Oklahoma Municipal Retirement Fund

Financial Statements

June 30, 2017 and 2016
(With Independent Auditors' Report Thereon)

FINLEY & COOK
CERTIFIED PUBLIC ACCOUNTANTS

OKLAHOMA MUNICIPAL RETIREMENT FUND

FINANCIAL STATEMENTS

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FINLEY & COOK
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Oklahoma Municipal Retirement Fund

Report on the Financial Statements

We have audited the accompanying financial statements of the Oklahoma Municipal Retirement Fund (the "Fund"), which comprise the statements of fiduciary net position (Defined Benefit and Defined Contribution Plans) as of June 30, 2017 and 2016, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

(Continued)

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the plans (Defined Benefit and Defined Contribution Plans) of the Fund as of June 30, 2017 and 2016, and the respective changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages I-1 through I-8 and the schedule of investment returns on page 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2018, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

Finley + Cook, PLLC

Shawnee, Oklahoma
January 26, 2018

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, 2017 and 2016. Please read it in conjunction with the Fund's financial statements, which begin on page 4.

Financial Highlights—Defined Benefit Plans

	2017	2016
• Fiduciary net position restricted for pension benefits	$ 542,379,412	488,247,370
• Contributions:		
Municipalities/municipal agencies	18,218,333	17,955,895
Employees	6,445,902	6,266,356
• Total investment income	61,422,993	5,726,197
• Benefits, including member refunds	29,414,312	27,878,170
• Withdrawal of municipalities	64,110	-
• Investment expenses	1,420,938	1,386,615
• Administrative expenses	1,055,826	964,685
• Changes in fiduciary net position	54,132,042	(281,022)

Financial Highlights—Defined Contribution Plans

		2017	2016
• Fiduciary net position restricted for plan benefits	$	280,974,644	295,650,265
• Contributions:			
Municipalities/municipal agencies		13,454,560	14,074,911
Employees		6,639,625	6,602,417
• Investment income, net		30,677,407	4,768,236
• Interest income on participant loans		363,772	323,508
• Benefits, including member refunds		20,645,461	21,084,422
• Withdrawal of municipalities		44,235,711	-
• Administrative expenses		929,813	943,768
• Changes in fiduciary net position		(14,675,621)	3,740,882

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

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

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

The required supplementary information consists of management's discussion and analysis and a schedule of investment returns.

CONDENSED FINANCIAL INFORMATION COMPARING THE CURRENT YEAR TO THE PRIOR YEAR

Defined Benefit Fiduciary Net Position

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

	2017	2016	% Increase (Decrease)
Cash and short-term investments	$ 8,660,806	4,802,231	80.35%
Investments, at fair value	533,115,188	483,466,456	10.27%
Securities lending collateral	-	2,998,619	N/A
Receivables	1,401,658	1,098,721	27.57%
Total assets	543,177,652	492,366,027	10.32%
Liabilities	798,240	4,118,657	(80.62)%
Fiduciary net position	$ 542,379,412	488,247,370	11.09%

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 notes to the financial statements.

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

Defined Benefit Changes in Fiduciary Net Position

The following table summarizes the changes in fiduciary net position between fiscal years 2017 and 2016 and the % changes in the balances:

	2017	2016	% Increase (Decrease)
Additions			
Contributions	$ 24,664,235	24,222,251	1.82%
Net investment income	60,002,055	4,339,582	1282.67%
Total additions	84,666,290	28,561,833	196.43%
Deductions			
Benefits, including member refunds	29,414,312	27,878,170	5.51%
Withdrawal of municipalities	64,110	-	N/A
Administrative expenses	1,055,826	964,685	9.45%
Total deductions	30,534,248	28,842,855	5.86%
Changes in fiduciary net position	$ 54,132,042	(281,022)	19362.56%

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

Defined Contribution Fiduciary Net Position

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

	2017	2016	% Increase (Decrease)
Cash and short-term investments	$ 105,217	60,373	74.28%
Investments, at fair value	274,046,117	286,288,801	(4.28)%
Participant loans	7,867,114	9,455,271	(16.80)%
Receivables	657,191	642,804	2.24%
Total assets	282,675,639	296,447,249	(4.65)%
Liabilities	1,700,995	796,984	113.43%
Fiduciary net position	$ 280,974,644	295,650,265	(4.96)%

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 notes to the financial statements.

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

Defined Contribution Changes in Fiduciary Net Position

The following table summarizes the changes in fiduciary net position between fiscal years 2017 and 2016 and the % changes in the balances:

	2017	2016	% Increase (Decrease)
Additions			
Contributions	$ 20,094,185	20,677,328	(2.82)%
Net investment income	30,677,407	4,768,236	543.37%
Interest income on participant loans	363,772	323,508	12.45%
Total additions	51,135,364	25,769,072	98.44%
Deductions			
Benefits, including member refunds	20,645,461	21,084,422	(2.08)%
Withdrawal of municipalities	44,235,711	-	N/A
Administrative expenses	929,813	943,768	(1.48)%
Total deductions	65,810,985	22,028,190	198.76%
Changes in fiduciary net position	$ (14,675,621)	3,740,882	(492.30)%

ANALYSIS OF THE OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

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

Although each municipality's plan is funded separately, all assets for the DB plans are combined for investment purposes. The funds are invested for conservative long-term growth. All assets are held in a trust fund, and the Fund's Board of Trustees retains professional investment managers to invest the funds. The DC plans are also combined for investment purposes; however, the Fund provides several investment alternatives with varying degrees of risk and reward. These alternatives provide Participants the ability to select a combination of investments to best meet their individual objectives, whether they are just beginning their careers or are close to retirement. Therefore, we will not show the Fund's net yield on its average assets for the year ended June 30, 2017 or 2016, for the DC plan because the returns are solely based on each Participant's investment selection.

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

	2017	2016
Fund's yield on average assets	12.96%	1.29%
S&P 500 yield	17.90%	3.99%
Bloomberg Barclays Capital U.S. Aggregate yield	(0.31)%	6.00%

Total benefit payments increased for the DB plans and decreased for the DC plans 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 commingled funds and 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.

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 approximately $826 million in assets and a wide range of diversity of investments, the Fund has the financial resources to maintain its current investment strategies while continuing to review other investment options to benefit its members.

During the year, five new plans were established; three of those were new members to the Fund and two were current members that added an additional plan. There was a total of three plan terminations: one DB plan and two DC plans. The DC plan terminations were with one municipal agency and resulted in a significant withdrawal.

No other items are known by management to have a significant impact on the operations or financial position of the Fund as of January 26, 2018.

