0% separate account, and 4.9% pooled funds. The fund seeks to preserve the principal investment and generate a stable rate of return.
- (8) The JPMorgan Core Bond Fund invests primarily in investment-grade bonds. The fund generally maintains an average weighted maturity between 4 and 12 years, although it may shorten its averaged weighted maturity if deemed appropriate for temporary defensive purposes. The fund also selects individual securities following risk/reward evaluation of interest rate risk, credit risk, and the complex legal and technical structure of the transaction. The fund seeks to maximize total return by investing primarily in a diversified portfolio of intermediate- and long-term debt securities.
- (9) At June 30, 2013, the Pioneer Opportunistic Core Plus was weighted as follows: 17.1% U.S. investment grade, 14.9% non-agency, 14.5% emerging corporate and sovereign, 7.6% international investment grade, 13.5% bank loans, 7.9% high yields, and 24.5% all others. The fund's strategy is a multi-sector fixed income strategy that derives its alpha primarily from active asset allocation and security selection. Investing across a broad range of fixed income asset classes, the strategy benefits from diversification of lower correlated global fixed income and non-investment grade debt markets with U.S. investment grade markets.
- (10) As of June 30, 2013, the State Street Global Advisor US Bond Index Fund was weighted as follows: 36.7% treasuries, 29.3% mortgage-backed securities, 19.0% corporates, 5.6% non-corporates, 4.6% agencies, and 4.8% other. The fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the Barclays Capital U.S. Aggregate Bond Index over the long term.

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH AND INVESTMENTS, CONTINUED

Credit Risk, Continued

<u>Investment Type</u>	Standard & Poor's Ratings (Unless Noted)	2012			
		Defined Benefit Plans		Defined Contribution Plans	
		Fair Value	Fair Value	Fair Value	Fair Value
		as a Percent of Total Fixed Maturity	as a Percent of Total Fixed Maturity		
		<u>Fair Value</u>	<u>Fair Value</u>	<u>Fair Value</u>	<u>Fair Value</u>
Mutual funds:					
Invesco Stable Value					
Trust Fund ⁽¹⁾	Not Rated	\$ -	N/A	16,357,209	17.73%
Vanguard LifeStrategy					
Growth Fund ⁽²⁾	Not Rated	-	N/A	1,736,069	1.88%
Vanguard LifeStrategy					
Income Fund ⁽³⁾	Not Rated	-	N/A	7,440,751	8.07%
Vanguard LifeStrategy					
Conservative Growth Fund ⁽⁴⁾	Not Rated	-	N/A	12,025,162	13.04%
Vanguard LifeStrategy					
Moderate Growth Fund ⁽⁵⁾	Not Rated	-	N/A	8,285,665	8.98%
Western Asset Core Plus					
Bond Portfolio ⁽⁶⁾	Not Rated	33,003,310	33.68%	6,411,185	6.95%
Collective trust funds:					
BNY Mellon Stable Value					
Fund ⁽⁷⁾	Not Rated	-	N/A	9,075,247	9.84%
JPMorgan Core Bond					
Fund ⁽⁸⁾	Not Rated	31,381,218	32.02%	6,921,687	7.51%
Pioneer Core Plus Fixed					
Income Fund ⁽⁹⁾	Not Rated	33,606,003	34.30%	7,666,936	8.31%
State Street Global Advisor US					
Bond Index Fund ⁽¹⁰⁾	Not Rated	-	N/A	16,319,236	17.69%
Total fixed income securities		<u>\$ 97,990,531</u>	<u>100.00%</u>	<u>92,239,147</u>	<u>100.00%</u>

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH AND INVESTMENTS, CONTINUED

Credit Risk, Continued

- (1) At June 30, 2012, the Invesco Stable Value Trust Fund's asset allocation was as follows: 53.9% short duration investments, 26.8% intermediate investments, 10.6% short term investments, and 8.7% core investments. The primary investment objective of the fund is to seek the preservation of principal and to provide interest income reasonably obtained under prevailing market conditions and rates, consistent with seeking to maintain required liquidity.
- (2) The Vanguard LifeStrategy Growth Fund invests in other Vanguard mutual funds according to a fixed formula that over time should reflect an allocation of approximately 80% of the fund's assets to common stocks and 20% to bonds. The fund's indirect stock holdings consist substantially of large-capitalization U.S. stocks and, to a lesser extent, mid- and small-cap U.S. stocks and foreign stocks. Its indirect bond holdings are a diversified mix of short-, intermediate-, and long-term U.S. government, U.S. agency, and investment-grade corporate bonds, as well as mortgage-backed and asset-backed securities. The fund seeks to provide capital appreciation and some current income.
- (3) The Vanguard LifeStrategy Income Fund invests in other Vanguard mutual funds according to a fixed formula that over time should reflect an allocation of approximately 80% of the fund's assets to bonds and 20% to common stocks. The fund's indirect bond holdings are a diversified mix of short-, intermediate-, and long-term U.S. government, U.S. agency, and investment-grade corporate bonds, as well as mortgage-backed and asset-backed securities. Its indirect stock holdings consist substantially of large-capitalization U.S. stocks and, to a lesser extent, mid- and small-cap U.S. stocks and foreign stocks. The fund seeks to provide current income and some capital appreciation.
- (4) The Vanguard LifeStrategy Conservative Growth Fund invests in other Vanguard mutual funds according to a fixed formula that over time should reflect an allocation of approximately 60% of the fund's assets to bonds and 40% to common stocks. The fund's indirect bond holdings are a diversified mix of short-, intermediate-, and long-term U.S. government, U.S. agency, and investment-grade corporate bonds, as well as mortgage-backed and asset backed securities. Its indirect stock holdings consist substantially of large-capitalization U.S. stocks and, to a lesser extent, mid- and small-cap U.S. stocks and foreign stocks. The fund seeks to provide current income and low-to-moderate capital appreciation.
- (5) The Vanguard LifeStrategy Moderate Growth Fund invests in other Vanguard mutual funds according to a fixed formula that over time should reflect an allocation of approximately 60% of the fund's assets to common stocks and 40% to bonds. The fund's indirect bond holdings are a diversified mix of short-, intermediate-, and long-term U.S. government, U.S. agency, and investment-grade corporate bonds, as well as mortgage-backed and asset-backed securities. Its indirect stock holdings consist substantially of large-capitalization U.S. stocks and, to a lesser extent, mid- and small-cap U.S. stocks and foreign stocks. The fund seeks to provide capital appreciation and a low-to-moderate level of current income.

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH AND INVESTMENTS, CONTINUED

Credit Risk, Continued

- (6) The Western Asset Core Plus Bond Portfolio invests in a portfolio of fixed income securities of various maturities and, under normal market conditions, will invest at least 80% of its net position in debt and fixed income securities. In addition, the portfolio may invest up to 20% in non-U.S. dollar denominated securities and up to 20% of net position in debt securities that are not rated Baa or BBB or above. The portfolio seeks to maximize total return, consistent with prudent investment management and liquidity needs with dollar weighted average duration to range within 30% of the domestic bond market as a whole.
- (7) As of June 30, 2012, the BNY Mellon Stable Value Fund's asset allocation was as follows: 37.5% constant duration synthetic, 17.3% cash equivalent, 12.3% fixed maturity synthetic, 14.7% guaranteed interest contracts, 12.5% separate account, and 5.7% pooled funds. The fund seeks current income while maintaining stability of invested principal and to maintain daily book value liquidity for all plan sponsors. The performance of the fund attempts to be comparable to intermediate bond returns and to exceed money market returns over time.
- (8) The JPMorgan Core Bond Fund invests primarily in investment-grade bonds. The fund generally maintains an average weighted maturity between 4 and 12 years, although it may shorten its averaged weighted maturity if deemed appropriate for temporary defensive purposes. The fund also selects individual securities following risk/reward evaluation of interest rate risk, credit risk, and the complex legal and technical structure of the transaction. The fund seeks to maximize total return by investing primarily in a diversified portfolio of intermediate- and long-term debt securities.
- (9) At June 30, 2012, the Pioneer Core Plus Fixed Income Fund was weighted as follows: 26.1% U.S. investment grade, 23.5% non-agency mortgage-backed securities/asset-backed securities, 12.0% agency mortgage-backed securities, 7.9% treasuries, 7.0% municipals, and 23.5% all others. The fund's strategy is to invest primarily in intermediate-term bonds, allocating among three primary market sectors: mortgage-backed securities, investment-grade corporates, and government bonds, with the ability to invest up to 20% in below-investment-grade debt.
- (10) As of June 30, 2012, the State Street Global Advisor US Bond Index Fund was weighted as follows: 35.9% treasuries, 30.0% mortgage-backed securities, 20.2% corporates, 5.5% non-corporates, 5.1% agencies, and 3.3% other. The fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the Barclays Capital U.S. Aggregate Bond Index over the long term.

