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State Auditor & Inspector

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Oklahoma Municipal Retirement Fund

Financial Statements

June 30, 2011 and 2010
(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 Assets—Defined Benefit Plans	3
Statements of Plan Net Assets—Defined Contribution Plans	4
Statements of Changes in Plan Net Assets—Defined Benefit Plans	5
Statements of Changes in Plan Net Assets—Defined Contribution Plans	6
Notes to Financial Statements.....	7
<u>Required Supplementary Information:</u>	
Schedule of Funding Progress (Schedule I).....	34
Schedule of Contributions from Employers and Employees (Schedule II).....	35
Schedule of Funding Progress by Municipality/Municipal Agency (Schedule III)	36
Schedule of Contributions from Employers and Employees by Municipality/Municipal Agency (Schedule IV)	49
Notes to Required Supplementary Information	60
<u>Other Supplementary Information:</u>	
Independent Auditors' Report on Other Supplementary Information	67
Analysis of Fund Ownership for Defined Contribution Plans (Schedule V).....	68
<u>Report Required by <i>Government Auditing Standards</i>:</u>	
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>	74



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Oklahoma Municipal Retirement Fund

We have audited the accompanying statements of plan net assets (Defined Benefit and Defined Contribution Plans) of the Oklahoma Municipal Retirement Fund (the "Fund") as of June 30, 2011 and 2010, and the related statements of changes in plan net assets (Defined Benefit and Defined Contribution Plans) for the years then ended. These financial statements are the responsibility of the Fund's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets (Defined Benefit and Defined Contribution Plans) of the Fund as of June 30, 2011 and 2010, and the changes in plan net assets (Defined Benefit and Defined Contribution Plans) for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2011, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

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 34, the schedule of contributions from employers and employees on page 35, the schedule of funding progress by municipality/municipal agency on pages 36 through 48, and the schedule of contributions from employers and employees by municipality/municipal agency on pages 49 through 59 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.

Finley & Cook, PLLC

Shawnee, Oklahoma
December 13, 2011

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, 2011 and 2010. Please read it in conjunction with the Fund's financial statements, which begin on page 3.

Financial Highlights—Defined Benefit Plans

	<u>2011</u>	<u>2010</u>
• Net assets of the Fund	\$ 337,066,065	272,156,272
• Contributions:		
Municipalities/municipal agencies	17,688,004	17,087,858
Employees	4,643,325	4,364,577
• Additions of municipalities	1,824,137	-
• Net investment income	60,350,391	34,342,507
• Benefits, including member refunds	17,850,381	17,500,013
• Expenses	1,745,683	1,547,271
• Withdrawals of municipalities or plans	-	37,670
• Changes in net assets	64,909,793	36,709,988

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Financial Highlights—Defined Contribution Plans

	<u>2011</u>	<u>2010</u>
• Net assets of the Fund	\$ 222,054,256	187,666,958
• Contributions:		
Municipalities/municipal agencies	10,230,775	10,122,931
Employees	5,344,795	5,915,130
• Net investment income	33,842,599	18,781,671
• Benefits, including member refunds	14,035,827	11,407,111
• Expenses	995,044	924,342
• Withdrawals of municipalities or plans	-	1,452,991
• Changes in net assets	34,387,298	21,035,288

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 assets present information on the assets of the Fund, along with liabilities, and the resulting net assets 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 assets are presented in order to show the changes in net assets 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 Assets:

The following table summarizes the net assets as of June 30 and the % changes in the balances:

	<u>2011</u>	<u>2010</u>	<u>% Increase (Decrease)</u>
Cash and short-term investments	\$ 6,695,387	7,415,420	(9.7)%
Investments, at fair value	329,380,998	265,412,874	24.1%
Securities lending collateral	10,289,298	12,358,829	(16.7)%
Receivables	<u>1,947,630</u>	<u>1,969,525</u>	(1.1)%
Total assets	<u>348,313,313</u>	<u>287,156,648</u>	21.3%
Liabilities	<u>11,247,248</u>	<u>15,000,376</u>	(25.0)%
Net assets	<u>\$ 337,066,065</u>	<u>272,156,272</u>	23.9%

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 Assets:

The following table summarizes the changes in net assets between fiscal years 2011 and 2010, and the % changes in the balances:

	<u>2011</u>	<u>2010</u>	<u>% Increase (Decrease)</u>
Additions			
Contributions	\$ 22,331,329	21,452,435	4.1%
Net investment income	60,350,391	34,342,507	75.7%
Additions of municipalities	<u>1,824,137</u>	<u>-</u>	100.0%
 Total additions	 <u>84,505,857</u>	 <u>55,794,942</u>	 51.5%
 Deductions			
Benefits, including member refunds	17,850,381	17,500,013	2.0%
Expenses	1,745,683	1,547,271	12.8%
Withdrawal of municipalities or plans	<u>-</u>	<u>37,670</u>	(100.0)%
 Total deductions	 <u>19,596,064</u>	 <u>19,084,954</u>	 2.7%
 Changes in net assets	 <u>\$ 64,909,793</u>	 <u>36,709,988</u>	 76.8%

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

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

Defined Contribution Net Assets:

The following table summarizes the net assets as of June 30 and the % changes in the balances:

	<u>2011</u>	<u>2010</u>	<u>% Increase (Decrease)</u>
Cash and short-term investments	\$ 16,929,831	20,491,485	(17.4)%
Investments, at fair value	198,566,468	161,143,939	23.2%
Securities lending collateral	3,647,843	3,693,162	(1.2)%
Receivables	956,315	549,568	74.0%
Participant loans	<u>8,849,620</u>	<u>8,021,081</u>	10.3%
 Total assets	 <u>228,950,077</u>	 <u>193,899,235</u>	 18.1%
 Liabilities	 <u>6,895,821</u>	 <u>6,232,277</u>	 10.6%
 Net assets	 <u>\$ 222,054,256</u>	 <u>187,666,958</u>	 18.3%

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 Assets:

The following table summarizes the changes in net assets between fiscal years 2011 and 2010, and the % changes in the balances:

	<u>2011</u>	<u>2010</u>	<u>% Increase (Decrease)</u>
Additions			
Contributions	\$ 15,575,570	16,038,061	(2.9)%
Net investment income	<u>33,842,599</u>	<u>18,781,671</u>	80.2%
Total additions	<u>49,418,169</u>	<u>34,819,732</u>	41.9%
Deductions			
Benefits, including member refunds	14,035,827	11,407,111	23.0%
Expenses	995,044	924,342	7.6%
Withdrawal of municipalities or plans	<u>-</u>	<u>1,452,991</u>	(100.0)%
Total deductions	<u>15,030,871</u>	<u>13,784,444</u>	9.0%
Changes in net assets	<u>\$ 34,387,298</u>	<u>21,035,288</u>	63.5%

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 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, 2011 and 2010, 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 net 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>2011</u>	<u>2010</u>
Fund's net yield on average assets	22.40%	14.30%
S&P 500 yield	30.68%	14.42%
Barclays Capital U.S. Aggregate yield	3.94%	9.50%

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 577 million dollars 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, eight new plans were established; two of those were new members to the Fund and six were current members that added additional plans. Two plans were terminated. One was a city manager only (CMO) plan. The CMO plan termination was due to participant withdrawal. The other was a defined contribution (DC) plan. The DC plan was terminated because the member changed its ownership structure and became ineligible to participate in the Fund.

No other items are known by management to have a significant impact on the operations or financial position of the Fund as of December 13, 2011.

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 ASSETS— DEFINED BENEFIT PLANS

<i>June 30,</i>	<i>2011</i>	<i>2010</i>
Assets		
Cash and short-term investments	\$ 6,695,387	7,415,420
Investments, at fair value:		
Fixed-income securities	89,231,577	84,608,392
Equity securities—domestic	144,122,496	136,410,074
Equity securities—international	63,167,465	34,626,068
Equity securities—real estate	385,012	532,698
Alternative investment	21,405,998	-
Real estate investment funds	11,068,450	9,235,642
Total investments, at fair value	<u>329,380,998</u>	<u>265,412,874</u>
Securities lending collateral	<u>10,289,298</u>	<u>12,358,829</u>
Receivables:		
Contributions receivable from municipalities/municipal agencies	716,270	667,018
Contributions receivable from employees	185,039	176,379
Accrued interest and dividends receivable	174,709	184,656
Due from broker	871,612	941,472
Total receivables	<u>1,947,630</u>	<u>1,969,525</u>
Total assets	<u>348,313,313</u>	<u>287,156,648</u>
Liabilities		
Payable to terminated participants	493,678	1,415,101
Due to broker	464,272	1,226,446
Securities lending collateral payable	<u>10,289,298</u>	<u>12,358,829</u>
Total liabilities	<u>11,247,248</u>	<u>15,000,376</u>
Net assets held in trust for pension benefits		
(A schedule of funding progress is presented in Schedule I)	<u>\$ 337,066,065</u>	<u>272,156,272</u>

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

OKLAHOMA MUNICIPAL RETIREMENT FUND

**STATEMENTS OF PLAN NET ASSETS—
DEFINED CONTRIBUTION PLANS**

<i>June 30,</i>	<i>2011</i>	<i>2010</i>
Assets		
Cash and short-term investments	\$ 16,929,831	20,491,485
Investments, at fair value:		
Fixed-income securities	68,619,226	62,046,850
Equity securities—domestic	101,253,309	83,611,316
Equity securities—international	28,530,693	15,421,917
Equity securities—real estate	163,240	63,856
Total investments, at fair value	<u>198,566,468</u>	<u>161,143,939</u>
Securities lending collateral	<u>3,647,843</u>	<u>3,693,162</u>
Participant loans	<u>8,849,620</u>	<u>8,021,081</u>
Receivables:		
Contributions receivable from municipalities/ municipal agencies	347,174	300,781
Contributions receivable from employees	155,840	147,945
Accrued interest and dividends receivable	31,719	32,198
Due from broker	421,582	68,644
Total receivables	<u>956,315</u>	<u>549,568</u>
Total assets	<u>228,950,077</u>	<u>193,899,235</u>
Liabilities		
Payable to terminated participants	3,030,349	2,348,205
Due to broker	217,629	190,910
Securities lending collateral payable	<u>3,647,843</u>	<u>3,693,162</u>
Total liabilities	<u>6,895,821</u>	<u>6,232,277</u>
Net assets held in trust for plan benefits	<u>\$ 222,054,256</u>	<u>187,666,958</u>