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, ℅ Oklahoma Municipal Retirement Fund, 1001 NW 63rd Street, Suite 260, Oklahoma City, OK 73116.

OKLAHOMA MUNICIPAL RETIREMENT FUND

**STATEMENTS OF FIDUCIARY NET POSITION—
DEFINED BENEFIT PLANS**

June 30,	*2017*	*2016*
Assets		
Cash and short-term investments	$ 8,660,806	4,802,231
Investments, at fair value:		
Fixed income securities	155,797,273	146,357,341
Equity securities—domestic	182,123,272	170,304,752
Equity securities—international	112,885,151	91,805,116
Equity securities—real estate	1,087,650	234,068
Alternative investments	49,134,121	44,433,839
Real estate	32,087,721	30,331,340
Total investments, at fair value	533,115,188	483,466,456
Securities lending collateral	-	2,998,619
Receivables:		
Contributions receivable from municipalities/municipal agencies	661,715	533,459
Contributions receivable from employees	279,576	204,909
Accrued interest and dividends receivable	272,344	48,612
Due from broker	188,023	311,741
Total receivables	1,401,658	1,098,721
Total assets	543,177,652	492,366,027
Liabilities		
Payable to participants	352,196	785,771
Due to broker	446,044	334,267
Securities lending collateral payable	-	2,998,619
Total liabilities	798,240	4,118,657
Fiduciary net position restricted for pension benefits	**$ 542,379,412**	**488,247,370**

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

OKLAHOMA MUNICIPAL RETIREMENT FUND

**STATEMENTS OF FIDUCIARY NET POSITION—
DEFINED CONTRIBUTION PLANS**

June 30,	*2017*	*2016*
Assets		
Cash and short-term investments	$ 105,217	60,373
Investments, at fair value:		
Fixed income securities	51,732,858	58,548,323
Equity securities—domestic	62,328,436	61,045,431
Equity securities—international	12,202,285	10,555,281
Target date funds	147,410,109	156,139,766
Real assets	372,429	-
Total investments, at fair value	274,046,117	286,288,801
Participant loans	7,867,114	9,455,271
Receivables:		
Contributions receivable from municipalities/ municipal agencies	500,418	458,965
Contributions receivable from employees	156,773	183,839
Total receivables	657,191	642,804
Total assets	282,675,639	296,447,249
Liabilities		
Payable to participants	1,700,995	796,984
Total liabilities	1,700,995	796,984
Fiduciary net position restricted for plan benefits	**$ 280,974,644**	**295,650,265**

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

OKLAHOMA MUNICIPAL RETIREMENT FUND

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION— DEFINED BENEFIT PLANS

Years Ended June 30,	*2017*	*2016*
ADDITIONS		
Contributions:		
Municipalities/municipal agencies	$ 18,218,333	17,955,895
Employees	6,445,902	6,266,356
Total contributions	24,664,235	24,222,251
Investment income:		
Interest and dividends	4,575,369	3,666,318
Net appreciation in fair value of investments	56,847,624	2,059,879
Total investment income	61,422,993	5,726,197
Less investment expense	1,420,938	1,386,615
Net investment income	60,002,055	4,339,582
Total additions	84,666,290	28,561,833
DEDUCTIONS		
Benefits, including member refunds	29,414,312	27,878,170
Withdrawal of municipalities	64,110	-
Administrative expenses	1,055,826	964,685
Total deductions	30,534,248	28,842,855
Changes in fiduciary net position	**54,132,042**	**(281,022)**
Fiduciary net position restricted for pension benefits, beginning of year	488,247,370	488,528,392
Fiduciary net position restricted for pension benefits, end of year	**$ 542,379,412**	**488,247,370**

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

OKLAHOMA MUNICIPAL RETIREMENT FUND

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION—
DEFINED CONTRIBUTION PLANS

Years Ended June 30,	*2017*	*2016*
ADDITIONS		
Contributions:		
Municipalities/municipal agencies	$ 13,454,560	14,074,911
Employees	6,639,625	6,602,417
Total contributions	20,094,185	20,677,328
Net investment income	30,677,407	4,768,236
Interest income on participant loans	363,772	323,508
Total additions	51,135,364	25,769,072
DEDUCTIONS		
Benefits, including member refunds	20,645,461	21,084,422
Withdrawal of municipalities	44,235,711	-
Administrative expenses	929,813	943,768
Total deductions	65,810,985	22,028,190
Changes in fiduciary net position	**(14,675,621)**	**3,740,882**
Fiduciary net position restricted for plan benefits, beginning of year	295,650,265	291,909,383
Fiduciary net position restricted for plan benefits, end of year	**$ 280,974,644**	**295,650,265**

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

(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. The Northern Trust Company ("NT") acts as securities custodian for the defined benefit plans and Voya Financial acts as securities custodian for the defined contribution plans. 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 during the year are as follows:

Manager	Style	Type
Defined Benefit		
Artisan Funds, Inc.	Active	Commingled Fund
BlackRock Financial Management, Inc.	Active	Collective Trust Fund
Conway Investment Research, LLC	Active	Conduit for Private Investment Funds
Goldman Sachs Trust Financial Square Fund*	Active	Mutual Fund
Guggenheim Onshore Access Fund, LLC*	Active	Conduit for Private Investment Funds
Harding Loevner, LP	Active	Collective Trust Fund
INTECH Investment Management, LLC	Active	Separate Account Manager
Investec Asset Management North America, Inc.	Active	Collective Trust Fund
JPMorgan Asset Management	Active	Commingled Funds and Collective Trust Fund
Northern Trust Investments, Inc.	Active	Mutual Fund
Pioneer Institutional Asset Management, Inc.	Active	Collective Trust Fund
River Road Asset Management, LLC	Active	Separate Account Manager
State Street Global Advisors	Passive	Collective Trust Fund
TimesSquare Capital Management, LLC	Active	Separate Account Manager
WCM Investment Management	Active	Limited Partnership for Private Placement

*As of June 30, 2017, the Fund no longer utilized these investment managers.