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH AND INVESTMENTS, CONTINUED

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. While all investments are subject to market changes, securities invested in index funds are more sensitive to market risk. The investment policy does not establish an overall duration period; however, it does establish benchmarks for each investment manager. Core fixed income managers shall be managed to $\pm 25\%$ of their benchmark and core plus fixed income managers' maximum deviation shall remain within $\pm 30\%$ of their benchmark. As of June 30, the Fund had the following investments with maturities:

2013						
<u>Investment Maturities at Fair Value (in Years)</u>						
	<u>Less than 1</u>	<u>1 or More Less than 5</u>	<u>5 or More Less than 10</u>	<u>10 or More</u>	<u>Commingled Funds with No Duration</u>	<u>Total Fair Value</u>
<u>Defined benefit plans:</u>						
Fixed income securities—collective trust funds	\$ -	-	-	-	69,694,527	69,694,527
Fixed income securities—mutual funds	-	-	-	-	37,609,955	37,609,955
Total defined benefit plans	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,304,482</u>	<u>107,304,482</u>
<u>Defined contribution plans:</u>						
Fixed income securities—collective trust funds	\$ -	-	-	-	40,473,554	40,473,554
Fixed income securities—mutual funds	-	-	-	-	50,461,728	50,461,728
Total defined contribution plans	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,935,282</u>	<u>90,935,282</u>

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH AND INVESTMENTS, CONTINUED

Interest Rate Risk, Continued

		2012					
		<u>Investment Maturities at Fair Value (in Years)</u>					
		<u>Less than 1</u>	<u>1 or More Less than 5</u>	<u>5 or More Less than 10</u>	<u>10 or More</u>	<u>Commingled Funds with No Duration</u>	<u>Total Fair Value</u>
<u>Defined benefit plans:</u>							
Fixed income securities—							
collective trust funds	\$	-	-	-	-	64,987,221	64,987,221
Fixed income securities—							
mutual funds		-	-	-	-	33,003,310	33,003,310
Total defined benefit plans	\$	-	-	-	-	97,990,531	97,990,531
<u>Defined contribution plans:</u>							
Fixed income securities—							
collective trust funds	\$	-	-	-	-	39,983,106	39,983,106
Fixed income securities—							
mutual funds		-	-	-	-	52,256,041	52,256,041
Total defined contribution plans	\$	-	-	-	-	92,239,147	92,239,147

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

(2) CASH AND INVESTMENTS, CONTINUED**Securities Lending**

The collateral held, the fair value of the securities on loan, and % of collateral to loan for the Fund at June 30 were as follows:

	2013		
	<u>Collateral Held</u>	<u>Fair Value of Securities on Loan</u>	<u>Percent of Collateral to Loan</u>
Defined benefit plans:			
Equity securities—domestic	<u>\$ 11,980,651</u>	<u>11,664,243</u>	103%
Defined contribution plans:			
Equity securities—domestic	<u>\$ 4,664,462</u>	<u>4,540,126</u>	103%
	2012		
	<u>Collateral Held</u>	<u>Fair Value of Securities on Loan</u>	<u>Percent of Collateral to Loan</u>
Defined benefit plans:			
Equity securities—domestic	<u>\$ 12,662,907</u>	<u>12,696,911</u>	100%
Defined contribution plans:			
Equity securities—domestic	<u>\$ 5,690,840</u>	<u>5,705,752</u>	100%

As of June 30, 2013, the Fund had no risk of loss as the collateral held was more than the fair value of the securities loaned.

As of June 30, 2012, the Fund had a risk of loss of approximately \$49,000, as the collateral held was less than the fair value of the securities loaned. The risk of loss was due to an increase in the value of securities on loan, as the market increased on June 29, 2012. On July 2, 2012, additional collateral was obtained, restoring the percentage of collateral held to securities on loan to 102%.

During the year ended June 30, 2009, the securities lending program was adversely affected by the credit liquidity crisis. The Fund has been informed of a deficiency in the fair value of the collateral held (see Note 5).

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH AND INVESTMENTS, CONTINUED

Securities Lending, Continued

At June 30, 2013 and 2012, the Fund had equity securities with a fair value of approximately \$87.5 million and \$71 million, respectively, which are subject to a securities lending agreement (the "Agreement") between the Fund and JPMorgan. Under the Agreement, the securities loaned are collateralized at a minimum of 102% of the fair values of the loaned securities. Collateral consists primarily of cash and U.S. government securities or its agencies. The Fund does not have the ability to pledge or sell collateral securities without borrower default. The collateral is marked to market daily such that at the close of trading on any business day, the value of the collateral shall not be less than 102% plus accrued interest on the securities loaned. The Fund had a lending limit of 25% regarding the amount of loans made, and the custodial agent indemnified the Fund by agreeing to purchase replacement securities or return cash collateral in the event of borrower default. There were no such failures during the year. The loan premium paid by the borrower on the securities is apportioned between the Fund and its custodial agent in accordance with the Agreement.

During 2013 and 2012, the Fund had net earnings of approximately \$67,000 and \$54,000, respectively, from the securities lending, which is detailed in Note 5.

As of June 30, 2013 and 2012, the Fund had no credit risk to borrowers under the securities lending.

(3) ALTERNATIVE INVESTMENTS

The Fund invests in a limited partnership in the defined benefit plan. The limited partnership at June 30 is summarized in the following table:

<u>Investment</u>	<u>Purpose</u>	<u>Fair Value</u>	
		<u>2013</u>	<u>2012</u>
<i>Common Sense Long-Biased, L.P.</i>	Invests in a portfolio of investment partnerships, managed accounts, and other investment vehicles (collectively, the "Hedge Funds") that employ diversified styles and strategies.	\$ <u>24,718,416</u>	<u>30,761,985</u>

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(3) ALTERNATIVE INVESTMENTS, CONTINUED

As of June 30, 2013 and 2012, the Fund was fully funded in the limited partnership.

The limited partnership accounts for its investments at fair value. Fair values of the investments in the Hedge Funds are based on the capital accounts in the Hedge Funds determined from financial information provided by the investment managers of the Hedge Funds and other factors deemed relevant by the general partner of the limited partnership.

Subsequent to June 30, 2013, the Fund has requested liquidation of its investment in the limited partnership. Presently, the liquidation will take place in phases, and the Fund will continue to share in earnings and losses of the limited partnership.

(4) REAL ESTATE

The Fund invests in real estate investments in the defined benefit plan which consist of two commingled pension trust funds. The real estate investment funds at June 30 are summarized in the following table:

<u>Investment</u>	<u>Purpose</u>	<u>Fair Value</u>	
		<u>2013</u>	<u>2012</u>
JPMorgan Chase Bank Strategic Property Fund	The fund owns and seeks improved real estate projects with stabilized occupancies in an effort to produce a relatively high level of current income combined with moderate appreciation potential.	\$ 12,261,543	10,871,594
JPMorgan Chase Bank Special Situation Property Fund	The fund targets real estate investments that provide a moderate level of current income and high residual appreciation.	<u>7,388,474</u>	<u>3,529,274</u>
		<u>\$ 19,650,017</u>	<u>14,400,868</u>

Both of the entities account for their investments at fair value. Fair values of real estate investments are determined by JPMorgan at each valuation date. As part of JPMorgan's valuation process, independent appraisers value properties on an annual basis (at a minimum).

As of June 30, 2013, the Fund had a remaining commitment to fund \$500,000 in each real estate fund.

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(5) TRUST ADMINISTRATIVE ACCOUNT

Costs and expenses incurred in the administration and management of the Fund are paid from the Fund's assets, including investment advisor fees. These costs are paid from the Fund through transfers to the Trust Administrative Account. Any unusual administrative costs are paid by the participating municipality.

The balance in the Trust Administrative Account is not available for plan benefits, but may be used only to pay administrative expenses of the Fund. Therefore, the Trust Administrative Account balances are not included in the Fund's financial statements.

Transactions in the Trust Administrative Account for the years ended June 30 were as follows:

	<u>2013</u>	<u>2012</u>
Beginning balance	\$ 591,214	528,645
Income (expense):		
Interest and fee income	12,795	14,719
Securities lending interest income	90,075	82,921
Securities lending expenses	(22,809)	(28,598)
Fees earned and transfers from the Fund	2,938,831	2,684,945
Total income	<u>3,018,892</u>	<u>2,753,987</u>
Administrative expenses:		
Actuary and recordkeeping	344,254	334,806
Administration	926,826	819,238
Legal and audit	76,882	117,312
Training and travel	75,220	52,485
Insurance	99,809	99,516
Investment advisors and consultants	1,049,808	978,269
Custodial	278,194	289,792
City directed expense	64,984	-
Total administrative expenses	<u>2,915,977</u>	<u>2,691,418</u>
Ending balance	\$ <u>694,129</u>	<u>591,214</u>

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(5) TRUST ADMINISTRATIVE ACCOUNT, CONTINUED

Prior to April 2009, income from the securities lending program was considered a reduction of administrative fees paid by fund participants. The security lending income was deposited in the Trust Administrative Account and was used for administration expenses per approval of the Board of Trustees.

As discussed in Note 2, the securities lending program was adversely affected by the credit liquidity crisis of 2008. As a result, certain assets held in the custodial agent's short-term investment cash collateral pool were deemed to be impaired. The Fund has been informed of the deficiency in the market value of the collateral pool. The amount of the deficiency at June 30, 2013 and 2012, was approximately \$342,000 and \$422,000, respectively. Effective April 2009, the Board of Trustees discontinued allowing income from the securities lending program to be utilized as a reduction of administrative fees paid by fund participants in order to accumulate dollars for payment of the potential deficiency. Approximately \$334,000 and \$258,000 of cash had been accumulated and reserved for the potential deficiency as of June 30, 2013 and 2012, respectively, resulting in a net deficit of approximately \$8,000 as of June 30, 2013. The deficiency is expected to be fully funded during the year ending June 30, 2014, due to litigation settlements and cash reserves.

As noted previously, administration costs are paid through the Trust Administrative Account. In addition, during the years ended June 30, 2013 and 2012, furniture, fixtures, and equipment were purchased and are part of the administration cost. Generally, such items would be capitalized and depreciated. However, as the amounts are considered immaterial in comparison to the total operations, they have been expensed.

(6) COMMITMENTS AND CONTINGENCIES

Leases

The Fund leases office space under an operating lease. The lease commenced on October 1, 2005 and was renewed effective January 1, 2013, for an additional 5-year period. Future minimum lease payments as of June 30, 2013, were as follows:

2014	\$	67,048
2015		67,048
2016		67,048
2017		67,048
2018		33,524
		<hr/>
	\$	<u>301,716</u>

Total rent expense for the years ended June 30, 2013 and 2012, was approximately \$66,000 and \$64,000, respectively, for each year. Rent expense is paid through the Trust Administrative Account.

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND
REQUIRED SUPPLEMENTARY INFORMATION

OKLAHOMA MUNICIPAL RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF FUNDING PROGRESS

June 30, 2013

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Actuarial Value of Assets as a % of Actuarial Liability "Funded Ratio"	Annual Covered Payroll	Ratio of Unfunded Actuarial Liability to Annual Covered Payroll
(See Note 4)						
January 1, 2004	\$ 230,911,477	242,958,791	12,047,314	95%	97,741,791	12%
January 1, 2005	245,928,668	264,546,758	18,618,090	93%	101,553,371	18%
January 1, 2006	261,782,165	282,308,311	20,526,146	93%	106,594,428	19%
January 1, 2007	282,236,328	308,330,538	26,094,210	92%	111,823,222	23%
January 1, 2008	301,493,007	333,288,927	31,795,920	90%	115,928,927	27%
January 1, 2009	290,029,818	360,665,421	70,635,603	80%	124,280,305	57%
January 1, 2010	305,367,275	389,899,772	84,532,497	78%	129,019,229	66%
January 1, 2011	329,059,044	417,384,988	88,325,944	79%	127,900,728	69%
January 1, 2012	348,478,912	439,080,057	90,601,145	79%	130,562,550	69%
January 1, 2013	383,968,342	474,138,164	90,169,822	81%	138,044,407	65%

See Independent Auditors' Report.