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

OKLAHOMA MUNICIPAL RETIREMENT FUND

**STATEMENTS OF CHANGES IN PLAN NET ASSETS—
DEFINED BENEFIT PLANS**

<i>Years Ended June 30,</i>	<i>2011</i>	<i>2010</i>
ADDITIONS		
Contributions:		
Municipalities/municipal agencies	\$ 17,688,004	17,087,858
Employees	4,643,325	4,364,577
Total contributions	22,331,329	21,452,435
Investment income:		
Interest and dividends	4,216,523	5,237,973
Net appreciation in fair value of investments	56,133,868	29,104,534
Net investment income	60,350,391	34,342,507
Additions of municipalities	1,824,137	-
Total additions	84,505,857	55,794,942
DEDUCTIONS		
Benefits, including member refunds	17,850,381	17,500,013
Expenses	1,745,683	1,547,271
Withdrawal of municipalities or plans	-	37,670
Total deductions	19,596,064	19,084,954
Changes in net assets	64,909,793	36,709,988
Net assets held in trust for pension benefits, beginning of year	272,156,272	235,446,284
Net assets held in trust for pension benefits, end of year	\$ 337,066,065	272,156,272

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

OKLAHOMA MUNICIPAL RETIREMENT FUND

**STATEMENTS OF CHANGES IN PLAN NET ASSETS—
DEFINED CONTRIBUTION PLANS**

<i>Years Ended June 30,</i>	<i>2011</i>	<i>2010</i>
ADDITIONS		
Contributions:		
Municipalities/municipal agencies	\$ 10,230,775	10,122,931
Employees	5,344,795	5,915,130
Total contributions	<u>15,575,570</u>	<u>16,038,061</u>
Investment income:		
Interest and dividends	2,785,142	3,032,680
Net appreciation in fair value of investments	31,057,457	15,748,991
Net investment income	<u>33,842,599</u>	<u>18,781,671</u>
Total additions	<u>49,418,169</u>	<u>34,819,732</u>
DEDUCTIONS		
Benefits, including member refunds	14,035,827	11,407,111
Expenses	995,044	924,342
Withdrawal of municipalities or plans	<u>-</u>	<u>1,452,991</u>
Total deductions	<u>15,030,871</u>	<u>13,784,444</u>
Changes in net assets	34,387,298	21,035,288
Net assets held in trust for plan benefits, beginning of year	<u>187,666,958</u>	<u>166,631,670</u>
Net assets held in trust for plan benefits, end of year	<u>\$ 222,054,256</u>	<u>187,666,958</u>

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

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

(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:

<u>Manager</u>	<u>Style</u>	<u>Type</u>
Artisan Funds, Inc.	Active	Mutual and Commingled Fund
Aston Asset Management	Active	Mutual Fund
EARNEST Partners	Active	Separate Account Manager
Barings Asset Investment Management, Inc	Active	Commingled Fund, Private Placement
Common Sense Long-Biased, L.P.	Active	Limited Partnership
Goldman Sachs and Co.	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, Collective Trust Fund, and Mutual Funds
TimesSquare Capital Management, LLC	Active	Separate Account Manager
BNY Mellon Stable Value Fund	Active	Collective Trust Fund
Western Asset Management Investment Company	Active	Mutual Fund
Mellon Capital Management	Passive	Collective Trust Fund
State Street Global Advisors	Passive	Collective Trust Fund
Vanguard Institutional Asset Management	Active, Passive, & Blended	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 204 member municipalities in the Fund at June 30, 2011 and 2010. The members use a defined benefit plan, a defined contribution plan, or a combination of plans. As of June 30, 2011, there was a total of 308 plans administered by the Fund, which included 130 defined benefit plans and 178 defined contribution plans. As of June 30, 2010, there was a total of 302 plans administered by the Fund, which included 129 defined benefit plans and 173 defined contribution plans.

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

	Plans with Actuarial Information at July 1,	
	<u>2011</u>	<u>2010</u>
Retirees and beneficiaries currently receiving benefits, and terminated employees entitled to benefits but not yet receiving them	<u>1,828</u>	<u>1,739</u>
Vested	1,702	1,693
Nonvested	<u>2,160</u>	<u>2,278</u>
	<u>3,862</u>	<u>3,971</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 July 1,	
	<u>2011</u>	<u>2010</u>
Retirees and beneficiaries currently receiving benefits, and terminated employees entitled to benefits but not yet receiving them	<u>41</u>	<u>48</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, and 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 as defined in each member's joinder agreement and could be on or after age 55, 60, 62, or 65 and upon becoming vested. 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 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 period of 30 years from the date the individual plan was established.

⁽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, 2011—As of January 1, 2011, the most recent actuarial valuation date, the Plan was 78.8% funded on an actuarial basis. The actuarial accrued liability for benefits was \$417.4 million, and the actuarial value of assets was \$329.1 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$88.3 million. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$127.9 million, and the ratio of UAAL to covered payroll was 69.1%.

June 30, 2010—As of January 1, 2010, the most recent actuarial valuation date, the Plan was 78.3% funded on an actuarial basis. The actuarial accrued liability for benefits was \$389.9 million, and the actuarial value of assets was \$305.4 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$84.5 million. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$129.0 million, and the ratio of UAAL to covered payroll was 65.5%.

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, 2011
Actuarial cost method	Entry age normal, except Bartlesville which used the unit credit cost method
Amortization method	Level dollar of projected pay
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 7.4 %
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, 2011 and 2010, were assets totaling \$278,922 and \$210,343, 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. 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 economic resources measurement focus and the accrual basis of accounting, under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period in which they are earned and become measurable, and investment purchases and sales are recorded as of their trade 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* (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, 2011 and 2010.

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, 2011 or 2010.

The investment policy limits the concentration of each portfolio manager. No direct investment in any one organization represents 5% or more of the net assets held in trust 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, 2011 and 2010, the Fund's investments included short-term investments of \$22,448,030 and \$27,708,555, 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 estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties

Contributions to the Fund and the actuarial information included in 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 participate in Nextep, Inc.'s other employee benefit plans as outlined above. 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 Pronouncement

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 GASB's efforts to codify all sources of generally accepted accounting principles 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, with earlier application encouraged. The provisions of GASB 62 are required to be applied retroactively for all periods presented.

Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through December 13, 2011, the date which the financial statements were available to be issued.

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:

	<u>2011</u>	
	<u>Defined Benefit Plans</u>	<u>Defined Contribution Plans</u>
Cash on deposit with custodial agent:		
U.S. currency deposits	\$ 1,055,428	121,760
Short-term investments	<u>5,639,959</u>	<u>16,808,071</u>
	<u>\$ 6,695,387</u>	<u>16,929,831</u>
	<u>2010</u>	
	<u>Defined Benefit Plans</u>	<u>Defined Contribution Plans</u>
Cash on deposit with custodial agent:		
U.S. currency deposits	\$ 105,811	92,539
Short-term investments	<u>7,309,609</u>	<u>20,398,946</u>
	<u>\$ 7,415,420</u>	<u>20,491,485</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 2011 and 2010, the Fund's investments, including investments bought, sold, as well as held during the year, appreciated in value as follows:

	2011		
	Defined Benefit Plans	Defined Contribution Plans	Total
Unrealized appreciation:			
Debt securities	\$ 2,001,731	859,900	2,861,631
Equity securities	41,845,823	26,747,088	68,592,911
Net unrealized appreciation	43,847,554	27,606,988	71,454,542
Net realized appreciation	12,286,314	3,450,469	15,736,783
 Net appreciation in fair value of investments	 \$ 56,133,868	 31,057,457	 87,191,325
	2010		
	Defined Benefit Plans	Defined Contribution Plans	Total
Unrealized appreciation:			
Debt securities	\$ 6,135,169	277,795	6,412,964
Equity securities	7,047,805	9,047,920	16,095,725
Net unrealized appreciation	13,182,974	9,325,715	22,508,689
Net realized appreciation	15,921,560	6,423,276	22,344,836
 Net appreciation in fair value of investments	 \$ 29,104,534	 15,748,991	 44,853,525

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 at June 30 which are over 5% of the net assets of each plan.

<u>Description</u>	<u>Fair Value</u>	
	<u>2011</u>	<u>2010</u>
<u>Defined Benefit Plans:</u>		
Western Asset Funds Core Plus Bond Portfolio	\$ 36,592,174	34,238,183
Mellon EB Daily Opening Aggregate Bond Fund	25,405,651	24,560,727
JPMorgan Core Bond Fund Ultra Class	27,233,753	25,809,482
State Street Global Advisors Daily MSCI ACWI Ex-USA Index Strategy Fund	18,836,817	-
State Street S&P 500 Flagship Fund	74,030,598	64,034,844
Baring International Equity Fund	20,168,687	16,158,664
Artisan International Value Institutional Fund	21,357,608	15,927,502
Common Sense Long-Biased, L.P.	21,498,088	-
<u>Defined Contribution Plans:</u>		
Mellon EB Daily Opening Aggregate Bond Fund	18,882,073	18,808,779
Vanguard LifeStrategy Moderate Growth Fund	21,955,353	17,079,855
State Street S&P 500 Flagship Fund	21,557,767	23,035,500
Vanguard LifeStrategy Conservative Growth Fund	17,491,944	13,775,369
Invesco Stable Value Fund	13,815,413	10,117,050

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, and 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.