See Independent Auditors' Report.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Description of the Fund, Continued

Manager	Style	Type
Defined Contribution		
Artisan Funds, Inc.	Active	Mutual Fund
Fred Alger Management, Inc.	Active	Collective Trust Fund
Harding Loevner, LP	Active	Collective Trust Fund
Integrity Asset Management	Active	Mutual Fund
JPMorgan Asset Management	Active	Collective Trust Fund
PIMCO Collective Investment Trust	Active	Collective Trust Fund
Pioneer Institutional Asset Management, Inc.	Active	Collective Trust Fund
State Street Global Advisors	Passive	Collective Trust Fund
TimesSquare Capital Management, LLC	Active	Mutual Fund
Vanguard Institutional Asset Management	Active	Mutual Fund
Voya Financial	Active	Annuity Contract Fund

There were 220 and 217 member municipalities in the Fund at June 30, 2017 and 2016, respectively. The members use a defined benefit plan, a defined contribution plan, or a combination of plans. As of June 30, 2017, there was a total of 338 plans administered by the Fund, which included 133 defined benefit plans and 205 defined contribution plans. As of June 30, 2016, there was a total of 336 plans administered by the Fund, which included 133 defined benefit plans and 203 defined contribution plans.

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

	Plans with Actuarial Information at	
	July 1, 2017	July 1, 2016
Retirees and beneficiaries currently receiving benefits, and terminated employees entitled to benefits but not yet receiving them	2,242	2,361
	July 1, 2016*	July 1, 2015*
Active participants:		
Vested	1,687	1,731
Nonvested	2,174	2,180
	3,861	3,911

* This was the most current information available on active participants as of the audit report date.

See Independent Auditors' Report.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Description of the Fund, Continued

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, 2016*	July 1, 2015*
Retiree only participants currently receiving benefits	181	76

* This was the most current information available on retiree only participants as of the audit report date.

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

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

Defined Benefit Plans

- Members participating in a defined benefit plan become 100% vested in retirement benefits earned to date according to the plan option elected by the municipality. Vesting can occur after 5 years, 7 years, or 10 years, depending on the election made. Participants are eligible for normal retirement at their normal retirement age, which is generally the latter of age 65 or becoming vested. If elected by members, normal retirement could be as early as age 55, 60, or 62, with various service requirements. Early retirement benefits are available at reduced amounts as early as age 55. The normal retirement benefit is equal to an elected percentage of final compensation for each year of credited service. Final compensation is defined as the average salary for the highest 60 consecutive months out of the last 10 years of the participant's employment.*

- A member is eligible for disability benefits upon becoming disabled and vested.

- On non-hybrid municipalities, upon separation from the Fund, nonvested defined benefit members' contributions are refundable in addition to a 6% return on their contributions. On hybrid municipalities, upon separation from the Fund, nonvested defined benefit members' contributions are refundable in addition to real investment returns/losses on their contributions.

See Independent Auditors' Report.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Description of the Fund, Continued

Defined Benefit Plans, Continued

- The monthly employer contribution requirement for each municipality participating in one of the defined benefit plans is based upon a percentage of employees' compensation. The percentage for each municipality is computed every year by the Fund's actuary, pursuant to an actuarial cost method which consists of the actuarially computed normal costs and the interest on any unfunded past service costs amortized over a fixed 30-year period, which began the later of July 1, 2013, or the first amortization date after joining the Fund.

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*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.

Deferred Retirement Option Program (DROP)—Included in the defined benefit plans at June 30, 2017 and 2016, were balances of approximately $84,000 and $131,000, respectively, in the DROP. One member city with a total of two participants has adopted the DROP program. The terms for the DROP are as follows:

> An individual participant within one year of their normal retirement date may elect the DROP in lieu of terminating employment; DROP payments are in lieu of and not in addition to any other benefit provisions; no payments shall be made to the participant during the DROP period of 5 years; no additional retirement benefits accrue during the DROP period; participant contributions cease as of the effective date of the DROP; and interest of 3% per annum shall be credited to the participant's DROP balance.

Retiree Medical Plans—Defined benefit plan employers can offer an additional Retiree Medical Program. This plan assists retirees with insurance premium expenses. As of June 30, 2017 and 2016, three municipalities offered this program and net assets totaling $631,000 and $553,000, respectively, were included in the defined benefit plans.

Defined Contribution Plans

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Description of the Fund, Continued

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 ordinance approved 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.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting, under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period in which they are earned and become measurable, and investment purchases and sales are recorded as of their trade date. The financial statements are in conformity with provisions of Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25* (GASB 67).

Income Taxes

The Fund is exempt from federal and state income taxes.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 Board of Trustees reviews and updates the investment policy at least annually, making changes deemed necessary to achieve policy goals.

Investment Allocation Policy—The Board of Trustees has adopted the asset allocation policy shown below for Fund assets. Target percentages have been determined for each asset class, along with allocation ranges. Percentage allocations are intended to serve as guidelines; the Board of Trustees will not be required to remain strictly within the designated ranges. Market conditions or an investment transition by asset class or manager may require an interim investment strategy and, therefore, result in a temporary imbalance from the target allocation ranges in the asset mix. Figures below reflect percentages of total assets.

Defined Benefit Assets:

Asset Class	Minimum	Target	Maximum	Benchmark
Large cap equity	20%	25%	30%	S&P 500 Index
Small/mid cap equity	5%	10%	15%	Russell 2500 Index, Russell 2000 Index
Non-U.S. equity	10%	20%	30%	MSCI ACWI ex-U.S. index
Alternative investments	5%	10%	15%	MSCI ACWI Index
Fixed income	25%	30%	35%	Bloomberg Barclays Capital U.S. Aggregate Bond Index
Real estate	0%	5%	10%	NCREIF Property Index

Defined Contribution Assets:

Growth & Value Fund	Minimum	Target	Maximum	Benchmark
Vanguard Windsor II	20%	25%	30%	Russell 1000 Value Index
Vanguard Total Stock Index	45%	50%	55%	S&P 500 Index
Fred Alger Capital Appreciation	20%	25%	30%	Russell 1000 Growth Index

See Independent Auditors' Report.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investments, Continued

Investment Allocation Policy—Continued

Defined Contribution Assets, Continued:

Aggressive Equity Fund	Minimum	Target	Maximum	Benchmark
Integrity Small Cap Value	20%	25%	30%	Russell 2000 Value Index
SSgA Russell Small Cap Completeness Index	45%	50%	55%	Russell Small Cap Completeness Index
TimesSquare Small Cap Growth	20%	25%	30%	Russell 2000 Growth Index

International Equity Fund	Minimum	Target	Maximum	Benchmark
Artisan International Value	20%	25%	30%	MSCI EAFE Index
SSgA Global Equity ex-U.S.	20%	25%	30%	MSCI ACWI ex-U.S. Index
Harding Loevner International	20%	25%	30%	MSCI ACWI ex-U.S. Index
Harding Loevner Emerging Markets Equity	20%	25%	30%	MSCI Emerging Markets Index

Total Yield Bond Fund	Minimum	Target	Maximum	Benchmark
JPMorgan Core Bond	45%	50%	55%	Bloomberg Barclays Capital U.S. Aggregate Bond Index
Pioneer Opportunistic Core Plus	20%	25%	30%	Bloomberg Barclays Capital Universal Bond Index
BlackRock Strategic Income Opportunities	20%	25%	30%	US T-Bills +4%

See Independent Auditors' Report.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investments, Continued

Significant Investment Policy Changes Made During the Year—During the year ended June 30, 2017, the Board of Trustees added an allocation for BlackRock Strategic Income Opportunities of 20%–30% and changed the allocation for Pioneer Opportunistic Core Plus from 45%–55% to 20%–30%. During the year ended June 30, 2016, the Board of Trustees for the defined benefit plan removed and renamed the international developed equity and the emerging markets asset classes to the non-U.S. equity asset class, with an allocation range of 10%–30%. Additionally, with the custodian changing from JPMorgan to Voya Financial for the defined contribution plans, investment policy changes were made.