See accompanying notes to required supplementary information.

OKLAHOMA MUNICIPAL RETIREMENT FUND**REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF CONTRIBUTIONS FROM
EMPLOYERS AND EMPLOYEES***June 30, 2013*

Year Ended June 30, (See Note 5)	Annual Required Contribution*	Employer Amount Contributed	Employer Percentage Contributed	Employee Amount Contributed	Total Amount Contributed	Total Percentage Contributed
2004	\$ 10,684,695	8,742,076	82%	2,421,917	11,163,993	104%
2005	12,557,633	9,813,006	78%	3,346,761	13,159,767	105%
2006	13,881,294	10,851,840	78%	3,046,774	13,898,614	100%
2007	14,951,648	11,678,986	78%	3,391,882	15,070,868	101%
2008	16,118,367	12,509,836	78%	3,608,814	16,118,650	100%
2009	18,006,666	14,203,040	79%	3,989,020	18,192,060	101%
2010	22,197,128	17,087,858	77%	4,364,577	21,452,435	97%
2011	22,931,465	17,688,004	77%	4,643,325	22,331,329	97%
2012	23,653,703	18,943,958	80%	5,010,957	23,954,915	101%
2013	24,542,309	21,112,027	86%	5,117,326	26,229,353	107%

* The annual required contribution is the combined contribution that is required from employers and employees. As such, this schedule has been modified to include employee contributions.

See Independent Auditors' Report.

See accompanying notes to required supplementary information.

OKLAHOMA MUNICIPAL RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF FUNDING PROGRESS BY
MUNICIPALITY/MUNICIPAL AGENCY

June 30, 2013

Municipality	Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (Surplus)	Actuarial Value of Assets as a % of Actuarial Liability (Surplus) "Funded Ratio"	Annual Covered Payroll	Ratio of Unfunded Actuarial Liability to Annual Covered Payroll
(See Note 4)							
ENTRY AGE NORMAL COST METHOD:							
Adair	January 1, 2013	\$ 188,189	216,399	28,210	87.0%	92,352	30.5%
Altus	January 1, 2013	16,353,923	20,346,966	3,993,043	80.4%	4,898,950	81.5%
Alva	January 1, 2013	2,764,700	2,701,585	(63,115)	102.3%	1,587,053	(4.0)%
Antlers	January 1, 2013	781,806	920,725	138,919	84.9%	700,813	19.8%
Ardmore	January 1, 2013	16,957,821	18,265,454	1,307,633	92.8%	7,393,751	17.7%
Bethany	January 1, 2013	17,104,595	19,997,145	2,892,550	85.5%	3,188,624	90.7%
Bethany/ Warr Acres PWA	January 1, 2013	1,929,497	2,668,352	738,855	72.3%	303,016	243.8%
Billings	January 1, 2013	155,252	175,978	20,726	88.2%	125,246	16.5%
Binger	January 1, 2013	103,387	134,072	30,685	77.1%	80,133	38.3%
Blackwell	January 1, 2013	4,450,292	5,326,865	876,573	83.5%	1,232,387	71.1%
Blair	January 1, 2013	249,467	313,529	64,062	79.6%	137,198	46.7%

See Independent Auditors' Report.

See accompanying notes to required supplementary information.

OKLAHOMA MUNICIPAL RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF FUNDING PROGRESS BY
MUNICIPALITY/MUNICIPAL AGENCY

June 30, 2013

Municipality	Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (Surplus)	Actuarial Value of Assets as a % of Actuarial Liability (Surplus) "Funded Ratio"	Annual Covered Payroll	Ratio of Unfunded Actuarial Liability to Annual Covered Payroll
Boise City	January 1, 2013	1,267,101	1,483,092	215,991	85.4%	300,760	71.8%
Bokchito	January 1, 2013	44,559	106,154	61,595	42.0%	146,358	42.1%
Braman	January 1, 2013	198,593	282,426	83,833	70.3%	81,597	102.7%
Bristow	January 1, 2013	2,564,007	2,914,180	350,173	88.0%	1,019,598	34.3%
Broken Bow	January 1, 2013	3,033,497	3,687,246	653,749	82.3%	1,692,101	38.6%
Buffalo	January 1, 2013	932,663	877,940	(54,723)	106.2%	191,036	(28.6)%
Burns Flat	January 1, 2013	339,485	545,489	206,004	62.2%	324,332	63.5%
Calera	January 1, 2013	493,438	781,697	288,259	63.1%	562,040	51.3%
Central Oklahoma MCD	January 1, 2013	938,697	1,559,822	621,125	60.2%	213,586	290.8%
Chandler	January 1, 2013	1,428,114	1,774,706	346,592	80.5%	952,076	36.4%
Checotah	January 1, 2013	1,406,086	1,861,714	455,628	75.5%	1,285,953	35.4%
Cherokee and CDA	January 1, 2013	128,685	348,174	219,489	37.0%	495,282	44.3%
Chickasha	January 1, 2013	13,532,221	14,090,742	558,521	96.0%	1,908,584	29.3%

See Independent Auditors' Report.

See accompanying notes to required supplementary information.

OKLAHOMA MUNICIPAL RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF FUNDING PROGRESS BY
MUNICIPALITY/MUNICIPAL AGENCY

June 30, 2013

Municipality	Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (Surplus)	Actuarial Value of Assets as a % of Actuarial Liability (Surplus) "Funded Ratio"	Annual Covered Payroll	Ratio of Unfunded Actuarial Liability to Annual Covered Payroll
Chouteau	January 1, 2013	14,399	15,623	1,224	92.2%	-	N/A
Claremore	January 1, 2013	13,301,236	14,437,935	1,136,699	92.1%	4,900,673	23.2%
Cleo Springs	January 1, 2013	117,874	192,546	74,672	61.2%	36,003	207.4%
Cleveland	January 1, 2013	1,902,175	2,744,616	842,441	69.3%	574,371	146.7%
Clinton	January 1, 2013	9,653,920	10,139,940	486,020	95.2%	2,150,598	22.6%
Collinsville	January 1, 2013	2,434,572	2,946,906	512,334	82.6%	1,021,548	50.2%
Comanche	January 1, 2013	61,266	85,187	23,921	71.9%	-	N/A
Copan	January 1, 2013	9,750	107,149	97,399	9.1%	153,652	63.4%
Cordell	January 1, 2013	3,742,050	4,369,641	627,591	85.6%	772,923	81.2%
Cushing	January 1, 2013	12,588,241	17,544,476	4,956,235	71.8%	3,249,697	152.5%
Davis	January 1, 2013	1,703,700	2,260,640	556,940	75.4%	816,894	68.2%
Del City	January 1, 2013	13,249,466	19,111,460	5,861,994	69.3%	3,262,240	179.7%
Dewey	January 1, 2013	1,188,029	1,502,480	314,451	79.1%	528,107	59.5%

See Independent Auditors' Report.

See accompanying notes to required supplementary information.

OKLAHOMA MUNICIPAL RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF FUNDING PROGRESS BY
MUNICIPALITY/MUNICIPAL AGENCY

June 30, 2013

Municipality	Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (Surplus)	Actuarial Value of Assets as a % of Actuarial Liability (Surplus) "Funded Ratio"	Annual Covered Payroll	Ratio of Unfunded Actuarial Liability to Annual Covered Payroll
Drumright	January 1, 2013	2,062,484	2,868,765	806,281	71.9%	724,096	111.4%
Durant	January 1, 2013	15,641,413	17,071,178	1,429,765	91.6%	4,938,107	29.0%
El Reno	January 1, 2013	2,081,557	3,475,817	1,394,260	59.9%	2,425,301	57.5%
Eufaula	January 1, 2013	1,003,110	1,047,055	43,945	95.8%	589,607	7.5%
Fairfax	January 1, 2013	188,651	29,764	(158,887)	633.8%	-	N/A
Fort Cobb	January 1, 2013	144,976	241,119	96,143	60.1%	122,447	78.5%
Foss Reservoir PWA	January 1, 2013	660,678	1,027,416	366,738	64.3%	313,568	117.0%
Frederick	January 1, 2013	2,825,560	3,500,454	674,894	80.7%	977,430	69.0%
Garber	January 1, 2013	39,437	27,070	(12,367)	145.7%	26,985	(45.8)%
Geary	January 1, 2013	840,374	898,499	58,125	93.5%	575,444	10.1%
Goodwell	January 1, 2013	146,944	167,805	20,861	87.6%	229,254	9.1%
Gore and Gore PWA	January 1, 2013	321,480	397,349	75,869	80.9%	415,423	18.3%
Granite	January 1, 2013	1,039,330	1,227,856	188,526	84.6%	243,080	77.6%

See Independent Auditors' Report.

See accompanying notes to required supplementary information.

OKLAHOMA MUNICIPAL RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF FUNDING PROGRESS BY
MUNICIPALITY/MUNICIPAL AGENCY

June 30, 2013

Municipality	Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (Surplus)	Actuarial Value of Assets as a % of Actuarial Liability (Surplus) "Funded Ratio"	Annual Covered Payroll	Ratio of Unfunded Actuarial Liability to Annual Covered Payroll
Guthrie	January 1, 2013	4,877,789	5,447,243	569,454	89.5%	1,791,177	31.8%
Guymon	January 1, 2013	5,422,382	6,207,923	785,541	87.3%	2,910,800	27.0%
Harrah	January 1, 2013	1,378,968	1,914,574	535,606	72.0%	597,919	89.6%
Healdton	January 1, 2013	1,094,167	1,299,401	205,234	84.2%	362,703	56.6%
Henryetta	January 1, 2013	2,647,041	3,010,402	363,361	87.9%	1,117,856	32.5%
Hooker	January 1, 2013	699,906	1,048,122	348,216	66.8%	310,035	112.3%
Hulbert	January 1, 2013	368,684	617,573	248,889	59.7%	416,795	59.7%
Hydro	January 1, 2013	282,442	363,461	81,019	77.7%	120,570	67.2%
Kansas	January 1, 2013	68,389	94,646	26,257	72.3%	172,203	15.2%
Kingston	January 1, 2013	429,781	744,062	314,281	57.8%	373,094	84.2%
Krebs and Krebs Utility Authority	January 1, 2013	263,596	365,630	102,034	72.1%	303,873	33.6%
Laverne	January 1, 2013	787,270	1,040,361	253,091	75.7%	373,011	67.9%
Lindsay	January 1, 2013	3,393,008	3,543,618	150,610	95.7%	1,403,272	10.7%

See Independent Auditors' Report.