Currency	2011		2010	
	Defined Benefit Plans	Defined Contribution Plans	Defined Benefit Plans	Defined Contribution Plans
U.S. dollar ⁽¹⁾	\$ 2,804,353	1,015,474	2,280,814	872,193
Mutual funds ⁽¹⁾	-	11,658,213	259,088	5,692,405
Commingled funds	<u>60,363,112</u>	<u>15,857,006</u>	<u>32,086,166</u>	<u>8,857,319</u>
	<u>\$ 63,167,465</u>	<u>28,530,693</u>	<u>34,626,068</u>	<u>15,421,917</u>

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

At June 30, 2011, commingled 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 bottom-up 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—Class II—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

Foreign Currency Risk, Continued

At June 30, 2010, commingled 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 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.
- Artisan International Value Institutional Fund—The investment objective of the fund is maximum long-term capital growth. The fund employs a bottom-up 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.

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>	2011			
		<u>Defined Benefit Plans</u>		<u>Defined Contribution Plans</u>	
		<u>Fair Value</u>	<u>Fair Value as a Percent of Total Fixed Maturity Fair Value</u>	<u>Fair Value</u>	<u>Fair Value as a Percent of Total Fixed Maturity Fair Value</u>
Mutual Funds:					
Vanguard LifeStrategy Income Fund ⁽¹⁾	Not Rated	\$ -	N/A	4,536,863	6.61%
Vanguard LifeStrategy Growth Fund ⁽²⁾	Not Rated	-	N/A	1,099,060	1.60%
Western Asset Core Plus Bond Portfolio ⁽³⁾	Not Rated	36,592,173	41.01%	7,442,810	10.85%
Vanguard LifeStrategy Conservative Growth Fund ⁽⁴⁾	Not Rated	-	N/A	5,387,519	7.85%
Vanguard LifeStrategy Moderate Growth Fund ⁽⁵⁾	Not Rated	-	N/A	6,872,025	10.01%
Collective Trust Funds:					
Mellon EB Daily Opening Aggr. Bond Index Fund ⁽⁶⁾	Not Rated	25,405,651	28.47%	18,882,073	27.52%
JPMorgan Core Bond Fund Ultra ⁽⁷⁾	Not Rated	27,233,753	30.52%	5,181,976	7.56%
Invesco Stable Value Trust Fund ⁽⁸⁾	Not Rated	-	N/A	13,815,413	20.13%
BNY Mellon Stable Value Trust Fund ⁽⁹⁾	Not Rated	-	N/A	5,401,487	7.87%
Total fixed-income securities		\$ 89,231,577	100.00%	68,619,226	100.00%

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH AND INVESTMENTS, CONTINUED

Credit Risk, Continued

- (1) 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 60% of the fund's assets to bonds, 20% to short-term fixed-income investments, 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 securities. Its indirect stock holdings consist substantially of large-capitalization U.S. stocks and, to a lesser extent, mid- and small-cap U.S. stock. The fund seeks to provide current income and some capital appreciation.
- (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 securities. The fund seeks to provide capital appreciation and some current income.
- (3) 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 assets 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 assets 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.
- (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 40% of the fund's assets to bonds, 20% to short-term fixed-income investments, 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 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) At June 30, 2011, the Mellon EB Daily Opening Aggr. Bond Index Fund was weighted as follows: 33% mortgages, 33% treasuries, 20% corporates, 6% agencies, and 8% other. The fund seeks to replicate the performance of the Barclays Capital U.S. Aggregate Index with minimal tracking errors.
- (7) The JPMorgan Core Bond Fund Ultra invests mainly 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.
- (8) As of June 30, 2011, the Invesco Stable Value Trust Fund's asset allocation was as follows: 15.4% short-term investments, 26.1% intermediate investments, 14.6% core investments, 0.4% GICs, and 43.5% short duration investments. The fund seeks the preservation of principal and interest income reasonably obtained under prevailing market conditions and rates, consistent with seeking to maintain the required liquidity.
- (9) As of June 30, 2011, the BNY Mellon Stable Value Fund's asset allocation was as follows: 48.2% constant duration synthetic, 16.4% cash equivalent, 15.1% fixed maturity synthetic, 11.3% GICs, and 9.0% separate account. The Fund seeks to offer consistently higher returns than money market funds and U.S. treasuries of comparable maturity over a long-term investment horizon. The Fund also seeks to preserve principal while maintaining the investment return within a narrow range of interest rates rise and fall.

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)	2010			
		<u>Defined Benefit Plans</u>		<u>Defined Contribution Plans</u>	
		<u>Fair Value</u>	Fair Value as a Percent of Total Fixed Maturity <u>Fair Value</u>	<u>Fair Value</u>	Fair Value as a Percent of Total Fixed Maturity <u>Fair Value</u>
Mutual Funds:					
Vanguard LifeStrategy Income Fund ⁽¹⁾	Not Rated	\$ -	N/A	3,823,203	6.16%
Vanguard LifeStrategy Growth Fund ⁽²⁾	Not Rated	-	N/A	1,099,081	1.77%
Western Asset Core Plus Bond Portfolio ⁽³⁾	Not Rated	34,238,183	40.47%	7,012,069	11.30%
Vanguard LifeStrategy Conservative Growth Fund ⁽⁴⁾	Not Rated	-	N/A	4,862,705	7.84%
Vanguard LifeStrategy Moderate Growth Fund ⁽⁵⁾	Not Rated	-	N/A	6,063,348	9.77%
Collective Trust Funds:					
Mellon EB Daily Opening Aggr. Bond Index Fund ⁽⁶⁾	Not Rated	24,560,727	29.03%	18,808,779	30.31%
JPMorgan Core Bond Fund Ultra ⁽⁷⁾	Not Rated	25,809,482	30.50%	4,910,910	7.92%
Invesco Stable Value Trust Fund ⁽⁸⁾	Not Rated	-	N/A	10,117,050	16.31%
UBS Fiduciary Trust Co. Investment Contract Fund ⁽⁹⁾	Not Rated	-	N/A	5,349,705	8.62%
Total fixed-income securities		<u>\$ 84,608,392</u>	<u>100.00%</u>	<u>62,046,850</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⁾ 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 60% of the fund's assets to bonds, 20% to short-term fixed-income investments, 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 securities. Its indirect stock holdings consist substantially of large-capitalization U.S. stocks and, to a lesser extent, mid- and small-cap U.S. stock. The fund seeks to provide current income and some capital appreciation.
- ⁽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 securities. The fund seeks to provide capital appreciation and some current income.
- ⁽³⁾ 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 assets 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 assets 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, by investing to obtain the average duration specified for each portfolio.
- ⁽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 40% of the fund's assets to bonds, 20% to short-term fixed-income investments, 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 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⁾ At June 30, 2010, the Mellon EB Daily Opening Aggr. Bond Index Fund was weighted as follows: 34% mortgages, 32% treasuries, 18% corporates, 8% agencies, and 8% other. The fund seeks to replicate the performance of the Barclays Capital U.S. Aggregate Index with minimal tracking errors.
- ⁽⁷⁾ The JPMorgan Core Bond Fund Ultra invests mainly 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.
- ⁽⁸⁾ As of June 30, 2010, the Invesco Stable Value Trust Fund's asset allocation was as follows: 6.4% short-term investments, 33.0% intermediate investments, 16.1% core investments, and 44.5% short duration investments. The fund seeks the preservation of principal and interest income reasonably obtained under prevailing market conditions and rates, consistent with seeking to maintain the required liquidity.
- ⁽⁹⁾ The UBS Fiduciary Trust Co. Investment Contract Fund generally invests in agreements with staggered maturities, commonly referred to as "guaranteed investment contracts" or "bank investment contracts" (together "GICs"), issued by insurance companies, banks, or other financial institutions, domestic and foreign, under which the issuer agrees to credit interest at fixed, variable, or other rates specified under the terms of the agreement and which provide for repayment of principal and the payment of accrued interest at fixed periods. The fund seeks to generate a total return in excess of the benchmark by investing in fixed-income securities or contracts for the purpose of offering stability of principal, while maximizing current income and providing book value liquidity for individual plan participant withdrawals.

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:

		2011					
		<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	\$	-	-	-	-	52,639,404	52,639,404
Fixed-income securities—							
mutual funds		-	-	-	-	36,592,173	36,592,173
Total defined benefit plans	\$	-	-	-	-	89,231,577	89,231,577
<u>Defined contribution plans:</u>							
Fixed-income securities—							
collective trust funds	\$	-	-	-	-	43,280,949	43,280,949
Fixed-income securities—							
mutual funds		-	-	-	-	25,338,277	25,338,277
Total defined contribution plans	\$	-	-	-	-	68,619,226	68,619,226

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(2) CASH AND INVESTMENTS, CONTINUED

Interest Rate Risk, Continued

	2010					
	<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	\$ -	-	-	-	50,370,209	50,370,209
Fixed-income securities— mutual funds	-	-	-	-	34,238,183	34,238,183
Total defined benefit plans	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,608,392</u>	<u>84,608,392</u>
<u>Defined contribution plans:</u>						
Fixed-income securities— collective trust funds	\$ -	-	-	-	39,186,444	39,186,444
Fixed-income securities— mutual funds	-	-	-	-	22,860,406	22,860,406
Total defined contribution plans	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,046,850</u>	<u>62,046,850</u>

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:

	2011		
	<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	\$ 10,289,298	10,109,069	102%
Defined contribution plans:			
Equity securities—domestic	\$ 3,647,843	3,586,543	102%
	2010		
	<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	\$ 12,358,829	11,956,957	103%
Defined contribution plans:			
Equity securities—domestic	\$ 3,693,162	3,570,356	103%

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, 2011 and 2010, the Fund had equity securities with a fair value of approximately \$94.0 million and \$92.2 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 \$17 million 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 2011 and 2010, the Fund had net earnings of approximately \$44,000 and \$65,000, respectively, from the securities lending, which is detailed in Note 5.

As of June 30, 2011 and 2010, the Fund had no credit risk to borrowers under the securities lending.

(3) ALTERNATIVE INVESTMENT

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>2011</u>	<u>2010</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.	\$ 21,405,998	-

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(3) ALTERNATIVE INVESTMENT, CONTINUED

As of June 30, 2011, the Fund had a remaining commitment to fund approximately \$9 million in the limited partnership.

The limited partnership accounts for its investments at fair value. Fair values of the investments in the Hedge Funds is 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.