Rate of Return—For the years ended June 30, 2017 and 2016, the annual money-weighted rate of return on defined benefit assets, net of pension plan investment expense, was 12.36% and 0.89%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Method Used to Value Investments—Investments are stated at fair value.

Generally accepted accounting principles establish a fair value hierarchy for the determination and measurement of fair value. This hierarchy is based on the type of valuation inputs needed to measure the fair value of an asset. The hierarchy generally is as follows:

Level 1—Unadjusted quoted prices in active markets for identical assets.

Level 2—Quoted prices for similar assets, inputs that are observable, or other forms of market corroborated inputs.

Level 3—Pricing based on best available information, including primarily unobservable inputs and assumptions market participants would use in pricing the asset.

In addition to the above three levels, if an investment does not have a readily determined fair value, the investment can be measured using the net asset value (NAV) per share (or its equivalent). Investments valued at NAV are categorized as NAV and not listed as Level 1, 2, or 3.

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.

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, 2017 and 2016.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investments, Continued

Method Used to Value Investments—Continued

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, 2017 or 2016.

The investment policy limits the concentration of each portfolio manager. No direct investment in any one organization represents 5% or more of the total investments of each plan.

At June 30, 2017 and 2016, the Fund's investments included short-term investments of $44,883 and $11,393, 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.

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make significant estimates and assumptions that affect the reported amounts of net position restricted for benefits at the date of the financial statements. Actual results could differ from those estimates.

Risks and Uncertainties

Contributions to the Fund 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.

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. Employee costs are paid through the Trust Administrative Account, which is detailed in Note 5.

The employees' defined benefit retirement plan is through the Fund. The Fund adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* (GASB 68), as of July 1, 2014, as it applies to its retirement plan. The net pension liability of its retirement plan as of the measurement dates of July 1, 2016 and 2015, was $317,281 and $222,207, respectively, with no material impact on the Fund's financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recent Accounting Pronouncements

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). GASB 75 addresses employer and governmental non-employer contributing entities' accounting and financial reporting when participating in an other postemployment benefit (OPEB) plan. This statement requires proper recognition of OPEB liabilities by employers and requires a more comprehensive measure of OPEB expense. More robust disclosures will also improve transparency and accountability. GASB 75 is effective for financial statements for the periods beginning after June 15, 2017. The Fund will adopt GASB 75 effective July 1, 2017, for the June 30, 2018, reporting year. The Fund does not expect GASB 75 to have a significant impact on the Fund's financial statements.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures* (GASB 77). GASB 77 provides financial reporting and disclosure guidance to governments that have either entered into tax abatement agreements or that have revenues affected by tax abatements entered into by another government. Governments will generally use tax abatements to encourage specific economic development that benefit either the government or its citizens by forgoing certain taxes. The Fund adopted this statement on July 1, 2016. The Fund had no items to be reported and the adoption had no significant impact on the Fund's financial statements.

In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* (GASB 78). GASB 78 addresses an issue that arose as a result of the employer reporting for pension plans under GASB 68, *Accounting and Financial Reporting for Pensions*. Certain state and local governments participate in a cost-sharing multi-employer pension plan that (1) is not a state or local governmental plan, (2) provides defined benefits both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer. This Statement establishes the requirements for recognition, reporting, disclosures, and required supplementary information for governmental employers that provide pensions through pension plans with the above-mentioned characteristics. The Fund adopted this statement on July 1, 2016. The adoption had no significant impact on the Fund's financial statements.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units* (GASB 80). GASB 80 amends blending requirements for the financial statements of component units to include criteria requiring blending of a component unit organized as a not-for-profit corporation in which the primary government is the sole corporate member. The Fund adopted this statement on July 1, 2016. The adoption had no significant impact on the Fund's financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recent Accounting Pronouncements, Continued

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements* (GASB 81). GASB 81 provides recognition and measurement guidance for situations in which a government is one of the beneficiaries of an irrevocable split-interest agreement. Irrevocable split-interest agreements are a type of giving by a donor to provide resources to two or more beneficiaries, including governments. GASB 81 provides the recognition and reporting requirements applicable when a government is one of the parties to such an agreement. The Fund will adopt GASB 81 effective July, 1 2017, for the June 30, 2018, reporting year. The Fund does not expect GASB 81 to have a significant impact on the financial statements.

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83). GASB 83 provides accounting and reporting requirements for certain asset retirement obligations (ARO's) that arise from legally enforceable liabilities associated with the retirement of certain tangible capital assets. ARO's require an internal and external obligating event and the costs to be reasonably estimable for the incurrence of such a liability. The Fund will adopt GASB 83 effective July 1, 2018, for the June 30, 2019, reporting year. The Fund does not expect GASB 83 to have a significant impact on the financial statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities* (GASB 84). GASB 84 improves guidance regarding the recognition and reporting of fiduciary activities. GASB 84 identifies four types of reportable fiduciary fund types, including 1) pension (and other employee benefit) trust funds, 2) investment trust funds, 3) private-purpose trust funds, and 4) custodial funds. GASB 84 outlines the accounting and disclosure requirements for operating structures that qualify as a fiduciary activity. The Fund will adopt GASB 84 effective July 1, 2019, for the June 30, 2020, reporting year. The Fund does not expect GASB 84 to have a significant impact on the financial statements.