See accompanying notes to required supplementary information.

OKLAHOMA MUNICIPAL RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF FUNDING PROGRESS BY
MUNICIPALITY/MUNICIPAL AGENCY

June 30, 2013

Municipality	Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (Surplus)	Actuarial Value of Assets as a % of Actuarial Liability (Surplus) "Funded Ratio"	Annual Covered Payroll	Ratio of Unfunded Actuarial Liability to Annual Covered Payroll
Madill	January 1, 2013	1,950,365	2,567,103	616,738	76.0%	955,401	64.6%
Mannford	January 1, 2013	2,152,779	3,239,719	1,086,940	66.4%	728,686	149.2%
Marietta	January 1, 2013	778,476	785,630	7,154	99.1%	515,354	1.4%
Marietta PWA	January 1, 2013	359,340	655,069	295,729	54.9%	165,937	178.2%
McLoud	January 1, 2013	396,442	454,518	58,076	87.2%	571,539	10.2%
Medford	January 1, 2013	1,573,118	2,238,362	665,244	70.3%	362,412	183.6%
Meeker	January 1, 2013	461,763	517,457	55,694	89.2%	264,981	21.0%
Miami	January 1, 2013	8,499,123	12,534,626	4,035,503	67.8%	4,838,155	83.4%
Mooreland	January 1, 2013	1,109,630	1,293,766	184,136	85.8%	261,781	70.3%
Mountain Park MCD	January 1, 2013	641,751	1,170,704	528,953	54.8%	153,888	343.7%
Muldrow	January 1, 2013	1,381,909	1,735,982	354,073	79.6%	687,731	51.5%
Muskogee	January 1, 2013	37,579	26,034	(11,545)	144.3%	-	N/A
Mustang	January 1, 2013	4,477,245	5,466,049	988,804	81.9%	1,924,504	51.4%

See Independent Auditors' Report.

See accompanying notes to required supplementary information.

OKLAHOMA MUNICIPAL RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF FUNDING PROGRESS BY
MUNICIPALITY/MUNICIPAL AGENCY

June 30, 2013

Municipality	Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (Surplus)	Actuarial Value of Assets as a % of Actuarial Liability (Surplus) "Funded Ratio"	Annual Covered Payroll	Ratio of Unfunded Actuarial Liability to Annual Covered Payroll
Newkirk	January 1, 2013	1,382,260	2,150,323	768,063	64.3%	574,034	133.8%
Nichols Hills	January 1, 2013	5,441,812	7,592,269	2,150,457	71.7%	1,596,875	134.7%
Noble	January 1, 2013	1,157,827	1,444,636	286,809	80.1%	685,418	41.8%
Norman	January 1, 2013	465,975	776,918	310,943	60.0%	-	N/A
Nowata	January 1, 2013	1,550,722	1,444,035	(106,687)	107.4%	763,358	(14.0)%
Oilton	January 1, 2013	281,063	365,985	84,922	76.8%	236,025	36.0%
Okeene	January 1, 2013	670,873	658,317	(12,556)	101.9%	277,605	(4.5)%
Okemah	January 1, 2013	652,458	899,140	246,682	72.6%	670,958	36.8%
Oklahoma Municipal League	January 1, 2013	5,562,693	5,696,277	133,584	97.7%	750,564	17.8%
Okmulgee	January 1, 2013	12,099,498	12,283,405	183,907	98.5%	2,814,249	6.5%
Oklahoma Municipal Retirement Fund	January 1, 2013	437,512	542,336	104,824	80.7%	479,438	21.9%
Owasso	January 1, 2013	10,022,110	10,956,895	934,785	91.5%	5,060,133	18.5%

See Independent Auditors' Report.

See accompanying notes to required supplementary information.

OKLAHOMA MUNICIPAL RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF FUNDING PROGRESS BY
MUNICIPALITY/MUNICIPAL AGENCY

June 30, 2013

Municipality	Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (Surplus)	Actuarial Value of Assets as a % of Actuarial Liability (Surplus) "Funded Ratio"	Annual Covered Payroll	Ratio of Unfunded Actuarial Liability to Annual Covered Payroll
Pawnee	January 1, 2013	1,790,164	2,018,316	228,152	88.7%	731,205	31.2%
Perkins	January 1, 2013	772,972	925,053	152,081	83.6%	414,754	36.7%
Perry	January 1, 2013	2,926,803	3,385,007	458,204	86.5%	1,569,009	29.2%
Pond Creek	January 1, 2013	510,788	853,350	342,562	59.9%	249,685	137.2%
Porum	January 1, 2013	125,826	239,885	114,059	52.5%	327,369	34.8%
Poteau	January 1, 2013	4,817,548	5,889,841	1,072,293	81.8%	1,697,660	63.2%
Ratliff City	January 1, 2013	49,307	63,167	13,860	78.1%	129,925	10.7%
Ringling	January 1, 2013	133,156	217,322	84,166	61.3%	153,954	54.7%
Roland	January 1, 2013	559,386	731,633	172,247	76.5%	942,725	18.3%
Sallisaw	January 1, 2013	10,723,251	15,792,836	5,069,585	67.9%	3,026,209	167.5%
Seiling	January 1, 2013	666,776	658,356	(8,420)	101.3%	259,077	(3.2)%
Shawnee	January 1, 2013	29,570,473	35,992,625	6,422,152	82.2%	6,633,471	96.8%
Skiatook	January 1, 2013	135,459	149,233	13,774	90.8%	-	N/A

See Independent Auditors' Report.

See accompanying notes to required supplementary information.

OKLAHOMA MUNICIPAL RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF FUNDING PROGRESS BY
MUNICIPALITY/MUNICIPAL AGENCY

June 30, 2013

Municipality	Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (Surplus)	Actuarial Value of Assets as a % of Actuarial Liability (Surplus) "Funded Ratio"	Annual Covered Payroll	Ratio of Unfunded Actuarial Liability to Annual Covered Payroll
Spencer	January 1, 2013	744,236	845,735	101,499	88.0%	365,214	27.8%
Spiro	January 1, 2013	848,108	1,011,911	163,803	83.8%	436,681	37.5%
Stillwater	January 1, 2013	6,174,934	29,030	(6,145,904)	21270.9%	-	N/A
Stillwater Medical Center	January 1, 2013	595,091	55,957	(539,134)	1063.5%	-	N/A
Stilwell	January 1, 2013	4,792,191	7,723,973	2,931,782	62.0%	2,365,524	123.9%
Stratford	January 1, 2013	168,082	174,362	6,280	96.4%	329,747	1.9%
Stroud	January 1, 2013	2,440,080	3,425,408	985,328	71.2%	1,193,866	82.5%
Sulphur	January 1, 2013	3,342,035	4,302,074	960,039	77.7%	847,346	113.3%
Talihina and TPWA	January 1, 2013	427,866	605,552	177,686	70.7%	483,757	36.7%
Tecumseh	January 1, 2013	146,536	171,370	24,834	85.5%	-	N/A
Thomas	January 1, 2013	783,754	1,048,849	265,095	74.7%	156,673	169.2%
Tipton	January 1, 2013	105,670	128,625	22,955	82.2%	147,615	15.6%
Tishomingo	January 1, 2013	250,295	461,980	211,685	54.2%	340,727	62.1%

See Independent Auditors' Report.

See accompanying notes to required supplementary information.

OKLAHOMA MUNICIPAL RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF FUNDING PROGRESS BY
MUNICIPALITY/MUNICIPAL AGENCY

June 30, 2013

Municipality	Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (Surplus)	Actuarial Value of Assets as a % of Actuarial Liability (Surplus) "Funded Ratio"	Annual Covered Payroll	Ratio of Unfunded Actuarial Liability to Annual Covered Payroll
Tonkawa	January 1, 2013	2,241,393	2,595,354	353,961	86.4%	910,657	38.9%
Velma	January 1, 2013	229,010	269,166	40,156	85.1%	209,786	19.1%
Vian	January 1, 2013	132,165	155,635	23,470	84.9%	247,635	9.5%
Vinita	January 1, 2013	6,708,968	8,610,600	1,901,632	77.9%	1,569,444	121.2%
Wakita	January 1, 2013	174,435	189,104	14,669	92.2%	82,112	17.9%
Warr Acres	January 1, 2013	5,268,978	7,030,630	1,761,652	74.9%	1,309,474	134.5%
Watonga	January 1, 2013	3,334,700	4,647,775	1,313,075	71.7%	848,716	154.7%
Waukomis	January 1, 2013	299,513	279,825	(19,688)	107.0%	138,544	(14.2)%
Waurika	January 1, 2013	824,543	880,511	55,968	93.6%	425,362	13.2%
Weatherford	January 1, 2013	2,369,585	3,995,272	1,625,687	59.3%	2,433,866	66.8%
Webbers Falls	January 1, 2013	73,343	100,957	27,614	72.6%	164,355	16.8%
Wellston	January 1, 2013	359,689	415,454	55,765	86.6%	176,696	31.6%
Westville Utility Authority	January 1, 2013	317,866	372,291	54,425	85.4%	302,363	18.0%

See Independent Auditors' Report.

See accompanying notes to required supplementary information.