(4) REAL ESTATE INVESTMENTS

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>2011</u>	<u>2010</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.	\$ 8,037,714	6,828,656
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>3,030,736</u>	<u>2,406,986</u>
		<u>\$ 11,068,450</u>	<u>9,235,642</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).

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>2011</u>	<u>2010</u>
Beginning balance	\$ 442,916	238,758
Income (expense):		
Interest and fee income	15,258	11,226
Securities lending interest income	73,283	93,508
Securities lending expenses	(29,298)	(28,317)
Fees earned and transfers from the Fund	2,740,727	2,471,613
Total income	<u>2,799,970</u>	<u>2,548,030</u>
Administrative expenses:		
Actuary and recordkeeping	327,233	318,887
Administration	798,481	781,713
Legal and audit	106,209	105,004
Training and travel	57,833	53,304
Insurance	94,663	95,669
Investment advisors and consultants	983,262	662,871
Custodial	346,560	326,424
Total administrative expenses	<u>2,714,241</u>	<u>2,343,872</u>
Ending balance	<u>\$ 528,645</u>	<u>442,916</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 is 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. 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, 2011 and 2010, was approximately \$425,000 and \$442,000, 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 the potential deficiency payment, which at June 30, 2011, amounted to approximately \$193,000.

As noted previously, administration costs are paid through the Trust Administrative Account. In addition, during the years ended June 30, 2011 and 2010, 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.

Administration costs also include lease expense for the current facilities.

(6) COMMITMENTS AND CONTINGENCIES

Leases

The Fund leases office space under an operating lease. The lease commenced on October 1, 2005. Future minimum lease payments as of June 30, 2011, were as follows:

2012	\$	59,160
2013		<u>29,580</u>
	\$	<u>88,740</u>

Total rent expense for the years ended June 30, 2011 and 2010, was approximately \$61,000 for each year. Rent expense is paid through the Trust Administrative Account.

Market Fluctuations

Subsequent to June 30, 2011, the United States and foreign financial markets have had a considerable fluctuation. The long-term ratings of U.S. government and federal agencies were lowered from AAA to AA+ by Standard & Poor's rating agency. As the investments of the Fund are at market value, these values have varied considerably and may continue to vary.

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND
REQUIRED SUPPLEMENTARY INFORMATION

OKLAHOMA MUNICIPAL RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION--SCHEDULE OF FUNDING PROGRESS

June 30, 2011

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, 2002	\$ 73,825,785	89,070,508	15,244,723	83%	46,018,401	33%
January 1, 2003*	209,254,526	219,680,986	10,426,460	95%	90,159,128	12%
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%

* Amounts significantly increased in 2003 based on the fact that liabilities and costs for all of the cities are now determined using the entry age normal cost method, with the exception of Bartlesville which uses the unit credit cost method. In previous years, some municipalities' liabilities and costs were determined using the aggregate cost method.

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, 2011

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
2002	\$ 7,511,788	5,458,397	73%	2,257,830	7,716,227	103%
2003	8,973,235	6,790,907	76%	2,335,246	9,126,153	102%
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%

* 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, 2011

Municipality/ Municipal Agency (See Note 4)	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 "Funded Ratio"	Annual Covered Payroll ⁽¹⁾	Ratio of Unfunded Actuarial Liability to Annual Covered Payroll
ENTRY AGE NORMAL COST METHOD:							
Adair	January 1, 2011	\$ 159,453	192,770	33,317	82.7%	135,251	24.6%
Altus	January 1, 2011	15,325,690	19,675,946	4,350,256	77.9%	5,868,590	74.1%
Alva	January 1, 2011	2,405,874	2,332,874	(73,000)	103.1%	1,613,072	(4.5)%
Antlers	January 1, 2011	663,705	888,158	224,453	74.7%	637,416	35.2%
Ardmore	January 1, 2011	12,484,073	17,589,213	5,105,140	71.0%	7,526,857	67.8%
Bethany	January 1, 2011	15,080,923	18,801,619	3,720,696	80.2%	3,172,627	117.3%
Bethany/ Warr Acres PWA	January 1, 2011	1,736,946	2,454,761	717,815	70.8%	321,153	223.5%
Billings	January 1, 2011	121,674	134,083	12,409	90.7%	126,936	9.8%
Binger	January 1, 2011	77,361	120,507	43,146	64.2%	121,278	35.6%

(Continued)

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, CONTINUED

June 30, 2011

Municipality/ Municipal Agency	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 "Funded Ratio"	Annual Covered Payroll ⁽¹⁾	Ratio of Unfunded Actuarial Liability to Annual Covered Payroll
Blackwell	January 1, 2011	4,362,136	5,241,824	879,688	83.2%	1,191,228	73.8%
Blair	January 1, 2011	192,031	225,523	33,492	85.1%	121,200	27.6%
Boise City	January 1, 2011	1,125,739	1,380,047	254,308	81.6%	329,024	77.3%
Bokchito	January 1, 2011	12,700	74,818	62,118	17.0%	161,795	38.4%
Braman	January 1, 2011	143,730	215,266	71,536	66.8%	69,820	102.5%
Bristow	January 1, 2011	2,243,649	2,522,079	278,430	89.0%	809,307	34.4%
Broken Bow	January 1, 2011	2,443,255	3,251,926	808,671	75.1%	1,658,433	48.8%
Buffalo	January 1, 2011	922,927	847,144	(75,783)	108.9%	194,648	(38.9)%
Burns Flat	January 1, 2011	239,984	375,073	135,089	64.0%	247,192	54.6%
Calera	January 1, 2011	351,052	634,182	283,130	55.4%	577,166	49.1%
Central Oklahoma MCD	January 1, 2011	818,222	1,340,858	522,636	61.0%	183,502	284.8%

(Continued)

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, CONTINUED

June 30, 2011

Municipality/ Municipal Agency	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 "Funded Ratio"	Annual Covered Payroll ⁽¹⁾	Ratio of Unfunded Actuarial Liability to Annual Covered Payroll
Chandler	January 1, 1011	1,083,432	1,431,606	348,174	75.7%	962,778	36.2%
Checotah	January 1, 1011	1,089,326	1,599,882	510,556	68.1%	1,271,436	40.2%
Cherokee and CDA	January 1, 1011	63,236	262,037	198,801	24.1%	462,967	42.9%
Chickasha	January 1, 1011	12,491,599	13,274,047	782,448	94.1%	1,983,741	39.4%
Chouteau	January 1, 1011	16,877	16,820	(57)	100.3%	-	N/A
Claremore	January 1, 1011	12,551,715	13,610,161	1,058,446	92.2%	4,378,220	24.2%
Cleo Springs	January 1, 1011	92,350	186,104	93,754	49.6%	31,400	298.6%
Cleveland	January 1, 1011	1,711,552	2,329,895	618,343	73.5%	494,803	125.0%
Clinton	January 1, 1011	8,716,471	9,175,868	459,397	95.0%	2,142,372	21.4%
Collinsville	January 1, 1011	2,130,966	2,551,523	420,557	83.5%	1,013,746	41.5%
Comanche	January 1, 1011	52,957	93,375	40,418	56.7%	-	N/A

(Continued)

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, CONTINUED

June 30, 2011

Municipality/ Municipal Agency	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 "Funded Ratio"	Annual Covered Payroll ⁽¹⁾	Ratio of Unfunded Actuarial Liability to Annual Covered Payroll
Cordell	January 1, 2011	3,446,104	3,941,112	495,008	87.4%	748,304	66.2%
Cushing	January 1, 2011	11,393,943	15,826,966	4,433,023	72.0%	3,333,212	133.0%
Davis	January 1, 2011	1,522,614	2,213,037	690,423	68.8%	920,538	75.0%
Del City	January 1, 2011	12,649,484	17,644,012	4,994,528	71.7%	2,983,078	167.4%
Dewey	January 1, 2011	1,105,118	1,257,448	152,330	87.9%	476,611	32.0%
Drumright	January 1, 2011	1,824,137	2,735,483	911,346	66.7%	680,694	133.9%
Durant	January 1, 2011	13,782,996	14,595,992	812,996	94.4%	4,497,284	18.1%
El Reno	January 1, 2011	1,498,045	2,869,503	1,371,458	52.2%	1,983,683	69.1%
Eufaula	January 1, 2011	891,681	1,006,161	114,480	88.6%	544,283	21.0%
Fairfax	January 1, 2011	177,429	32,638	(144,791)	543.6%	-	N/A
Fairview	January 1, 2011	455,310	29,283	(426,027)	1554.9%	-	N/A

(Continued)

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, CONTINUED

June 30, 2011

Municipality/ Municipal Agency	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 "Funded Ratio"	Annual Covered Payroll ⁽¹⁾	Ratio of Unfunded Actuarial Liability to Annual Covered Payroll
Fort Cobb	January 1, 2011	104,528	199,883	95,355	52.3%	141,953	67.2%
Foss Reservoir PWA	January 1, 2011	571,099	901,818	330,719	63.3%	254,305	130.0%
Frederick	January 1, 2011	2,511,457	3,260,727	749,270	77.0%	954,073	78.5%
Garber	January 1, 2011	37,867	36,779	(1,088)	103.0%	75,489	(1.4)%
Geary	January 1, 2011	685,885	782,069	96,184	87.7%	454,661	21.2%
Goodwell	January 1, 2011	97,264	129,725	32,461	75.0%	198,349	16.4%
Gore and Gore PWA	January 1, 2011	226,499	318,569	92,070	71.1%	388,333	23.7%
Granite	January 1, 2011	923,398	1,116,879	193,481	82.7%	268,860	72.0%
Guthrie	January 1, 2011	4,108,038	4,647,003	538,965	88.4%	1,705,993	31.6%
Guymon	January 1, 2011	4,621,268	5,211,186	589,918	88.7%	2,753,381	21.4%

(Continued)

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OKLAHOMA MUNICIPAL RETIREMENT FUND