In March 2017, GASB issued Statement No 85, *Omnibus 2017* (GASB 85). GASB 85 clarified several practice issues identified during the application of earlier GASB pronouncements. GASB 85 addresses topics including the blending of component units, goodwill and negative goodwill, fair value measurement and application, employer accounting and reporting for pensions and OPEB, and reporting by OPEB plans. The Fund will adopt GASB 85 on July 1, 2017, for the June 30, 2018, reporting year. The Fund does not expect GASB 85 to have a significant impact on the financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recent Accounting Pronouncements, Continued

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues* (GASB 86). GASB 86 provides guidance regarding the in-substance defeasance of debt. Normally, a government will issue new debt at favorable rates and place the proceeds in trust to eliminate the liability of an existing debt. GASB 86 provides accounting and reporting guidance for situations where a government irrevocably sets aside cash and other assets to defease an existing debt. Guidance also addresses prepaid insurance related to extinguished debt and the financial valuation and disclosure of other assets used to defease debt. The Fund will adopt GASB 86 on July 1, 2017, for the June 30, 2018, reporting year. The Fund does not expect GASB 86 to have a significant impact on the financial statements.

In June 2017, GASB issued Statement No. 87, *Leases* (GASB 87). GASB 87 defines a lease as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. GASB 87 improves accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The Fund has not determined the impact of GASB 87 on the financial statements.

Reclassification of Prior Year Amounts

Certain amounts for 2016 have been reclassified to make them comparable with the 2017 presentation. These reclassifications did not impact previously reported fiduciary net position or changes in fiduciary net position.

Date of Management's Review of Subsequent Events

The Fund has evaluated subsequent events through January 26, 2018, the date that the financial statements were available to be issued.

(2) CASH AND INVESTMENTS

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

	2017	
	Defined Benefit Plans	Defined Contribution Plans
Cash on deposit with custodial agent:		
U.S. currency deposits	$ 8,660,806	60,334
Short-term investments	-	44,883
	$ 8,660,806	105,217

	2016	
	Defined Benefit Plans	Defined Contribution Plans
Cash on deposit with custodial agent:		
U.S. currency deposits	$ 4,790,838	60,373
Short-term investments	11,393	-
	$ 4,802,231	60,373

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

See Independent Auditors' Report.

(2) CASH AND INVESTMENTS, CONTINUED

During 2017 and 2016, the Fund's defined benefit investments, including investments bought, sold, as well as held during the year, appreciated (depreciated) in value as follows:

2017	Defined Benefit Plans
Unrealized appreciation:	
Debt securities	$ 5,782,064
Equity securities	35,333,881
Net unrealized appreciation	41,115,945
Net realized appreciation	15,731,679
Net appreciation in fair value of investments	$ 56,847,624

2016	Defined Benefit Plans
Unrealized appreciation:	
Debt securities	$ 4,109,427
Equity securities	1,281,671
Net unrealized appreciation	5,391,098
Net realized depreciation	(3,331,219)
Net appreciation in fair value of investments	$ 2,059,879

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

The Fund's defined contribution investments reflected net investment income of $30,677,407 and $4,768,236 for the years ended June 30, 2017 and 2016, respectively. A more detailed breakdown of the net investment income is not available.

See Independent Auditors' Report.

(2) CASH AND INVESTMENTS, CONTINUED

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

Description	Fair Value 2017	Fair Value 2016	
Defined Benefit Plans:			
JPMorgan Core Bond Fund	$ 79,665,238	83,034,810	
Pioneer Multi-Sector Fixed Income Fund	40,632,036	63,322,531	
WCM Focused International Growth Fund	28,513,494	24,531,712	
State Street Global Advisors S&P 500 Flagship Fund	107,465,472	105,531,094	
Conway Investment Research, LLC (formerly Guggenheim Hedge Funds, Long Short)	49,134,121	44,433,839	
BlackRock Strategic Income Opportunity Fund	35,499,999	-	*
CF Harding Loevner Emerging Markets	27,035,279	-	*
Investec International Dynamic Fund	29,052,577	-	*
Defined Contribution Plans:			
Voya Fixed Plus III Fund	35,398,077	37,513,967	
State Street Global Advisors Target Retirement Income Fund	22,686,435	26,417,915	
State Street Global Advisors Target Retirement 2020	32,542,136	33,450,466	
State Street Global Advisors Target Retirement 2025	31,580,343	32,384,360	
State Street Global Advisors Target Retirement 2030	19,604,289	20,788,802	
State Street Global Advisors Target Retirement 2035	14,977,394	15,992,709	
State Street Global Advisors S&P 500 Flagship Fund	22,887,438	21,684,677	

*Investment did not represent 5% or more of the Plan's net position at indicated year-end.

See Independent Auditors' Report.

(2) CASH AND INVESTMENTS, CONTINUED

Custodial Credit Risk

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

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.

(2) CASH AND INVESTMENTS, CONTINUED

Foreign Currency Risk, Continued

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

Currency	2017 Defined Benefit Plans	2017 Defined Contribution Plans	2016 Defined Benefit Plans	2016 Defined Contribution Plans
U.S. dollar*	$ 2,103,673	-	4,913,942	-
Commingled funds and collective trust funds*	110,781,478	12,202,285	86,891,174	10,555,281
	$ 112,885,151	12,202,285	91,805,116	10,555,281

* Represents international investments traded in U.S. dollars.

At June 30, 2017 and 2016, commingled funds and collective trust funds were made up of the following:

- Artisan International Value Institutional Fund—The investment objective of the fund is maximum long-term capital growth. The fund employs a fundamental investment process to construct a diversified portfolio of stocks of undervalued non-U.S. companies of all sizes. Under normal market conditions, the fund invests no less than 80% of its total assets (excluding cash and cash equivalents), measured at market value at the time of purchase, in common stocks and other equity and equity-linked securities of non-U.S. companies. The fund invests primarily in developed markets but may also invest in emerging and less developed markets.

- State Street Global Advisors Global Equity Ex-U.S. Index Fund—The investment objective of the fund is to seek an investment return that approximates as closely as practicable, before expenses, the performance of its benchmark index, the MSCI ACWI with the exception of the United States Index (the "index"), over the long term. The fund is managed using a passive or indexing investment approach by which SSgA attempts to match, before expenses, the performance of the index. SSgA typically invests in the securities comprising the index in approximately the same proportions as they are represented in the index.

(2) CASH AND INVESTMENTS, CONTINUED

Foreign Currency Risk, Continued

- WCM Focused International Growth Fund LP—The investment objective of the fund is to seek long-term capital appreciation by investing primarily in equity securities of non-U.S. domiciled companies or depository receipts of non-U.S. domiciled companies. The funds' investments in equity securities may include common stocks, preferred stocks and warrants, but may also invest in emerging markets.