OKLAHOMA MUNICIPAL RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF FUNDING PROGRESS BY
MUNICIPALITY/MUNICIPAL AGENCY

June 30, 2013

Municipality	Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (Surplus)	Actuarial Value of Assets as a % of Actuarial Liability (Surplus) "Funded Ratio"	Annual Covered Payroll	Ratio of Unfunded Actuarial Liability to Annual Covered Payroll
Wetumka	January 1, 2013	1,075,749	1,725,912	650,163	62.3%	321,815	202.0%
Yale	January 1, 2013	1,136,538	1,298,248	161,710	87.5%	489,056	33.1%
Yukon	January 1, 2013	15,712,879	23,352,558	7,639,679	67.3%	6,361,555	120.1%
Entry Age Normal Cost Method Totals		<u>373,426,634</u>	<u>454,832,511</u>	<u>81,405,877</u>	<u>82.1%</u>	<u>132,346,237</u>	<u>61.5%</u>
UNIT CREDIT COST METHOD:							
Bartlesville	January 1, 2013	10,541,708	19,305,653	8,763,945	54.6%	5,698,170	153.8%
Unit Credit Cost Method Totals		<u>10,541,708</u>	<u>19,305,653</u>	<u>8,763,945</u>	<u>54.6%</u>	<u>5,698,170</u>	<u>153.8%</u>
TOTALS		<u>\$ 383,968,342</u>	<u>474,138,164</u>	<u>90,169,822</u>	<u>81.0%</u>	<u>138,044,407</u>	<u>65.3%</u>

See Independent Auditors' Report.

See accompanying notes to required supplementary information.

OKLAHOMA MUNICIPAL RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF CONTRIBUTIONS FROM
EMPLOYERS AND EMPLOYEES BY MUNICIPALITY/MUNICIPAL AGENCY

June 30, 2013

Municipality/ Municipal Agency	Valuation Date(1)	Annual Required Contribution	Employer Amount Contributed	Employer Percentage Contributed	Employee Amount Contributed	Total Amount Contributed	Total Percentage Contributed
(See Note 5)							
ENTRY AGE NORMAL COST METHOD:							
Adair	January 1, 2013	\$ 12,796	8,042	63%	4,666	12,708	99%
Altus	January 1, 2013	963,567	767,722	80%	195,848	963,570	100%
Alva	January 1, 2013	84,207	84,290	100%	-	84,290	100%
Antlers	January 1, 2013	62,430	40,935	66%	21,456	62,391	100%
Ardmore	January 1, 2013	1,719,191	1,265,842	74%	453,166	1,719,008	100%
Bethany	January 1, 2013	837,144	688,152	82%	148,895	837,047	100%
Bethany/ Warr Acres PWA	January 1, 2013	97,881	79,338	81%	18,530	97,868	100%
Billings	January 1, 2013	13,609	8,878	65%	4,729	13,607	100%
Binger	January 1, 2013	9,300	6,385	69%	2,842	9,227	99%
Blackwell	January 1, 2013	231,840	176,208	76%	55,606	231,814	100%
Blair	January 1, 2013	17,200	12,526	73%	4,679	17,205	100%
Boise City	January 1, 2013	50,440	50,436	100%	-	50,436	100%
Bokchito	January 1, 2013	16,638	11,282	68%	5,347	16,629	100%
Braman (3)	January 1, 2013	13,534	12,873	95%	5,002	17,875	132%

See Independent Auditors' Report.

See accompanying notes to required supplementary information.

OKLAHOMA MUNICIPAL RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF CONTRIBUTIONS FROM
EMPLOYERS AND EMPLOYEES BY MUNICIPALITY/MUNICIPAL AGENCY

June 30, 2013

Municipality/ Municipal Agency	Valuation Date(1)	Annual Required Contribution	Employer Amount Contributed	Employer Percentage Contributed	Employee Amount Contributed	Total Amount Contributed	Total Percentage Contributed
Bristow	January 1, 2013	195,964	142,770	73%	53,197	195,967	100%
Broken Bow (3)	January 1, 2013	276,019	212,761	77%	93,083	305,844	111%
Buffalo (3)	January 1, 2013	11,839	9,130	77%	6,391	15,521	131%
Burns Flat	January 1, 2013	41,042	29,409	72%	11,633	41,042	100%
Calera	January 1, 2013	57,082	39,939	70%	17,166	57,105	100%
Central Oklahoma MCD (3)	January 1, 2013	83,436	121,712	146%	11,715	133,427	160%
Chandler	January 1, 2013	130,932	85,543	65%	44,387	129,930	99%
Checotah (3)	January 1, 2013	119,636	92,778	78%	38,765	131,543	110%
Cherokee & CDA (6)	January 1, 2013	49,447	37,434	76%	10,486	47,920	97%
Chickasha	January 1, 2013	378,025	297,928	79%	78,496	376,424	100%
Choteau (4) (5)	January 1, 2013	208	261	125%	-	261	125%
Claremore (3)	January 1, 2013	554,014	345,492	62%	239,043	584,535	106%
Cleo Springs	January 1, 2013	6,520	5,138	79%	1,384	6,522	100%
Cleveland (7)	January 1, 2013	169,905	140,303	83%	31,937	172,240	101%
Clinton	January 1, 2013	439,874	318,395	72%	122,166	440,561	100%
Collinsville	January 1, 2013	154,819	111,573	72%	43,204	154,777	100%

See Independent Auditors' Report.

See accompanying notes to required supplementary information.

OKLAHOMA MUNICIPAL RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF CONTRIBUTIONS FROM
EMPLOYERS AND EMPLOYEES BY MUNICIPALITY/MUNICIPAL AGENCY

June 30, 2013

Municipality/ Municipal Agency	Valuation Date(1)	Annual Required Contribution	Employer Amount Contributed	Employer Percentage Contributed	Employee Amount Contributed	Total Amount Contributed	Total Percentage Contributed
Comanche (4)	January 1, 2013	20,750	20,750	100%	-	20,750	100%
Copan	January 1, 2013	12,124	9,507	78%	2,617	12,124	100%
Cordell	January 1, 2013	165,658	165,635	100%	-	165,635	100%
Cushing	January 1, 2013	695,440	695,586	100%	-	695,586	100%
Davis	January 1, 2013	133,537	94,013	70%	39,004	133,017	100%
Del City (2)	January 1, 2013	1,025,664	459,397	45%	140,158	599,555	58%
Dewey	January 1, 2013	82,437	61,090	74%	21,323	82,413	100%
Drumright	January 1, 2013	122,355	82,597	68%	39,985	122,582	100%
Durant	January 1, 2013	720,539	545,530	76%	175,169	720,699	100%
El Reno	January 1, 2013	340,639	225,014	66%	116,525	341,539	100%
Eufaula	January 1, 2013	52,471	31,028	59%	21,468	52,496	100%
Fort Cobb	January 1, 2013	17,422	12,654	73%	4,769	17,423	100%
Foss Reservoir PWA	January 1, 2013	56,707	45,255	80%	11,386	56,641	100%
Frederick (3)	January 1, 2013	152,644	116,716	76%	38,875	155,591	102%
Garber (3)	January 1, 2013	1,576	1,015	64%	899	1,914	121%
Geary	January 1, 2013	59,961	41,968	70%	18,003	59,971	100%

See Independent Auditors' Report.

See accompanying notes to required supplementary information.

OKLAHOMA MUNICIPAL RETIREMENT FUND**REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF CONTRIBUTIONS FROM
EMPLOYERS AND EMPLOYEES BY MUNICIPALITY/MUNICIPAL AGENCY***June 30, 2013*

Municipality/ Municipal Agency	Valuation Date(1)	Annual Required Contribution	Employer Amount Contributed	Employer Percentage Contributed	Employee Amount Contributed	Total Amount Contributed	Total Percentage Contributed
Goodwell (3)	January 1, 2013	11,960	12,855	107%	5,307	18,162	152%
Gore and Gore PWA	January 1, 2013	45,239	29,251	65%	16,034	45,285	100%
Granite	January 1, 2013	50,237	40,516	81%	9,728	50,244	100%
Guthrie	January 1, 2013	224,299	155,863	69%	67,554	223,417	100%
Guymon	January 1, 2013	301,419	301,408	100%	-	301,408	100%
Harrah	January 1, 2013	115,969	83,119	72%	32,861	115,980	100%
Healdton	January 1, 2013	59,761	37,618	63%	22,150	59,768	100%
Henryetta	January 1, 2013	110,554	103,071	93%	7,209	110,280	100%
Hooker	January 1, 2013	65,975	52,560	80%	13,418	65,978	100%
Hulbert (3)	January 1, 2013	41,032	37,384	91%	13,416	50,800	124%
Hydro	January 1, 2013	15,690	11,544	74%	4,148	15,692	100%
Kansas (3)	January 1, 2013	7,785	5,903	76%	2,643	8,546	110%
Kingston	January 1, 2013	57,013	42,063	74%	15,024	57,087	100%
Krebs	January 1, 2013	24,775	15,666	63%	9,101	24,767	100%
Laverne (3)	January 1, 2013	54,040	48,599	90%	16,271	64,870	120%
Lindsay (3)	January 1, 2013	159,148	138,987	87%	52,234	191,221	120%

See Independent Auditors' Report.

See accompanying notes to required supplementary information.

OKLAHOMA MUNICIPAL RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF CONTRIBUTIONS FROM
EMPLOYERS AND EMPLOYEES BY MUNICIPALITY/MUNICIPAL AGENCY

June 30, 2013

Municipality/ Municipal Agency	Valuation Date(1)	Annual Required Contribution	Employer Amount Contributed	Employer Percentage Contributed	Employee Amount Contributed	Total Amount Contributed	Total Percentage Contributed
Madill	January 1, 2013	136,152	91,957	68%	44,163	136,120	100%
Mannford	January 1, 2013	180,822	136,768	76%	44,024	180,792	100%
Marietta	January 1, 2013	55,593	28,216	51%	27,140	55,356	100%
Marietta PWA	January 1, 2013	42,354	33,787	80%	8,567	42,354	100%
McCloud	January 1, 2013	42,559	29,825	70%	12,734	42,559	100%
Medford (2)	January 1, 2013	114,324	97,369	85%	15,043	112,412	98%
Meeker (3)	January 1, 2013	31,318	24,942	80%	8,268	33,210	106%
Miami	January 1, 2013	168,182	130,120	77%	38,062	168,182	100%
Mooreland (3)	January 1, 2013	49,315	40,106	81%	10,774	50,880	103%
Mountain Park MCD (3)	January 1, 2013	48,508	39,486	81%	9,913	49,399	102%
Muldrow	January 1, 2013	109,347	78,210	72%	31,285	109,495	100%
Muskogee (2) (4)	January 1, 2013	633	-	0%	-	-	0%
Mustang (3)	January 1, 2013	341,026	266,351	78%	100,890	367,241	108%
Newkirk (2)	January 1, 2013	109,197	59,904	55%	30,683	90,587	83%
Nichols Hills	January 1, 2013	522,699	337,448	65%	185,227	522,675	100%
Noble (3)	January 1, 2013	99,159	93,282	94%	24,038	117,320	118%

See Independent Auditors' Report.