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

June 30, 2011

Municipality/ Municipal Agency	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 "Funded Ratio"	Annual Covered Payroll ⁽¹⁾	Ratio of Unfunded Actuarial Liability to Annual Covered Payroll
Harrah	January 1, 2011	1,145,406	1,635,546	490,140	70.0%	599,045	81.8%
Healdton	January 1, 2011	907,479	948,941	41,462	95.6%	328,415	12.6%
Henryetta	January 1, 2011	2,380,945	2,691,039	310,094	88.5%	1,097,979	28.2%
Hooker	January 1, 2011	538,896	817,414	278,518	65.9%	327,059	85.2%
Hulbert	January 1, 2011	263,001	457,820	194,819	57.4%	318,575	61.2%
Hydro	January 1, 2011	262,231	344,394	82,163	76.1%	167,631	49.0%
Kansas	January 1, 2011	51,723	90,073	38,350	57.4%	196,768	19.5%
Kingston	January 1, 2011	392,365	698,764	306,399	56.2%	358,475	85.5%
Krebs and Krebs Utility Authority	January 1, 2011	195,990	293,844	97,854	66.7%	320,671	30.5%
Laverne	January 1, 2011	720,342	1,039,190	318,848	69.3%	470,749	67.7%
Lindsay	January 1, 2011	3,290,830	3,303,740	12,910	99.6%	1,047,548	1.2%

(Continued)

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OKLAHOMA MUNICIPAL RETIREMENT FUND

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

June 30, 2011

Municipality/ Municipal Agency	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 "Funded Ratio"	Annual Covered Payroll ⁽¹⁾	Ratio of Unfunded Actuarial Liability to Annual Covered Payroll
Madill	January 1, 2011	1,708,153	2,285,621	577,468	74.7%	839,136	68.8%
Mannford	January 1, 2011	1,924,910	2,999,425	1,074,515	64.2%	735,882	146.0%
Marietta	January 1, 2011	684,269	686,465	2,196	99.7%	468,364	0.5%
Marietta PWA	January 1, 2011	368,631	624,769	256,138	59.0%	158,603	161.5%
McLoud	January 1, 2011	322,421	395,008	72,587	81.6%	669,960	10.8%
Medford	January 1, 2011	1,348,814	1,939,872	591,058	69.5%	316,242	186.9%
Meeker	January 1, 2011	378,711	433,082	54,371	87.4%	245,586	22.1%
Mooreland	January 1, 2011	972,902	1,202,574	229,672	80.9%	256,370	89.6%
Mountain Park MCD	January 1, 2011	678,243	1,082,799	404,556	62.6%	168,611	239.9%
Muldrow	January 1, 2011	1,108,720	1,527,071	418,351	72.6%	653,147	64.1%

(Continued)

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OKLAHOMA MUNICIPAL RETIREMENT FUND

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

June 30, 2011

Municipality/ Municipal Agency	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 "Funded Ratio"	Annual Covered Payroll ⁽¹⁾	Ratio of Unfunded Actuarial Liability to Annual Covered Payroll
Muskogee	January 1, 2011	36,953	40,659	3,706	90.9%	-	N/A
Mustang	January 1, 2011	3,426,895	4,618,060	1,191,165	74.2%	1,602,132	74.3%
Newkirk	January 1, 2011	1,298,303	1,959,298	660,995	66.3%	418,186	158.1%
Nichols Hills	January 1, 2011	4,922,833	7,253,960	2,331,127	67.9%	1,544,818	150.9%
Noble	January 1, 2011	922,273	1,229,421	307,148	75.0%	706,190	43.5%
Norman	January 1, 2011	616,254	861,427	245,173	71.5%	-	N/A
Nowata	January 1, 2011	1,335,554	1,287,935	(47,619)	103.7%	788,971	(6.0)%
Oilton	January 1, 2011	239,659	321,270	81,611	74.6%	196,780	41.5%
Okeene	January 1, 2011	560,963	637,319	76,356	88.0%	253,221	30.2%
Okemah	January 1, 2011	508,428	739,048	230,620	68.8%	540,759	42.6%

(Continued)

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OKLAHOMA MUNICIPAL RETIREMENT FUND

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

June 30, 2011

Municipality/ Municipal Agency	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 "Funded Ratio"	Annual Covered Payroll ⁽¹⁾	Ratio of Unfunded Actuarial Liability to Annual Covered Payroll
Oklahoma Municipal League	January 1, 2011	4,877,573	4,940,349	62,776	98.7%	716,274	8.8%
Okmulgee	January 1, 2011	10,838,862	11,106,449	267,587	97.6%	2,916,953	9.2%
Oklahoma Municipal Retirement Fund	January 1, 2011	274,624	324,985	50,361	84.5%	443,385	11.4%
Owasso	January 1, 2011	8,449,766	9,539,179	1,089,413	88.6%	5,033,749	21.6%
Pawnee	January 1, 2011	1,487,542	1,819,483	331,941	81.8%	684,127	48.5%
Perkins	January 1, 2011	640,956	878,198	237,242	73.0%	389,323	60.9%
Perry	January 1, 2011	2,683,433	3,110,570	427,137	86.3%	1,639,753	26.0%
Pond Creek	January 1, 2011	452,851	685,005	232,154	66.1%	238,309	97.4%
Porum	January 1, 2011	58,462	163,978	105,516	35.7%	336,720	31.3%
Poteau	January 1, 2011	4,284,816	5,275,793	990,977	81.2%	1,604,465	61.8%

(Continued)

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OKLAHOMA MUNICIPAL RETIREMENT FUND

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

June 30, 2011

Municipality/ Municipal Agency	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 "Funded Ratio"	Annual Covered Payroll ⁽¹⁾	Ratio of Unfunded Actuarial Liability to Annual Covered Payroll
Ratliff City	January 1, 2011	38,182	64,876	26,694	58.9%	113,213	23.6%
Ringling	January 1, 2011	121,139	193,804	72,665	62.5%	120,668	60.2%
Roland	January 1, 2011	401,318	626,533	225,215	64.1%	828,448	27.2%
Sallisaw	January 1, 2011	9,783,836	14,754,723	4,970,887	66.3%	2,920,272	170.2%
Seiling	January 1, 2011	626,440	642,952	16,512	97.4%	242,457	6.8%
Shawnee	January 1, 2011	26,348,831	32,167,742	5,818,911	81.9%	5,424,459	107.3%
Skiatook	January 1, 2011	157,425	155,203	(2,222)	101.4%	-	N/A
Spencer	January 1, 2011	713,441	802,622	89,181	88.9%	303,798	29.4%
Spiro	January 1, 2011	763,982	959,671	195,689	79.6%	406,276	48.2%
Stillwater	January 1, 2011	5,460,468	74,967	(5,385,501)	7283.8%	-	N/A

(Continued)

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OKLAHOMA MUNICIPAL RETIREMENT FUND

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

June 30, 2011

Municipality/ Municipal Agency	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 "Funded Ratio"	Annual Covered Payroll ⁽¹⁾	Ratio of Unfunded Actuarial Liability to Annual Covered Payroll
Stillwater Medical Center	January 1, 2011	552,441	61,146	(491,295)	903.5%	-	N/A
Stilwell	January 1, 2011	3,927,858	6,802,610	2,874,752	57.7%	2,583,637	111.3%
Stratford	January 1, 2011	125,874	129,611	3,737	97.1%	330,006	1.1%
Stroud	January 1, 2011	2,275,998	2,823,191	547,193	80.6%	1,118,232	48.9%
Sulphur	January 1, 2011	2,817,041	3,638,960	821,919	77.4%	886,896	92.7%
Talihina and TPWA	January 1, 2011	328,263	527,929	199,666	62.2%	514,962	38.8%
Tecumseh	January 1, 2011	146,342	142,062	(4,280)	103.0%	-	N/A
Thomas	January 1, 2011	770,113	1,078,358	308,245	71.4%	142,581	216.2%
Tipton	January 1, 2011	83,260	94,095	10,835	88.5%	140,011	7.7%
Tishomingo	January 1, 2011	178,184	403,106	224,922	44.2%	280,367	80.2%
Tonkawa	January 1, 2011	2,062,838	2,356,171	293,333	87.6%	790,524	37.1%

(Continued)

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OKLAHOMA MUNICIPAL RETIREMENT FUND

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

June 30, 2011

Municipality/ Municipal Agency	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 "Funded Ratio"	Annual Covered Payroll ⁽¹⁾	Ratio of Unfunded Actuarial Liability to Annual Covered Payroll
Velma	January 1, 2011	180,200	196,572	16,372	91.7%	124,121	13.2%
Vian	January 1, 2011	91,540	100,960	9,420	90.7%	263,831	3.6%
Vinita	January 1, 2011	6,031,254	7,867,517	1,836,263	76.7%	1,736,607	105.7%
Wakita	January 1, 2011	143,403	173,580	30,177	82.6%	80,171	37.6%
Warr Acres	January 1, 2011	4,431,841	6,303,301	1,871,460	70.3%	1,140,285	164.1%
Watonga	January 1, 2011	3,280,366	4,501,853	1,221,487	72.9%	952,870	128.2%
Waukomis	January 1, 2011	265,351	225,350	(40,001)	117.8%	155,864	(25.7)%
Waurika	January 1, 2011	695,242	761,859	66,617	91.3%	370,829	18.0%
Weatherford	January 1, 2011	1,455,652	3,449,623	1,993,971	42.2%	2,369,576	84.1%
Webbers Falls	January 1, 2011	67,089	100,964	33,875	66.4%	55,330	61.2%
Wellston	January 1, 2011	329,230	380,596	51,366	86.5%	181,026	28.4%

(Continued)

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OKLAHOMA MUNICIPAL RETIREMENT FUND