- Harding Loevner Emerging Markets Collective Investment Trust Fund—The investment objective of the fund is to seek superior long-term returns from a portfolio of well-managed, financially strong companies in growing businesses that have clear competitive advantage. The fund will invest in equity securities of companies based in emerging markets and normally hold 50–80 investments in at least 15 countries. To reduce volatility, the fund will be diversified.

- Harding Loevner International Equity Portfolio Fund—The investment objective of the fund is to seek long-term capital appreciation through investments in equity securities of companies based outside of the United States.

- Investec Global Select LLC Investec International Dynamic Equity Fund—The investment objective of this fund is to achieve long-term capital growth primarily through investment in the equity securities of companies in all economic sectors in any part of the world except the U.S. At least two-thirds of the fund's assets will be invested in equities of companies domiciled in Europe, Australia, Asia, and Latin America.

(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 overall portfolio to maintain an average credit quality of BBB- or better. Exposure to credit risk as of June 30 was as follows:

	2017				
		Defined Benefit Plans		Defined Contribution Plans	
Investment Type	Standard & Poor's Ratings (Unless Noted)	Fair Value	Fair Value as a Percent of Total Fixed Maturity Fair Value	Fair Value	Fair Value as a Percent of Total Fixed Maturity Fair Value
Collective trust funds:					
Voya Fixed Plus III Fund[1]	Not Rated	$ -	N/A	35,398,077	68.42%
JPMorgan Core Bond Fund[2]	Not Rated	79,665,238	51.13%	3,154,822	6.10%
Pioneer Multi-Sector Fixed Income Fund[3]	Not Rated	40,632,036	26.08%	3,151,241	6.09%
State Street Global Advisors U.S. Bond Index Fund[4]	Not Rated	-	N/A	10,028,718	19.39%
BlackRock Strategic Income Opportunity Fund[5]	Not Rated	35,499,999	22.79%	-	N/A
Total fixed income securities		$ 155,797,273	100.00%	51,732,858	100.00%

[1] The Voya Fixed Plus III Fund is intended to be a long-term investment for participants seeking stability of principal. At June 30, 2017, the Voya Fixed Plus III Fund was weighted as follows: 42% U.S. Corporate public and private, 19% international corporate public and private, 29% real estate and mortgage-backed securities, 5% treasuries, and 5% other.

(Continued)

(2) CASH AND INVESTMENTS, CONTINUED

Credit Risk, Continued

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[2] The JPMorgan Core Bond Fund invests primarily in a diversified portfolio of intermediate-term and long-term debt securities. The fund is designed to maximize total return by investing in a portfolio of investment grade intermediate and long-term debt securities. As part of its main investment strategy, the fund may principally invest in corporate bonds, U.S. Treasury obligations and other U.S. government and agency securities, and asset-backed, mortgage-related and mortgage-backed securities. At June 30, 2017, the fund was weighted as follows: 19.2% treasuries, 34.3% mortgage-backed securities, 25.6% corporation credits, 7.7% asset backed, 13.2% all others. As part of its main investment strategy, the fund may principally invest in corporate bonds, U.S. treasury obligations, and other U.S. government and agency securities, and asset-backed, mortgage-related and mortgage-backed securities.

[3] At June 30, 2017, the Pioneer Multi-Sector Fixed Income Fund was weighted as follows: 22.8% agency mortgage-backed securities, 16% U.S. investment grade, 9.1% non-agency, 10% emerging market, 7.7% international investment grade, 7.5% bank loans, 3.6% commercial mortgage-backed securities, 10% U.S. high yield, and 13.3% all others. The fund's strategy is an active, value driven multi-sector fixed income strategy that invests across a broad range of global fixed income asset classes. The fund expects to produce higher returns than a U.S. core investment grade strategy while working to limit volatility, due to the diversification benefits of less correlated non-investment grade and global fixed income sectors. Asset allocation and security selection are primary alpha sources, with contributions from interest rate and currency factors.

[4] As of June 30, 2017, the State Street Global Advisors U.S. Bond Index Fund was weighted as follows: 36.6% treasuries, 28.0% mortgage-backed securities, 23.4% corporates, 5.2% non-corporates, 2.0% agencies, and 4.8% other. The fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the Barclays Capital U.S. Aggregate Bond Index over the long term.

[5] Under normal market conditions, the BlackRock Strategic Income Opportunity Fund will invest in a combination of fixed income securities, including but not limited to: high yield securities, international securities, emerging markets debt and mortgages. Depending on market conditions, the Fund may invest in other market sectors, like preferred securities, illiquid securities, exchange-traded funds ("ETFs"), including affiliated ETFs, corporate loans, engage in short sales for hedging purposes or to enhance total return. As of June 30, 2017, the fund was weighted as follows: 21.4% emerging markets, 13.2% net derivatives, 13.0% investment grade index credit derivatives, 9.6% non U.S. credit related, 7.8% non-agency mortgages, 7.7% high yield, and all others 27.3%.

(2) CASH AND INVESTMENTS, CONTINUED

Credit Risk, Continued

		2016			
		Defined Benefit Plans		Defined Contribution Plans	
Investment Type	Standard & Poor's Ratings (Unless Noted)	Fair Value	Fair Value as a Percent of Total Fixed Maturity Fair Value	Fair Value	Fair Value as a Percent of Total Fixed Maturity Fair Value
Collective trust funds:					
Voya Fixed Plus III Fund[(1)]	Not Rated	$ -	N/A	37,513,966	64.07%
JPMorgan Core Bond Fund[(2)]	Not Rated	83,034,810	56.73%	3,826,322	6.54%
Pioneer Multi-Sector Fixed Income Fund[(3)]	Not Rated	63,322,531	43.27%	3,846,210	6.57%
State Street Global Advisors U.S. Bond Index Fund[(4)]	Not Rated	-	N/A	13,361,825	22.82%
Total fixed income securities		$ 146,357,341	100.00%	58,548,323	100.00%

(1) The Voya Fixed Plus III Fund is intended to be a long-term investment for participants seeking stability of principal. At June 30, 2016, the Voya Fixed Plus III Fund was weighted as follows: 43% U.S. Corporate public and private, 20% international corporate public and private, 26% real estate and mortgage-backed securities, 5% treasuries, and 6% other.

(2) The JPMorgan Core Bond Fund invests primarily in a diversified portfolio of intermediate-term and long-term debt securities. The fund is designed to maximize total return by investing in a portfolio of investment grade intermediate-term and long-term debt securities. As part of its main investment strategy, the fund may principally invest in corporate bonds, U.S. Treasury obligations and other U.S. government and agency securities, and asset-backed, mortgage-related and mortgage-backed securities.