See accompanying notes to required supplementary information.

OKLAHOMA MUNICIPAL RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF CONTRIBUTIONS FROM
EMPLOYERS AND EMPLOYEES BY MUNICIPALITY/MUNICIPAL AGENCY

June 30, 2013

Municipality/ Municipal Agency	Valuation Date(1)	Annual Required Contribution	Employer Amount Contributed	Employer Percentage Contributed	Employee Amount Contributed	Total Amount Contributed	Total Percentage Contributed
Norman (2) (4)	January 1, 2013	48,208	-	0%	-	-	0%
Nowata (6)	January 1, 2013	93,321	54,778	59%	39,308	94,086	101%
Oilton (3)	January 1, 2013	24,606	17,958	73%	8,680	26,638	108%
Okeene	January 1, 2013	38,148	27,764	73%	10,379	38,143	100%
Okemah (7)	January 1, 2013	71,005	49,946	70%	21,440	71,386	101%
Oklahoma Municipal League	January 1, 2013	130,310	130,327	100%	-	130,327	100%
Okmulgee	January 1, 2013	361,411	361,486	100%	-	361,486	100%
Oklahoma Municipal Retirement Fund	January 1, 2013	68,062	45,953	68%	23,115	69,068	101%
Owasso	January 1, 2013	660,417	440,766	67%	219,866	660,632	100%
Pawnee	January 1, 2013	119,428	74,656	63%	44,793	119,449	100%
Perkins	January 1, 2013	81,971	61,836	75%	20,123	81,959	100%
Perry	January 1, 2013	197,463	132,483	67%	65,091	197,574	100%
Pond Creek (3)	January 1, 2013	43,774	36,827	84%	9,357	46,184	106%
Porum (3)	January 1, 2013	23,555	23,300	99%	7,489	30,789	131%

See Independent Auditors' Report.

See accompanying notes to required supplementary information.

OKLAHOMA MUNICIPAL RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF CONTRIBUTIONS FROM
EMPLOYERS AND EMPLOYEES BY MUNICIPALITY/MUNICIPAL AGENCY

June 30, 2013

Municipality/ Municipal Agency	Valuation Date(1)	Annual Required Contribution	Employer Amount Contributed	Employer Percentage Contributed	Employee Amount Contributed	Total Amount Contributed	Total Percentage Contributed
Poteau (3)	January 1, 2013	225,711	169,503	75%	72,038	241,541	107%
Ratliff City	January 1, 2013	7,750	5,878	76%	1,876	7,754	100%
Ringling	January 1, 2013	15,538	12,093	78%	3,332	15,425	99%
Roland	January 1, 2013	75,827	48,235	64%	27,549	75,784	100%
Sallisaw	January 1, 2013	805,446	585,644	73%	219,814	805,458	100%
Seiling (3)	January 1, 2013	28,276	17,099	60%	13,029	30,128	107%
Shawnee	January 1, 2013	1,590,547	1,589,945	100%	-	1,589,945	100%
Skiatook (4)	January 1, 2013	1,980	1,980	100%	-	1,980	100%
Spencer (8)	January 1, 2013	63,193	44,056	70%	17,952	62,008	98%
Spiro	January 1, 2013	42,267	29,081	69%	13,177	42,258	100%
Stilwell (3)	January 1, 2013	455,638	1,872,455	411%	111,737	1,984,192	435%
Stratford	January 1, 2013	17,972	12,886	72%	5,074	17,960	100%
Stroud	January 1, 2013	191,651	136,011	71%	55,641	191,652	100%
Sulphur	January 1, 2013	178,593	134,555	75%	44,001	178,556	100%
Talihina and TPWA (7)	January 1, 2013	44,714	39,602	89%	9,297	48,899	109%
Tecumseh (4) (5)	January 1, 2013	4,309	3,618	84%	-	3,618	84%

See Independent Auditors' Report.

See accompanying notes to required supplementary information.

OKLAHOMA MUNICIPAL RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF CONTRIBUTIONS FROM
EMPLOYERS AND EMPLOYEES BY MUNICIPALITY/MUNICIPAL AGENCY

June 30, 2013

Municipality/ Municipal Agency	Valuation Date(1)	Annual Required Contribution	Employer Amount Contributed	Employer Percentage Contributed	Employee Amount Contributed	Total Amount Contributed	Total Percentage Contributed
Thomas	January 1, 2013	39,809	31,205	78%	8,604	39,809	100%
Tipton (7)	January 1, 2013	7,095	4,627	65%	2,764	7,391	104%
Tishomingo	January 1, 2013	43,194	32,339	75%	10,710	43,049	100%
Tonkawa	January 1, 2013	125,676	96,967	77%	28,689	125,656	100%
Velma (3)	January 1, 2013	18,326	13,556	74%	5,919	19,475	106%
Vian (3)	January 1, 2013	15,094	23,548	156%	6,318	29,866	198%
Vinita	January 1, 2013	372,932	291,170	78%	82,865	374,035	100%
Wakita (3)	January 1, 2013	6,841	6,333	93%	1,746	8,079	118%
Warr Acres (3)	January 1, 2013	319,562	357,090	112%	53,443	410,533	128%
Watonga	January 1, 2013	211,697	176,588	83%	34,525	211,113	100%
Waukomis	January 1, 2013	12,074	4,251	35%	7,830	12,081	100%
Waurika	January 1, 2013	58,426	41,942	72%	16,464	58,406	100%
Weatherford (3)	January 1, 2013	405,951	299,479	74%	133,932	433,411	107%
Webbers Falls (3) (7)	January 1, 2013	8,159	10,423	128%	2,551	12,974	159%
Wellston	January 1, 2013	21,490	14,666	68%	6,815	21,481	100%
Westville Utility Authority	January 1, 2013	34,820	17,312	50%	17,517	34,829	100%

See Independent Auditors' Report.

See accompanying notes to required supplementary information.

OKLAHOMA MUNICIPAL RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF CONTRIBUTIONS FROM
EMPLOYERS AND EMPLOYEES BY MUNICIPALITY/MUNICIPAL AGENCY

June 30, 2013

Municipality/ Municipal Agency	Valuation Date(1)	Annual Required Contribution	Employer Amount Contributed	Employer Percentage Contributed	Employee Amount Contributed	Total Amount Contributed	Total Percentage Contributed
Wetumka (3)	January 1, 2013	96,454	84,785	88%	17,805	102,590	106%
Yale	January 1, 2013	77,556	48,090	62%	29,443	77,533	100%
Yukon (3)	January 1, 2013	1,453,818	1,626,702	112%	-	1,626,702	112%
Entry Age Normal Cost Method Totals		<u>22,894,612</u>	<u>19,757,202</u>	<u>86%</u>	<u>4,764,007</u>	<u>24,521,209</u>	<u>107%</u>
UNIT CREDIT COST METHOD:							
Bartlesville (3)	January 1, 2013	1,538,579	1,246,034	81%	353,319	1,599,353	104%
Unit Credit Cost Method Totals		<u>1,538,579</u>	<u>1,246,034</u>	<u>81%</u>	<u>353,319</u>	<u>1,599,353</u>	<u>104%</u>
AGGREGATE COST METHOD:							
Bartlesville HP	January 1, 2013	108,678	108,351	100%	-	108,351	100%
Mannford HP	January 1, 2013	440	440	100%	-	440	100%
Aggregate Cost Method Totals		<u>109,118</u>	<u>108,791</u>	<u>100%</u>	<u>-</u>	<u>108,791</u>	<u>100%</u>
TOTALS		<u>\$ 24,542,309</u>	<u>21,112,027</u>	<u>86%</u>	<u>5,117,326</u>	<u>26,229,353</u>	<u>107%</u>

- (1) Although the valuation date reflects the most recent actuarial valuation, the annual required contribution is based upon the prior year 's actuarial valuation.
- (2) The municipality received the actuarial valuation and determined that they would send in less than recommended.
- (3) Funding for future plan enhancements and/or attempting to lower unfunded actuarial accrued liability.
- (4) Funding requirements for retiree only plans.
- (5) City used new contribution rate on last deposits of this fiscal year.
- (6) City used old contribution rate on the first deposits of this fiscal year.
- (7) City sent too much in on a few payrolls and agreed to overfund the plan.
- (8) City sent in too little on a few payrolls and agreed to underfund the plan.

See Independent Auditors' Report.

See accompanying notes to required supplementary information.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2013

(1) DESCRIPTION OF THE FUND

The Oklahoma Municipal Retirement Fund (the “Fund”) was established July 1, 1966, for the purpose of providing a trust instrument for the administration of retirement allowances and other specified benefits for employees of city or town governments and municipally owned agencies in Oklahoma. These municipalities may elect to participate in the Fund in order to provide for the retirement of their employees who are not covered by another retirement plan. There are two programs available to each participating municipality, one being a defined contribution plan and the other a defined benefit plan. Each plan has various available options. The defined benefit plan is an agent multiple-employer type plan.