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

June 30, 2011

Municipality/ Municipal Agency	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 "Funded Ratio"	Annual Covered Payroll ⁽¹⁾	Ratio of Unfunded Actuarial Liability to Annual Covered Payroll
Westville Utility Authority	January 1, 2011	223,777	210,381	(13,396)	106.4%	270,347	(5.0)%
Wetumka	January 1, 2011	965,173	1,664,359	699,186	58.0%	340,496	205.3%
Yale	January 1, 2011	991,921	1,078,100	86,179	92.0%	493,802	17.5%
Yukon	January 1, 2011	13,288,899	20,560,271	7,271,372	64.6%	5,063,700	143.6%
Entry Age Normal Cost Method Totals		<u>321,231,963</u>	<u>399,951,717</u>	<u>78,719,754</u>	<u>80.3%</u>	<u>121,715,635</u>	<u>64.7%</u>
UNIT CREDIT COST METHOD:							
Bartlesville	January 1, 2011	7,827,081	17,433,271	9,606,190	44.9%	6,185,093	155.3%
Unit Credit Cost Method Totals		<u>7,827,081</u>	<u>17,433,271</u>	<u>9,606,190</u>	<u>44.9%</u>	<u>6,185,093</u>	<u>155.3%</u>
TOTALS		<u>\$ 329,059,044</u>	<u>417,384,988</u>	<u>88,325,944</u>	<u>78.8%</u>	<u>127,900,728</u>	<u>69.1%</u>

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OKLAHOMA MUNICIPAL RETIREMENT FUND

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

June 30, 2011

Municipality/ Municipal Agency (See Note 5)	Valuation Date(1)	Annual Required Contribution	Employer Amount Contributed	Employer Percentage Contributed	Employee Amount Contributed	Total Amount Contributed	Total Percentage Contributed
ENTRY AGE NORMAL COST METHOD:							
Adair	January 1, 2011	\$ 15,947	9,734	61%	6,213	15,947	100%
Altus	January 1, 2011	1,020,735	775,929	76%	244,734	1,020,663	100%
Alva	January 1, 2011	60,240	60,240	100%	-	60,240	100%
Antlers (2)	January 1, 2011	57,483	35,975	63%	19,034	55,009	96%
Ardmore	January 1, 2011	1,953,243	1,655,190	85%	294,164	1,949,354	100%
Bethany	January 1, 2011	876,858	729,325	83%	147,534	876,859	100%
Bethany/ Warr Acres PWA	January 1, 2011	97,978	78,097	80%	19,881	97,978	100%
Billings (3)	January 1, 2011	10,866	7,907	73%	4,439	12,346	114%
Binger	January 1, 2011	9,147	6,497	71%	2,622	9,119	100%
Blackwell	January 1, 2011	233,129	177,504	76%	55,625	233,129	100%
Blair	January 1, 2011	14,895	10,763	72%	4,133	14,896	100%
Boise City	January 1, 2011	51,321	51,321	100%	-	51,321	100%

(Continued)

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OKLAHOMA MUNICIPAL RETIREMENT FUND

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

June 30, 2011

Municipality/ Municipal Agency	Valuation Date(1)	Annual Required Contribution	Employer Amount Contributed	Employer Percentage Contributed	Employee Amount Contributed	Total Amount Contributed	Total Percentage Contributed
Bokchito	January 1, 2011	12,980	8,147	63%	4,849	12,996	100%
Braman (3)	January 1, 2011	12,505	11,576	93%	4,498	16,074	129%
Bristow	January 1, 2011	156,087	114,426	73%	41,660	156,086	100%
Broken Bow (3)	January 1, 2011	253,596	173,310	68%	84,639	257,949	102%
Buffalo (3)	January 1, 2011	25,615	19,166	75%	7,892	27,058	106%
Burns Flat (3)	January 1, 2011	31,259	24,363	78%	10,062	34,425	110%
Calera	January 1, 2011	56,862	39,240	69%	17,623	56,863	100%
Central Oklahoma MCD	January 1, 2011	87,637	75,302	86%	12,335	87,637	100%
Chandler (2)	January 1, 2011	123,625	75,569	61%	41,828	117,397	95%
Checotah (3)	January 1, 2011	123,670	94,263	76%	39,386	133,649	108%
Cherokee & CDA (9)	January 1, 2011	36,437	33,735	93%	8,018	41,753	115%
Chickasha	January 1, 2011	386,842	305,916	79%	80,929	386,845	100%
Claremore	January 1, 2011	617,121	354,596	57%	262,512	617,108	100%

(Continued)

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OKLAHOMA MUNICIPAL RETIREMENT FUND

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

June 30, 2011

Municipality/ Municipal Agency	Valuation Date(1)	Annual Required Contribution	Employer Amount Contributed	Employer Percentage Contributed	Employee Amount Contributed	Total Amount Contributed	Total Percentage Contributed
Cleo Springs	January 1, 2011	8,118	6,903	85%	1,215	8,118	100%
Cleveland	January 1, 2011	104,243	89,091	85%	15,152	104,243	100%
Clinton (2)	January 1, 2011	427,666	259,132	61%	114,612	373,744	87%
Collinsville	January 1, 2011	136,281	95,991	70%	40,290	136,281	100%
Comanche (4)	January 1, 2011	14,106	14,106	100%	-	14,106	100%
Cordell	January 1, 2011	134,813	134,813	100%	-	134,813	100%
Cushing	January 1, 2011	674,962	674,961	100%	-	674,961	100%
Davis	January 1, 2011	142,471	100,375	70%	42,097	142,472	100%
Del City (2)	January 1, 2011	922,522	303,963	33%	64,148	368,111	40%
Dewey	January 1, 2011	63,433	43,687	69%	19,746	63,433	100%
Drumright	January 1, 2011	63,709	43,590	68%	20,117	63,707	100%
Durant	January 1, 2011	478,523	318,939	67%	159,053	477,992	100%
El Reno	January 1, 2011	281,477	186,906	66%	93,826	280,732	100%

(Continued)

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OKLAHOMA MUNICIPAL RETIREMENT FUND

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

June 30, 2011

Municipality/ Municipal Agency	Valuation Date(1)	Annual Required Contribution	Employer Amount Contributed	Employer Percentage Contributed	Employee Amount Contributed	Total Amount Contributed	Total Percentage Contributed
Eufaula	January 1, 2011	49,721	29,395	59%	20,223	49,618	100%
Fort Cobb	January 1, 2011	16,884	11,753	70%	5,131	16,884	100%
Foss Reservoir PWA	January 1, 2011	46,825	37,124	79%	9,701	46,825	100%
Frederick (3)	January 1, 2011	158,747	124,320	78%	41,408	165,728	104%
Garber	January 1, 2011	3,428	1,794	52%	1,634	3,428	100%
Geary	January 1, 2011	53,776	37,656	70%	16,118	53,774	100%
Goodwell (3)	January 1, 2011	11,533	11,386	99%	4,701	16,087	139%
Gore and Gore PWA	January 1, 2011	42,630	27,439	64%	15,248	42,687	100%
Granite	January 1, 2011	52,141	41,634	80%	10,507	52,141	100%
Guthrie	January 1, 2011	208,167	143,106	69%	65,061	208,167	100%
Guymon	January 1, 2011	265,919	265,879	100%	-	265,879	100%
Harrah	January 1, 2011	109,122	77,765	71%	31,357	109,122	100%
Healdton	January 1, 2011	38,418	24,788	65%	13,630	38,418	100%

(Continued)

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OKLAHOMA MUNICIPAL RETIREMENT FUND

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

June 30, 2011

Municipality/ Municipal Agency	Valuation Date(1)	Annual Required Contribution	Employer Amount Contributed	Employer Percentage Contributed	Employee Amount Contributed	Total Amount Contributed	Total Percentage Contributed
Henryetta (2)	January 1, 2011	98,439	70,460	72%	7,423	77,883	79%
Hooker	January 1, 2011	60,416	48,225	80%	12,187	60,412	100%
Hulbert (3)	January 1, 2011	35,833	28,207	79%	10,122	38,329	107%
Hydro	January 1, 2011	17,506	13,141	75%	4,366	17,507	100%
Kansas	January 1, 2011	10,128	7,212	71%	2,916	10,128	100%
Kingston	January 1, 2011	47,753	33,686	71%	14,067	47,753	100%
Krebs (3)	January 1, 2011	30,177	26,823	89%	9,550	36,373	121%
Laverne (3)	January 1, 2011	59,920	52,196	87%	17,555	69,751	116%
Lindsay	January 1, 2011	169,954	128,295	75%	41,847	170,142	100%
Madill	January 1, 2011	112,037	73,900	66%	38,136	112,036	100%
Mannford	January 1, 2011	178,204	134,420	75%	43,785	178,205	100%
Marietta	January 1, 2011	59,508	33,232	56%	26,275	59,507	100%
Marietta PWA (2)	January 1, 2011	38,786	26,568	68%	8,114	34,682	89%

(Continued)

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, CONTINUED

June 30, 2011

Municipality/ Municipal Agency	Valuation Date(1)	Annual Required Contribution	Employer Amount Contributed	Employer Percentage Contributed	Employee Amount Contributed	Total Amount Contributed	Total Percentage Contributed
McLoud	January 1, 2011	43,088	32,353	75%	10,737	43,090	100%
Medford	January 1, 2011	92,635	79,583	86%	13,052	92,635	100%
Meeker	January 1, 2011	28,856	21,099	73%	7,757	28,856	100%
Mooreland (6)	January 1, 2011	52,979	42,227	80%	10,465	52,692	99%
Mountain Park MCD	January 1, 2011	49,570	38,385	77%	11,186	49,571	100%
Muldrow	January 1, 2011	104,385	74,293	71%	30,091	104,384	100%
Muskogee (4)	January 1, 2011	2,616	2,616	100%	-	2,616	100%
Mustang	January 1, 2011	325,389	239,425	74%	85,568	324,993	100%
Newkirk (2)	January 1, 2011	112,052	50,198	45%	25,711	75,909	68%
Nichols Hills (2)	January 1, 2011	540,730	288,133	53%	176,082	464,215	86%
Noble (5)	January 1, 2011	95,464	72,617	76%	23,719	96,336	101%
Norman (2 & 4)	January 1, 2011	33,797	-	0%	-	-	0%
Nowata	January 1, 2011	114,596	73,825	64%	40,845	114,670	100%

(Continued)