(Continued)

(2) CASH AND INVESTMENTS, CONTINUED

Credit Risk, Continued

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(3) At June 30, 2016, the Pioneer Multi-Sector Fixed Income Fund was weighted as follows: 18.7% agency mortgage-backed securities, 12.9% U.S. investment grade, 7.4% non-agency, 12.0% emerging market, 6.6% international investment grade, 10.0% bank loans, 4.0% commercial mortgage-backed securities, 14.3% U.S. high yield, and 14.1% all others. The fund's strategy is an active, value driven multi-sector fixed income strategy that invests across a broad range of global fixed income asset classes. The fund expects to produce higher returns than a U.S. core investment grade strategy while working to limit volatility, due to the diversification benefits of less correlated non-investment grade and global fixed income sectors. Asset allocation and security selection are primary alpha sources, with contributions from interest rate and currency factors.

(4) As of June 30, 2016, the State Street Global Advisors U.S. Bond Index Fund was weighted as follows: 36.7% treasuries, 27.9% mortgage-backed securities, 23.4% corporates, 5.5% non-corporates, 2.4% agencies, and 4.1% other. The fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the Barclays Capital U.S. Aggregate Bond Index over the long term.

(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 ± 25% of their benchmark and core plus fixed income managers' maximum deviation shall remain within ± 30% of their benchmark. As of June 30, the Fund had the following fixed income investments with maturities:

	2017					
	Investment Maturities at Fair Value (in Years)					
	Less than 1	1 or More, Less than 5	5 or More, Less than 10	10 or More	Commingled Funds with No Duration	Total Fair Value
Defined benefit plans:						
Fixed income securities—collective trust funds	$ -	-	-	-	155,797,273	155,797,273
Total defined benefit plans	$ -	-	-	-	155,797,273	155,797,273
Defined contribution plans:						
Fixed income securities—collective trust funds	$ -	-	-	-	51,732,858	51,732,858
Total defined contribution plans	$ -	-	-	-	51,732,858	51,732,858

See Independent Auditors' Report.

(2) CASH AND INVESTMENTS, CONTINUED

Interest Rate Risk, Continued

	2016					
	Investment Maturities at Fair Value (in Years)					
	Less than 1	1 or More, Less than 5	5 or More, Less than 10	10 or More	Commingled Funds with No Duration	Total Fair Value
Defined benefit plans:						
Fixed income securities— collective trust funds	$ -	-	-	-	146,357,341	146,357,341
Total defined benefit plans	$ -	-	-	-	146,357,341	146,357,341
Defined contribution plans:						
Fixed income securities— collective trust funds	$ -	-	-	-	58,548,323	58,548,323
Total defined contribution plans	$ -	-	-	-	58,548,323	58,548,323

See Independent Auditors' Report.

(2) CASH AND INVESTMENTS, CONTINUED

Investments Measured at Fair Value

June 30, 2017	Amounts Measured at Fair Value	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Defined Benefit Plans				
Cash and short-term investments:				
Goldman Sachs Financial Square Prime Obligations	$ -	-	-	-
Total cash and short-term investments at fair value	$ -	-	-	-
Equity securities:				
U.S. domestic equities	$ 74,657,800	74,657,800	-	-
International mutual funds	28,283,801	28,283,801	-	-
Fixed income mutual funds	35,499,999	35,499,999	-	-
Real estate equities	1,087,650	1,087,650	-	-
Total investments at fair value level	139,529,250	139,529,250	-	-
Investments measured at net asset value (NAV):				
Commingled U.S. domestic equity funds(1)	107,465,472			
Commingled U.S. fixed income funds(2)	120,297,273			
Commingled international equity funds(3)	84,601,351			
Commingled real estate funds(4)	32,087,721			
Other—alternative investments(5)	49,134,121			
Total investments measured at NAV	393,585,938			
Total investments	$ 533,115,188			

(1) Commingled U.S. domestic equity funds: Managed using indexing approach to closely replicate performance of the S&P 500 over the long term. There are no remaining unfunded commitments. Redemption of funds can be made daily, or within 15 days if significant.

(2) Commingled U.S. fixed income funds: Consist of two U.S. fixed income funds considered commingled in nature. Each are valued at the net asset value of units held at the end of the period based upon the fair market value of the underlying investments and/or related index funds. There are no remaining unfunded commitments. Redemption of funds can be made daily, or within 15 days if significant.

(Continued)

(2) CASH AND INVESTMENTS, CONTINUED

Investments Measured at Fair Value, Continued

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[3] Commingled international equity funds: Consist of three international equity funds considered commingled in nature. Each are valued at the net asset value of units held at the end of the period based upon the fair market value of the underlying investment and/or related index funds. There are no remaining unfunded commitments. Redemption of funds can generally be made daily and monthly with 5 days' notice, or 30 days' notice if significant.

[4] Commingled real estate funds: Consist of two real estate funds considered commingled in nature. Each are valued at the net asset value of units held at the end of the period based upon the fair market value of the underlying investment and/or related index funds. There are no remaining unfunded commitments. Redemption of funds can generally be made quarterly with 45 days' notice.

[5] Other—alternative investments: Consists of ten equity funds, investing in both long and short strategies (hedge funds) in U.S. and global equity funds that are diversified across geographies, sectors and market caps. There are no remaining unfunded commitments. Nine of the agency funds were subject to an initial lockup of funds for the first 12 months and the remaining equity fund was subject to an initial lockup of funds for the first 36 months, limiting redemptions for the majority of the funds. Presently redemptions on the nine equity funds can generally be made quarterly with 90 days' notice.

(2) CASH AND INVESTMENTS, CONTINUED

Investments Measured at Fair Value, Continued

June 30, 2017	Amounts Measured at Fair Value	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Defined Contribution Plans				
Cash and short-term investments:				
Self-directed broker account	$ 44,883	-	-	-
Total cash and short-term investments at fair value	$ 44,883	-	-	-
Equity securities:				
U.S. domestic mutual funds	$ 24,560,225	24,560,225	-	-
International mutual funds	2,110,619	2,110,619	-	-
Total investments at fair value level	26,670,844	26,670,844	-	-
Investments measured at net asset value (NAV):				
Commingled U.S. domestic equity funds[(1)]	37,768,211			
Commingled U.S. fixed income funds [(2)]	16,334,781			
Commingled international equity funds[(3)]	10,091,666			
Passive target date funds[(4)]	147,410,109			
Other—annuity pool fund[(5)]	35,398,077			
Real asset funds[(6)]	372,429			
Total investments measured at NAV	247,375,273			
Total investments	$ 274,046,117			

(1) Commingled U.S. domestic equity funds: Consist of four domestic equity funds considered commingled in nature. Each are valued at the net asset value of units held at the end of the period based upon the fair market value of the underlying investments and/or related index funds. There are no remaining unfunded commitments. Redemptions can be made daily with 1 day's notice, or with 5 to 15 days' notice if significant.