The overall operations of the Fund are supervised by a nine-member Board of Trustees elected by the participating municipalities. JPMorgan Chase Bank acts as securities custodian. The Fund utilizes mutual funds, collective trust funds of banks and trust companies, or separate accounts specifically tailored for the Fund by investment advisors, greatly expanding the universe of managers to choose from. In each case, rigorous standards for selection and monitoring are applied. The usage of vehicles other than mutual funds may enable the Fund to reduce expenses or utilize the talent of an investment manager that might not be available via a mutual fund. The investment managers utilized by the Fund are as follows:

Manager	Style	Type
Artisan Funds, Inc.	Active	Mutual and Commingled Fund
Aston Asset Management	Active	Mutual Fund
Barings Asset Investment Management, Inc.	Active	Commingled Fund, Private Placement
BNY Mellon	Active	Collective Trust Fund
Common Sense Long-Biased, L.P.	Active	Fund of Funds
EARNEST Partners	Active	Separate Account Manager
Goldman Sachs Trust Financial Square Fund	Active	Mutual Fund
INTECH Investment Management, LLC	Active	Separate Account Manager and Collective Trust Fund
Invesco Stable Value Trust	Active	Collective Trust Fund
JPMorgan Asset Management	Active	Commingled Funds and Collective Trust Fund
Pioneer Institutional Asset Management, Inc.	Active	Collective Trust Fund
State Street Global Advisors	Passive	Collective Trust Fund
TimesSquare Capital Management, LLC	Active	Separate Account Manager
Vanguard Institutional Asset Management	Active & Passive	Mutual Fund
Western Asset Management Investment Company	Active	Mutual Fund

See Independent Auditors’ Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, CONTINUED

(1) DESCRIPTION OF THE FUND, CONTINUED

There were 209 and 206 member municipalities in the Fund at June 30, 2013 and 2012, respectively. The members use a defined benefit plan, a defined contribution plan, or a combination of plans. As of June 30, 2013, there was a total of 316 plans administered by the Fund, which included 131 benefit plans and 185 defined contribution plans. As of June 30, 2012, there was a total of 310 plans administered by the Fund, which included 131 benefit plans and 179 defined contribution plans.

Employee membership data related to the defined benefit plans is as follows:

	Plans with Actuarial Information at <u>January 1,</u>	
	<u>2013</u>	<u>2012</u>
Retirees and beneficiaries currently receiving benefits, and terminated employees entitled to benefits but not yet receiving them	<u>2,003</u>	<u>1,905</u>
Vested	1,749	1,736
Nonvested	<u>2,076</u>	<u>2,128</u>
	<u>3,825</u>	<u>3,864</u>

Employee membership data related to defined benefit plans with retirees only of municipalities which no longer participate in the Fund is as follows:

	Plans with Actuarial Information at <u>January 1,</u>	
	<u>2013</u>	<u>2012</u>
Retirees and beneficiaries currently receiving benefits, and terminated employees entitled to benefits but not yet receiving them	<u>58</u>	<u>63</u>

The municipalities involved are still responsible for maintaining the funded status of these plans.

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, CONTINUED

(1) DESCRIPTION OF THE FUND, CONTINUED

In general, the Fund provides retirement benefits based on either the members' final average compensation, age, term of service, plus annual cost-of-living adjustments, if so elected, or the accumulation of contributions and earnings, depending upon the type of plan elected. Benefit and funding provisions include:

Defined Benefit Plans

- Members participating in a defined benefit plan become 100% vested in retirement benefits earned to date according to the plan option elected by the municipality. Vesting can occur after 5 years, 7 years, or 10 years, depending on the election made. Participants are eligible for normal retirement at their normal retirement age, which is generally the latter of age 65 or becoming vested. If elected by members, normal retirement could be as early as age 55, 60, or 62, with various service requirements. Early retirement benefits are available at reduced amounts as early as age 55. The normal retirement benefit is equal to an elected percentage of final compensation for each year of credited service. Final compensation is defined as the average salary for the highest 60 consecutive months out of the last 10 years of the participant's employment.⁽¹⁾
- A member is eligible for disability benefits upon becoming disabled and vested.
- On non-hybrid municipalities, upon separation from the Fund, nonvested defined benefit members' contributions are refundable in addition to a 6% return on their contributions. On hybrid municipalities, upon separation from the Fund, nonvested defined benefit members' contributions are refundable in addition to real investment returns/losses on their contributions.
- The monthly employer contribution requirement for each municipality participating in one of the defined benefit plans is based upon a percentage of employees' compensation. The percentage for each municipality is computed every year by the Fund's actuary, pursuant to an actuarial cost method which consists of the actuarially computed normal costs, and the interest on any unfunded past service costs amortized over a fixed 30-year period.

⁽¹⁾ Bartlesville is the only exception. They have a career average plan and allow for normal retirement upon reaching Rule of 80 with no age minimum.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, CONTINUED

(1) DESCRIPTION OF THE FUND, CONTINUED

Defined Contribution Plans

The defined contribution plans are funded through selected rates of contributions as elected by each municipality. The funds are credited to individual participant accounts and pooled for investment purposes through the Fund. All gains and/or losses are credited directly to each participant. Upon retirement, termination of employment, disability, or death, the vested portion of a participant's account is paid to the participant or beneficiary as elected and in accordance with IRS regulations. This amount is based on an accumulation of employee and employer contributions, forfeitures, if applicable, and earnings or losses.

Termination and Withdrawal

An employer under a defined benefit plan may at any time terminate its involvement with the Fund with respect to its employees, pursuant to resolution by the governing body of the employer, and may direct and require the Board of Trustees to liquidate the portion of the fund allocable to its employees or their beneficiaries in the following order:

- a. Benefits attributable to employee contributions with interest, taking into account those paid out before termination.
- b. Benefits to former employees or their beneficiaries receiving a retirement income or those employees who have become eligible for normal retirement but have not yet retired.
- c. Pensions deferred to normal retirement date for participants who have qualified for an early deferred pension.
- d. Pensions deferred to normal retirement date for participants who have qualified for a deferred vested pension.
- e. All other vested benefits.
- f. All nonvested benefits.
- g. All remaining assets shall be distributed as designated by the employer's retirement committee.

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, CONTINUED

(2) ACTUARIAL VALUATIONS

The actuary performs an independent actuarial valuation annually for each municipality participating in a defined benefit plan. The actuarial valuations are based upon the entry age normal cost method and the unit credit cost method. The more significant assumptions underlying the actuarial computations in the most recent valuations are as follows:

Rate of return on investments	7.5%
Inflation	3.0%
Salary rate increases	A high scale at younger age levels, becoming progressively lower as age advances (7.42% to 4.00%).
Mortality basis:	
Nondisabled	1994 Uninsured Pensioner Mortality Table; projected for cohort mortality improvement (UP 94).
Disabled	Mortality table used for those receiving Social Security Disability benefits.
Amortization method	Level dollar.
Asset valuation	Market value with smoothed gains and losses: A preliminary actuarial value is calculated as a 7.5% yield on the actuarial value at the beginning of the period. This value is then increased or decreased 25% of the difference between the preliminary actuarial value and by the current market value of the fund. The resulting value must be within 30% of the market value, or the actuarial value is set to the appropriate corridor limit.
Cost of living	Inflation increases of 3% for municipalities electing post-retirement cost-of-living adjustments.
Turnover	A high scale at younger age levels, becoming progressively lower as age and service advances.
Disability	Based on old age survivors and disability insurance incidence rates.
Retirement	Rates graded by age. One set of rates apply when employees are eligible for normal retirement and another (smaller) set of rates apply at eligible early (reduced) retirement ages. All rates reach 100% at age 70 and higher.

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, CONTINUED

(2) ACTUARIAL VALUATIONS, CONTINUED

Actuarial methods:

Entry age normal cost method

Liabilities and costs are determined using the entry age normal cost method (with level annual normal costs as a percentage of covered payroll), considering the actuarial liability to be the excess of the present value of all benefits over the present value of future normal costs. Normal costs are determined on the basis of experience factors for each age of entrance. The costs are based on employee census data as provided by the municipality. For certain grandfathered municipalities, if the actuarial value of the assets exceeds the actuarial liability determined under the entry age normal cost method, the excess is amortized as a level percent of pay over the future working lifetime of active participants. Such procedures produce a total contribution rate that is similar to the aggregate cost method. The aggregate cost method, however, does not separate the contribution requirement into separate normal cost and amortization components.

Unit credit cost method
(Bartlesville only)

Under this funding method, the normal cost is computed as the present value of the increase in accrued retirement income for each employee's service during the following year. The actuarial liability of the plan is the present value of the accrued retirement income earned to date. Present values are discounted for interest, mortality, turnover, and retirement rates by age. The actuarial liability for non-active participants is the present value of future benefits anticipated to be paid to current retirees, beneficiaries, deferred vested participants, and nonvested participants with employee contribution balances discounted for interest and mortality.

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, CONTINUED

(3) **CONTRIBUTIONS**

Contributions include contributions from the municipalities, municipal agencies, and employees, if applicable. These contributions are accounted for on the accrual basis.

(4) **SCHEDULE OF FUNDING PROGRESS**

A schedule of funding progress has been compiled by grouping the municipalities and municipal agencies based upon the actuarial valuation method used by the actuary. Schedule I is in total and Schedule III is by municipality/municipal agency.

(5) **SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS AND EMPLOYEES**

A schedule of contributions from employers and employees has been compiled by grouping the municipalities and municipal agencies based upon the actuarial valuation method used by the actuary. Schedule II is in total and Schedule IV is by municipality/municipal agency. The annual required contribution is based upon the most recent actuarial valuation prior to January 1, 2013.