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, CONTINUED

June 30, 2011

Municipality/ Municipal Agency	Valuation Date(1)	Annual Required Contribution	Employer Amount Contributed	Employer Percentage Contributed	Employee Amount Contributed	Total Amount Contributed	Total Percentage Contributed
Oilton (3)	January 1, 2011	21,837	14,563	67%	7,513	22,076	101%
Okeene	January 1, 2011	36,334	26,807	74%	9,527	36,334	100%
Okemah (7)	January 1, 2011	52,559	35,505	68%	17,522	53,027	101%
Oklahoma Municipal League (3)	January 1, 2011	108,680	118,000	109%	-	118,000	109%
Okmulgee	January 1, 2011	353,945	353,903	100%	-	353,903	100%
Oklahoma Municipal Retirement Fund	January 1, 2011	56,744	36,622	65%	20,122	56,744	100%
Owasso	January 1, 2011	671,994	453,301	67%	218,693	671,994	100%
Pawnee	January 1, 2011	113,907	70,209	62%	43,698	113,907	100%
Perkins	January 1, 2011	66,133	48,760	74%	17,373	66,133	100%
Perry (10)	January 1, 2011	215,953	146,513	68%	67,854	214,367	99%
Pond Creek (3)	January 1, 2011	31,598	33,017	104%	7,090	40,107	127%
Porum	January 1, 2011	25,854	17,972	70%	7,882	25,854	100%

(Continued)

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, CONTINUED

June 30, 2011

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, 2011	216,373	160,500	74%	68,017	228,517	106%
Ratliff City	January 1, 2011	6,110	4,476	73%	1,634	6,110	100%
Ringling (5, 6, & 8)	January 1, 2011	10,926	9,390	86%	2,830	12,220	112%
Roland (8)	January 1, 2011	74,763	50,926	68%	24,811	75,737	101%
Sallisaw	January 1, 2011	708,684	532,833	75%	175,852	708,685	100%
Seiling	January 1, 2011	34,310	22,692	66%	11,619	34,311	100%
Shawnee	January 1, 2011	1,345,207	1,345,207	100%	-	1,345,207	100%
Skiatook (2 & 4)	January 1, 2011	63	-	0%	-	-	0%
Spencer (8)	January 1, 2011	59,174	45,058	76%	16,070	61,128	103%
Spiro	January 1, 2011	39,476	27,317	69%	12,158	39,475	100%
Stilwell (3)	January 1, 2011	443,345	329,386	74%	117,081	446,467	101%
Stratford	January 1, 2011	16,569	11,915	72%	4,662	16,577	100%
Stroud	January 1, 2011	117,972	75,105	64%	42,869	117,974	100%
Sulphur	January 1, 2011	174,357	127,837	73%	46,520	174,357	100%

(Continued)

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, CONTINUED

June 30, 2011

Municipality/ Municipal Agency	Valuation Date(1)	Annual Required Contribution	Employer Amount Contributed	Employer Percentage Contributed	Employee Amount Contributed	Total Amount Contributed	Total Percentage Contributed
Talihina and TPWA (3)	January 1, 2011	40,258	32,739	81%	11,524	44,263	110%
Tecumseh (2 & 4)	January 1, 2011	17	-	0%	-	-	0%
Thomas	January 1, 2011	31,077	22,444	72%	8,633	31,077	100%
Tipton (3 & 6)	January 1, 2011	4,622	5,872	127%	1,859	7,731	167%
Tishomingo	January 1, 2011	37,981	28,845	76%	9,130	37,975	100%
Tonkawa	January 1, 2011	108,050	80,862	75%	27,051	107,913	100%
Velma (3)	January 1, 2011	13,166	10,862	83%	4,713	15,575	118%
Vian (3)	January 1, 2011	13,814	8,121	59%	6,279	14,400	104%
Vinita	January 1, 2011	389,260	300,369	77%	88,891	389,260	100%
Wakita (3)	January 1, 2011	7,827	6,543	84%	1,804	8,347	107%
Warr Acres (3)	January 1, 2011	265,509	276,445	104%	25,035	301,480	114%
Watonga	January 1, 2011	209,704	172,273	82%	37,430	209,703	100%
Waukomis	January 1, 2011	9,717	1,449	15%	8,268	9,717	100%
Waurika	January 1, 2011	49,767	35,691	72%	14,088	49,779	100%

(Continued)

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, CONTINUED

June 30, 2011

Municipality/ Municipal Agency	Valuation Date(1)	Annual Required Contribution	Employer Amount Contributed	Employer Percentage Contributed	Employee Amount Contributed	Total Amount Contributed	Total Percentage Contributed
Weatherford (3 & 6)	January 1, 2011	369,485	271,538	73%	123,633	395,171	107%
Webbers Falls (5)	January 1, 2011	4,898	3,855	79%	1,089	4,944	101%
Wellston (3)	January 1, 2011	21,405	16,488	77%	8,051	24,539	115%
Westville Utility Authority	January 1, 2011	27,151	12,426	46%	14,726	27,152	100%
Wetumka (3)	January 1, 2011	94,882	87,561	92%	18,388	105,949	112%
Yale (6)	January 1, 2011	66,028	38,152	58%	27,079	65,231	99%
Yukon	January 1, 2011	1,293,151	1,294,048	100%	-	1,294,048	100%
Entry Age Normal Cost Method Totals		21,411,167	16,530,103	77%	4,270,209	20,800,312	97%
UNIT CREDIT COST METHOD:							
Bartlesville (5)	January 1, 2011	1,413,237	1,050,321	74%	373,116	1,423,437	101%
Unit Credit Cost Method Totals		1,413,237	1,050,321	74%	373,116	1,423,437	101%

(Continued)

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, CONTINUED

June 30, 2011

Municipality/ Municipal Agency	Valuation Date(1)	Annual Required Contribution	Employer Amount Contributed	Employer Percentage Contributed	Employee Amount Contributed	Total Amount Contributed	Total Percentage Contributed
AGGREGATE COST METHOD:							
Bartlesville HP (5)	January 1, 2011	103,120	103,639	101%	-	103,639	101%
Mannford HP	January 1, 2011	3,941	3,941	100%	-	3,941	100%
Aggregate Cost Method Totals		107,061	107,580	100%	-	107,580	100%
TOTALS		\$ 22,931,465	17,688,004	77%	4,643,325	22,331,329	97%

- (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.
- (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 deposit of this fiscal year.
- (7) City has participants who bought back for missed contributions.
- (8) City sent too much in on a few payrolls and agreed to overfund the plan.
- (9) City sent in amounts for fiscal year 2010 payrolls.
- (10) City granted service credit for employees who were not properly set up. Employer contributions were made up on missed payrolls but employee contributions were not.

See Independent Auditors' Report.
See accompanying notes to required supplementary information.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2011

(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 (“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:

<u>Manager</u>	<u>Style</u>	<u>Type</u>
Artisan Funds, Inc.	Active	Mutual and Commingled Fund
Aston Asset Management	Active	Mutual Fund
EARNEST Partners	Active	Separate Account Manager
Barings Asset Investment Management, Inc	Active	Commingled Fund, Private Placement
Common Sense Long-Biased, L.P.	Active	Limited Partnership
Goldman Sachs and Co.	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, Collective Trust Fund, and Mutual Funds
TimesSquare Capital Management, LLC	Active	Separate Account Manager
BNY Mellon Stable Value Fund	Active	Collective Trust Fund
Western Asset Management Investment Company	Active	Mutual Fund
Mellon Capital Management	Passive	Collective Trust Fund
State Street Global Advisors	Passive	Collective Trust Fund
Vanguard Institutional Asset Management	Active, Passive, & Blended	Mutual Fund

See Independent Auditors’ Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, CONTINUED

(1) DESCRIPTION OF THE FUND, CONTINUED

There were 204 member municipalities in the Fund at June 30, 2011 and 2010. The members use a defined benefit plan, a defined contribution plan, or a combination of plans. As of June 30, 2011, there was a total of 308 plans administered by the Fund, which included 130 benefit plans and 178 defined contribution plans. As of June 30, 2010, there was a total of 302 plans administered by the Fund, which included 129 defined benefit plans and 173 defined contribution plans.

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

	Plans with Actuarial Information at <u>July 1,</u>	
	<u>2011</u>	<u>2010</u>
Retirees and beneficiaries currently receiving benefits, and terminated employees entitled to benefits but not yet receiving them	<u>1,828</u>	<u>1,739</u>
Vested	1,702	1,693
Nonvested	<u>2,160</u>	<u>2,278</u>
	<u>3,862</u>	<u>3,971</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>July 1,</u>	
	<u>2011</u>	<u>2010</u>
Retirees and beneficiaries currently receiving benefits, and terminated employees entitled to benefits but not yet receiving them	<u>41</u>	<u>48</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, and 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 as defined in each member's joinder agreement and could be on or after age 55, 60, 62, or 65 and upon becoming vested. 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 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 period of 30 years from the date the individual plan was established.

⁽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. 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 (4.0% to 7.4%).
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 of projected payroll.
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 aggregate 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 and current assets. Normal costs are determined on the basis of experience factors for each age of entrance and weighted for the present value of 1% of future payroll within each municipality. 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, and deferred vested participants, 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, 2011.