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND
OTHER SUPPLEMENTARY INFORMATION

OKLAHOMA MUNICIPAL RETIREMENT FUND

OTHER SUPPLEMENTARY INFORMATION—ANALYSIS OF FUND OWNERSHIP FOR
DEFINED CONTRIBUTION PLANS

June 30, 2013

City	Unit	Market Value Ownership Percentage	Market Value Ownership
Ada		7.950311%	\$ 19,926,249
Ada—CMO Plan		0.004977%	12,474
Afton		0.144356%	361,806
Altus		0.581122%	1,456,494
Altus—CMO Plan		0.005219%	13,081
Alva		0.430899%	1,079,983
Arkoma		0.066317%	166,214
Bartlesville		0.184924%	463,484
Bethany—CMO Plan		0.013466%	33,750
Bethany/Warr Acres		0.026861%	67,323
Bixby Special Incentive—CMO		0.008985%	22,520
Bixby CMO Plan		0.132203%	331,347
Blackwell		0.101792%	255,126
Broken Arrow		10.899781%	27,318,649
Broken Arrow—CMO Plan		0.005324%	13,344
Burns Flat—CMO Plan		0.035883%	89,935
Cache/Cache PWA		0.029174%	73,120
Caddo & Caddo PWA DC		0.024795%	62,145
Caney		0.008520%	21,354
Carmen and CPWA		0.022169%	55,563
Cashion		0.071578%	179,399
Central Oklahoma MCD—CMO Plan		0.092595%	232,075
Chandler—CMO Plan		0.029120%	72,985
Chelsea		0.067232%	168,507
Chelsea 7/06 New Hires		0.011000%	27,570
Choctaw		0.623928%	1,563,781
Choctaw—CMO Plan		0.011329%	28,394
Chouteau		0.102276%	256,339
Cleveland—CMO Plan		0.012781%	32,034
Cleveland Special Incentive—CMO Plan		0.007311%	18,324
Clinton		0.834985%	2,092,763
Clinton—CMO Plan		0.001425%	3,572

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

OTHER SUPPLEMENTARY INFORMATION—ANALYSIS OF FUND OWNERSHIP FOR
DEFINED CONTRIBUTION PLANS

June 30, 2013

City	Unit	Market
	Market Value Ownership Percentage	Value Ownership
Coalgate	0.205576%	515,245
Collinsville—CMO Plan	0.079197%	198,495
Collinsville—COP Plan	0.002624%	6,577
Collinsville Special Incentive	0.006367%	15,958
Comanche—CMO Plan	0.041645%	104,377
Covington	0.027568%	69,095
Coweta	0.678649%	1,700,931
Coweta—CMO Plan	0.133620%	334,898
Coweta Special Incentive—CMO Plan	0.012138%	30,422
Crescent	0.083734%	209,867
Crescent—CMO Plan	0.014355%	35,979
Cushing—CMO Plan	0.014379%	36,039
Custer City	0.078908%	197,771
Davis—CMO Plan	0.013697%	34,329
Dewey—CMO Plan	0.012514%	31,364
Dover PWA	0.006690%	16,767
Drumright	0.180802%	453,153
Durant	1.595154%	3,998,012
Durant—CMO Plan	0.063896%	160,146
Eakly	0.023193%	58,130
East Duke and DMA	0.015612%	39,129
El Reno—CMO Plan	0.050722%	127,127
Elgin	0.077246%	193,605
Fairview	0.367323%	920,639
Fairview—CMO Plan	0.052853%	132,468
Fletcher	0.016386%	41,069
Fort Gibson	0.224959%	563,826
Gage	0.005562%	13,940
Glencoe and GPWA	0.013131%	32,911
Glenpool	0.151580%	379,912
Glenpool CMO Plan #1	0.083366%	208,944
Glenpool CMO Plan #2	0.042604%	106,780

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

OTHER SUPPLEMENTARY INFORMATION—ANALYSIS OF FUND OWNERSHIP FOR
DEFINED CONTRIBUTION PLANS

June 30, 2013

City	Unit	Market
	Market Value Ownership Percentage	Value Ownership
Goldsby	0.153030%	383,546
Goltry and GPWA	0.019217%	48,165
Goodwell	0.005665%	14,198
Guthrie CMO Plan	0.030172%	75,622
Guymon	1.307130%	3,276,123
Guymon CMO DH	0.386558%	968,849
Guymon—CMO Plan	0.030109%	75,464
Harrah	0.057021%	142,914
Harrah—CMO Plan	0.024477%	61,348
Hartshorne	0.151371%	379,388
Haskell	0.228176%	571,889
Haskell—Special Incentive CMO Plan	0.001952%	4,892
Healdton—CMO Plan	0.003657%	9,166
Helena	0.043996%	110,269
Hennessey	0.054871%	137,526
Henryetta—CMO Plan	0.000562%	1,409
Hobart	0.323616%	811,094
Hollis	0.141607%	354,916
Hominy	0.378987%	949,873
Hominy—CMO Plan	0.023192%	58,127
Jay	0.315109%	789,773
Jones City & Jones PWA	0.025780%	64,614
Konawa & Konawa PWA	0.004207%	10,544
Lahoma	0.016996%	42,598
Lone Grove	0.194071%	486,410
Lone Grove—CMO Plan	0.008894%	22,291
Mangum Utilities—CMO Plan	0.151611%	379,990
Mannford CMO—CM	0.068474%	171,620
Mannford CMO—Dept Heads	0.142298%	356,648
Mannford Special Incentive—CMO Plan	0.008728%	21,875
Mannsville	0.027825%	69,739
Marlow	0.670987%	1,681,727

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

OTHER SUPPLEMENTARY INFORMATION—ANALYSIS OF FUND OWNERSHIP FOR
DEFINED CONTRIBUTION PLANS

June 30, 2013

City	Unit	Market
	Market Value Ownership Percentage	Value Ownership
Marlow—CMO Plan	0.065926%	165,234
Maysville	0.030761%	77,098
Meeker—CMO Plan	0.002063%	5,171
Midwest City	12.587479%	31,548,608
Morris & Morris PWA	0.009406%	23,575
Mounds	0.011912%	29,856
Muskogee	7.512041%	18,827,792
Muskogee—CMO Plan	0.043649%	109,400
Newcastle—CMO Plan	0.018233%	45,698
Nicoma Park	0.094352%	236,479
Noble—CMO Plan	0.043935%	110,116
Oakland	0.001062%	2,662
OK Mun Assurance Group	1.969705%	4,936,767
OK Mun Utility Service Authority	0.154701%	387,735
Okeene—CMO Plan	0.020575%	51,568
Okemah—CMO Plan	0.017719%	44,410
Okmulgee	0.894304%	2,241,437
Okmulgee—CMO Plan	0.066826%	167,489
OMAG—CMO Plan	0.173489%	434,824
OMRF CEO	0.204979%	513,749
OMUSA—CMO Plan	0.041034%	102,846
Owasso	1.259828%	3,157,568
Pauls Valley	0.297826%	746,456
Pauls Valley—CMO Plan	0.043554%	109,161
Pawhuska	0.473051%	1,185,631
Perkins—CMO Plan	0.033272%	83,391
Piedmont	0.163914%	410,826
Piedmont—CMO Plan	0.007709%	19,321
Pocola	0.047957%	120,197
Porum	0.149290%	374,173
Prague	0.271718%	681,020
Prague—CMO Plan	0.011964%	29,986

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

OTHER SUPPLEMENTARY INFORMATION—ANALYSIS OF FUND OWNERSHIP FOR
DEFINED CONTRIBUTION PLANS

June 30, 2013

City	Unit	Market
	Market Value Ownership Percentage	Value Ownership
Sand Springs	3.916969%	9,817,289
Sand Springs—CMO Plan	0.012822%	32,136
Sapulpa	1.026746%	2,573,383
Sapulpa Basic—CMO Plan	0.090412%	226,604
Sapulpa Special Incentive—CMO Plan	0.034348%	86,088
Sayre	0.246215%	617,101
Sayre—CMO Plan	0.046620%	116,846
Seiling	0.041767%	104,683
Seiling—CMO Plan	0.020578%	51,576
Seminole	0.822222%	2,060,775
Seminole—CMO Plan	0.093434%	234,178
Share Medical Center	0.483642%	1,212,175
Shawnee	0.914868%	2,292,978
Shawnee—CMO Plan—DH	0.309879%	776,665
Skiatook	1.392733%	3,490,674
Skiatook—CMO Plan	0.099570%	249,557
Slaughterville	0.017430%	43,686
Spencer—CMO Plan	0.018135%	45,453
Stephens County Public Safety	0.019731%	49,453
Stillwater	13.699758%	34,336,367
Stillwater—CMO Plan	0.071080%	178,151
Stillwater Medical Center	12.586643%	31,546,513
Stillwater Medical Center—CMO Plan	0.232077%	581,666
Stringtown	0.098807%	247,645
Stroud	0.176767%	443,040
Stroud—CMO Plan	0.017255%	43,247
Sulphur—CMO Plan	0.021392%	53,616
Tecumseh	0.310045%	777,081
Tecumseh—CMO Plan	0.015600%	39,099
Terral	0.016437%	41,197
Texhoma and PWA	0.241606%	605,549
Thackerville	0.011024%	27,630

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

OTHER SUPPLEMENTARY INFORMATION—ANALYSIS OF FUND OWNERSHIP FOR
DEFINED CONTRIBUTION PLANS

June 30, 2013

City	Unit	Market
	Market Value Ownership Percentage	Value Ownership
Tishomingo	0.070793%	177,432
Tishomingo—CMO Plan	0.045120%	113,086
Tonkawa—CMO Plan	0.001690%	4,236
Tuttle—CMO Plan	0.013138%	32,928
Tyrone & TPWA	0.001511%	3,787
Valley Brook	0.073865%	185,131
Verdigris	0.014430%	36,167
Warner	0.056097%	140,599
Warr Acres	0.390783%	979,438
Waurika—CMO Plan	0.001669%	4,183
Waynoka	0.142506%	357,170
Waynoka—CMO Plan	0.013264%	33,244
Weatherford	2.500900%	6,268,127
Weleetka	0.021165%	53,047
West Siloam Springs and WSSMTA	0.061293%	153,622
Westville	0.001240%	3,108
Woodward	0.677547%	1,698,169
Woodward—CMO Plan	0.098578%	247,071
Yukon—CMO Plan	0.064531%	161,737
	<u>100.000000%</u>	<u>\$ 250,634,843</u>

This schedule presents the ownership allocation by municipality/hospital of the net position restricted for plan benefits as of June 30, 2013.

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

**REPORT REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Oklahoma Municipal Retirement Fund

We have audited, in accordance with the 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, the financial statements of the Oklahoma Municipal Retirement Fund (the "Fund"). The financial statements consist of the statements of plan net position (Defined Benefit and Defined Contribution Plans) as of June 30, 2013, and the related statements of changes in plan net position for the year then ended, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated December 17, 2013. Our report includes an explanatory paragraph disclaiming an opinion on required supplementary information. Our report also includes an explanatory paragraph to emphasize the adoption of Governmental Accounting Standards Board Statement No. 63 by the Fund.

Internal Control Over Financial Reporting

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

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

(Continued)

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, CONTINUED**

Internal Control Over Financial Reporting, Continued

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

Compliance and Other Matters

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

Purpose of This Report

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

Finley + Cook, PLLC

Shawnee, Oklahoma
December 17, 2013