OKLAHOMA MUNICIPAL RETIREMENT FUND

OTHER SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT ON
OTHER SUPPLEMENTARY INFORMATION**

Board of Trustees
Oklahoma Municipal Retirement Fund

Our audits were conducted for the purpose of forming an opinion on the statements of plan net assets (Defined Benefit and Defined Contribution Plans) of the Oklahoma Municipal Retirement Fund as of June 30, 2011, and the related statements of changes in plan net assets (Defined Benefit and Defined Contribution Plans) for the years then ended. 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Finley + Cook, PLLC

Shawnee, Oklahoma
December 13, 2011

OKLAHOMA MUNICIPAL RETIREMENT FUND

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

June 30, 2011

City	Unit Fair Value Ownership Percentage	Fair Value Ownership
Ada	8.231958%	\$ 18,279,413
Afton	0.143536%	318,728
Altus	0.584176%	1,297,188
Altus—CMO Plan	0.060643%	134,660
Alva	0.459567%	1,020,488
Ardmore—CMO Plan	0.076318%	169,467
Arkoma	0.055731%	123,753
Bartlesville	0.081872%	181,800
Bethany—CMO Plan	0.013167%	29,238
Bethany/Warr Acres	0.035960%	79,851
Bixby	0.082754%	183,759
Blackwell	0.108237%	240,345
Broken Arrow	10.681391%	23,718,483
Burns Flat—CMO Plan	0.030394%	67,491
Cache/Cache PWA	0.022112%	49,101
Caddo & Caddo PWA DC	0.012018%	26,686
Caney	0.019598%	43,519
Carmen and CPWA	0.019272%	42,794
Cashion	0.067764%	150,473
Central Oklahoma MCD—CMO Plan	0.054112%	120,158
Chandler—CMO Plan	0.026433%	58,695
Chelsea	0.083819%	186,124
Chelsea 7/06 New Hires	0.006294%	13,976
Choctaw	0.560343%	1,244,266
Choctaw—CMO Plan	0.012102%	26,873
Chouteau	0.220582%	489,812
Cleveland—CMO Plan	0.008969%	19,916
Cleveland Special Incentive—CMO Plan	0.002656%	5,898
Clinton	0.922236%	2,047,864
Clinton—CMO Plan	0.025796%	57,281
Coalgate	0.164224%	364,666

(Continued)

See Independent Auditors' Report on Other Supplementary Information.

OKLAHOMA MUNICIPAL RETIREMENT FUND

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

June 30, 2011

City	Unit	Fair
	Fair Value Ownership Percentage	Value Ownership
Collinsville—CMO Plan	0.052201%	115,915
Collinsville Special Incentive	0.002358%	5,236
Covington	0.022147%	49,178
Coweta	0.666722%	1,480,485
Coweta—CMO Plan	0.117678%	261,309
Coweta Special Incentive—CMO Plan	0.010123%	22,479
Crescent	0.067400%	149,664
Crescent—CMO Plan	0.013510%	30,000
Cushing—CMO Plan	0.021005%	46,643
Custer City	0.066765%	148,255
Davis—CMO Plan	0.012147%	26,972
Dewey—CMO Plan	0.004920%	10,925
Dover PWA	0.011410%	25,336
Drumright	0.130278%	289,288
Durant	1.667406%	3,702,546
Durant—CMO Plan	0.078946%	175,303
Eakly	0.019987%	44,382
East Duke and DMA	0.012725%	28,256
El Reno—CMO Plan	0.053005%	117,700
Elgin	0.062682%	139,188
Fairview	0.498468%	1,106,869
Fairview—CMO Plan	0.034131%	75,789
Fletcher	0.018386%	40,827
Fort Gibson	0.183469%	407,401
Glencoe and GPWA	0.010436%	23,174
Glenpool	0.129159%	286,803
Glenpool CMO Plan #1	0.046671%	103,635
Glenpool CMO Plan #2	0.027092%	60,159
Goldsby	0.122783%	272,645
Goltry and GPWA	0.023234%	51,592
Goodwell	0.005876%	13,048
Guthrie CMO Plan	0.024602%	54,630

(Continued)

See Independent Auditors' Report on Other Supplementary Information.

OKLAHOMA MUNICIPAL RETIREMENT FUND

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

June 30, 2011

City	Unit Fair Value Ownership Percentage	Fair Value Ownership
Guymon	1.491283%	3,311,457
Guymon CMO DH	0.327277%	726,733
Guymon—CMO Plan	0.018995%	42,179
Harrah	0.083261%	184,884
Harrah—CMO Plan	0.017927%	39,808
Hartshorne	0.141052%	313,212
Haskell	0.213274%	473,584
Healdton—CMO Plan	0.001300%	2,887
Helena	0.038421%	85,316
Hennessey	0.054183%	120,316
Henryetta—CMO Plan	0.000560%	1,244
Hobart	0.345149%	766,418
Hollis	0.204310%	453,679
Hominy	0.379664%	843,060
Hominy—CMO Plan	0.020116%	44,668
Jay	0.326094%	724,105
Jones City & Jones PWA	0.014910%	33,108
Lahoma	0.012422%	27,584
Lone Grove	0.175049%	388,704
Lone Grove—CMO Plan	0.000450%	999
Mangum Utilities—CMO Plan	0.028002%	62,180
Mannford CMO—CM	0.043726%	97,095
Mannford CMO—Dept Heads	0.120169%	266,840
Mannford Special Incentive—CMO Plan	0.004644%	10,312
Mannsville	0.035859%	79,626
Marlow	0.720886%	1,600,758
Marlow—CMO Plan	0.058584%	130,089
Maysville	0.024549%	54,512
McLoud—CMO Plan	0.007260%	16,121
Meeker—CMO Plan	0.004930%	10,947
Midwest City	12.568941%	27,909,868
Morris & Morris PWA	0.003669%	8,147

(Continued)

See Independent Auditors' Report on Other Supplementary Information.

OKLAHOMA MUNICIPAL RETIREMENT FUND

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

June 30, 2011

City	Unit	Fair
	Fair Value Ownership Percentage	Value Ownership
Mounds	0.016019%	35,571
Muskogee	7.880418%	17,498,804
Muskogee—CMO Plan	0.029883%	66,356
Newcastle—CMO Plan	0.012026%	26,704
Nicoma Park	0.074819%	166,139
Noble—CMO Plan	0.038138%	84,687
OK Mun Assurance Group	1.791187%	3,977,407
OK Mun Utility Service Authority	0.143834%	319,390
Okeene—CMO Plan	0.018730%	41,591
Okemah—CMO Plan	0.013339%	29,620
Okmulgee	0.937329%	2,081,379
Okmulgee—CMO Plan	0.063027%	139,954
OMAG—CMO Plan	0.143554%	318,768
OMRF CEO	0.161351%	358,287
OMUSA—CMO Plan	0.043242%	96,021
Owasso	1.175780%	2,610,870
Pauls Valley	0.245440%	545,010
Pauls Valley—CMO Plan	0.036478%	81,001
Pawhuska	0.521878%	1,158,852
Perkins—CMO Plan	0.027599%	61,285
Piedmont	0.149867%	332,786
Piedmont—CMO Plan	0.008440%	18,741
Pocola	0.034350%	76,276
Porum	0.125519%	278,720
Prague	0.254181%	564,420
Prague—CMO Plan	0.006970%	15,477
Sand Springs	4.055462%	9,005,326
Sand Springs—CMO Plan	0.034856%	77,399
Sand Springs Special Incentive	0.011507%	25,552
Sapulpa	0.929228%	2,063,390
Sapulpa Basic—CMO Plan	0.074155%	164,664
Sapulpa Special Incentive—CMO Plan	0.028206%	62,633

(Continued)

See Independent Auditors' Report on Other Supplementary Information.

OKLAHOMA MUNICIPAL RETIREMENT FUND

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

June 30, 2011

City	Unit Fair Value Ownership Percentage	Fair Value Ownership
Sayre	0.261112%	579,810
Sayre—CMO Plan	0.060421%	134,167
Seiling	0.036679%	81,447
Seiling—CMO Plan	0.015070%	33,464
Seminole	0.869696%	1,931,197
Seminole—CMO Plan	0.076189%	169,181
Share Medical Center	0.508348%	1,128,808
Shawnee	0.965719%	2,144,420
Shawnee—CMO Plan—DH	0.221852%	492,632
Skiatook	1.290505%	2,865,621
Skiatook—CMO Plan	0.031792%	70,595
Slaughterville	0.015561%	34,555
Spencer—CMO Plan	0.009430%	20,940
Stephens County Public Safety	0.081723%	181,469
Stillwater	14.070558%	31,244,273
Stillwater—CMO Plan	0.053732%	119,314
Stillwater Medical Center	12.274778%	27,256,667
Stillwater Medical Center—CMO Plan	0.194509%	431,916
Stringtown	0.111530%	247,656
Stroud	0.157344%	349,389
Stroud—CMO Plan	0.004091%	9,084
Sulphur—CMO Plan	0.014774%	32,806
Tecumseh	0.274617%	609,799
Tecumseh—CMO Plan	0.021195%	47,064
Terral	0.013401%	29,758
Texhoma and PWA	0.228055%	506,406
Thackerville	0.006756%	15,002
Tishomingo	0.071733%	159,286
Tishomingo—CMO Plan	0.035728%	79,336
Tuttle—CMO Plan	0.013897%	30,859

(Continued)

See Independent Auditors' Report on Other Supplementary Information.

OKLAHOMA MUNICIPAL RETIREMENT FUND

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

June 30, 2011

City	Unit	Fair
	Fair Value Ownership Percentage	Value Ownership
Valley Brook	0.099866%	221,757
Verdigris	0.010228%	22,712
Warner	0.041155%	91,386
Warr Acres	0.374073%	830,645
Waurika—CMO Plan	0.001161%	2,578
Waynoka	0.142703%	316,878
Waynoka—CMO Plan	0.011359%	25,223
Weatherford	2.883467%	6,402,861
Weleetka	0.024269%	53,890
West Siloam Springs and WSSMTA	0.042758%	94,946
Westville	0.037910%	84,181
Woodward	0.589473%	1,308,950
Woodward—CMO Plan	0.078718%	174,797
Yukon—CMO Plan	0.006581%	14,613
	<u>100.000000%</u>	<u>\$ 222,054,256</u>

This schedule presents the ownership allocation by municipality/hospital of the net assets held in trust for plan benefits as of June 30, 2011.

OKLAHOMA MUNICIPAL RETIREMENT FUND

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

**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 the financial statements of the Oklahoma Municipal Retirement Fund (the "Fund") as of and for the year ended June 30, 2011, and have issued our report thereon dated December 13, 2011, which includes an explanatory paragraph disclaiming an opinion on required supplementary information. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

(Continued)

**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**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Trustees, management, and the State of Oklahoma and is not intended to be and should not be used by anyone other than these specified parties.

Finley & Cook, PLLC

Shawnee, Oklahoma
December 13, 2011