(2) Commingled U.S. fixed income funds: Consist of three U.S. fixed income funds considered commingled in nature. Each are valued at the net asset value of units held at the end of the period based upon the fair market value of the underlying investments and/or related index funds. There are no remaining unfunded commitments. Redemptions can be made daily with 1 day's notice, or with 5 to 15 days' notice if significant.

(Continued)

(2) CASH AND INVESTMENTS, CONTINUED

Investments Measured at Fair Value, Continued

[3] Commingled international equity funds: Consist of three international equity funds considered commingled in nature. Each are valued at the net asset value of units held at the end of the period based upon the fair market value of the underlying investments and/or related index funds. There are no remaining unfunded commitments. Redemptions can be made daily with 1 day's notice, or with 5 to 15 days' notice if significant.

[4] Passive target date funds: Consist of nine funds managed to a specific retirement year and one fund transitioned and managed as a retirement income fund. There are no remaining unfunded commitments. Redemptions can be made daily with 1 day's notice, or with 5 to 15 days' notice if significant.

[5] Other—annuity pool fund: Available through an annuity contract to be a long-term option to seek stability of principal. The underlying securities are diversified in various fixed income sectors. There are no remaining unfunded commitments. Redemptions can be made daily, quarterly, and annually, with notice from 1 day to 4 years, subject to equity wash restrictions.

[6] Real asset funds: Commingled funds consisting of three core real assets considered commingled in nature. Each are valued at the net asset value of units held at the end of the period based upon the fair market value of the underlying investments and/or related index funds.

(2) CASH AND INVESTMENTS, CONTINUED

Investments Measured at Fair Value, Continued

June 30, 2016	Amounts Measured at Fair Value	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Defined Benefit Plans				
Cash and short-term investments:				
Goldman Sachs Financial Square Prime Obligations	$ 11,393	11,393	-	-
Total cash and short-term investments at fair value	$ 11,393	11,393	-	-
Equity securities:				
U.S. domestic equities	$ 64,773,658	64,773,658	-	-
International mutual funds	26,523,060	26,523,060	-	-
Real estate equities	234,068	234,068	-	-
Total investments at fair value level	91,530,786	91,530,786	-	-
Investments measured at net asset value (NAV):				
Commingled U.S. domestic equity funds(1)	105,531,094			
Commingled U.S. fixed income funds(2)	146,357,341			
Commingled international equity funds(3)	65,282,056			
Commingled real estate funds(4)	30,331,340			
Other—alternative investments(5)	44,433,839			
Total investments measured at NAV	391,935,670			
Total investments	$ 483,466,456			

(1) Commingled U.S. domestic equity funds: Managed using indexing approach to closely replicate performance of the S&P 500 over the long term. There are no remaining unfunded commitments. Redemption of funds can be made daily, or within 15 days if significant.

(2) Commingled U.S. fixed income funds: Consist of two U.S. fixed income funds considered commingled in nature. Each are valued at the net asset value of units held at the end of the period based upon the fair market value of the underlying investments and/or related index funds. There are no remaining unfunded commitments. Redemption of funds can be made daily, or within 15 days if significant.

(Continued)

(2) CASH AND INVESTMENTS, CONTINUED

Investments Measured at Fair Value, Continued

[3] Commingled international equity funds: Consist of three international equity funds considered commingled in nature. Each are valued at the net asset value of units held at the end of the period based upon the fair market value of the underlying investment and/or related index funds. There are no remaining unfunded commitments. Redemption of funds can generally be made daily and monthly with 5 days' notice, or 30 days' notice if significant.

[4] Commingled real estate funds: Consist of two real estate funds considered commingled in nature. Each are valued at the net asset value of units held at the end of the period based upon the fair market value of the underlying investment and/or related index funds. There are no remaining unfunded commitments. Redemption of funds can generally be made quarterly with 45 days' notice.

[5] Other—alternative investments: Consists of ten equity funds, investing in both long and short strategies (hedge funds) in U.S. and global equity funds that are diversified across geographies, sectors and market caps. There are no remaining unfunded commitments. Nine of the agency funds were subject to an initial lockup of funds for the first 12 months and the remaining equity fund was subject to an initial lockup of funds for the first 36 months, limiting redemptions for the majority of the funds. Presently redemptions on the nine equity funds can generally be made quarterly with 90 days' notice.

(2) CASH AND INVESTMENTS, CONTINUED

Investments Measured at Fair Value, Continued

		Fair Value Measurements at Reporting Date Using		
June 30, 2016	Amounts Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Defined Contribution Plans				
Cash and short-term investments:				
Self-directed broker account	$ 42,496	42,496	-	-
Total cash and short-term investments at fair value	$ 42,496	42,496	-	-
Equity securities:				
U.S. domestic mutual funds	$ 24,580,713	24,580,713	-	-
International mutual funds	2,054,132	2,054,132	-	-
Total investments at fair value level	26,634,845	26,634,845	-	-
Investments measured at net asset value (NAV):				
Commingled U.S. domestic equity funds(1)	36,464,718			
Commingled U.S. fixed income funds (2)	21,034,357			
Commingled international equity funds(3)	8,501,149			
Passive target date funds(4)	156,139,766			
Other—annuity pool fund(5)	37,513,966			
Total investments measured at NAV	259,653,956			
Total investments	$ 286,288,801			

(1) Commingled U.S. domestic equity funds: Consist of four domestic equity funds considered commingled in nature. Each are valued at the net asset value of units held at the end of the period based upon the fair market value of the underlying investments and/or related index funds. There are no remaining unfunded commitments. Redemptions can be made daily with 1 day's notice, or with 5 to 15 days' notice if significant.

(2) Commingled U.S. fixed income funds: Consist of three U.S. fixed income funds considered commingled in nature. Each are valued at the net asset value of units held at the end of the period based upon the fair market value of the underlying investments and/or related index funds. There are no remaining unfunded commitments. Redemptions can be made daily with 1 day's notice, or with 5 to 15 days' notice if significant.

(Continued)

(2) CASH AND INVESTMENTS, CONTINUED

Investments Measured at Fair Value, Continued

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(3) Commingled international equity funds: Consist of three international equity funds considered commingled in nature. Each are valued at the net asset value of units held at the end of the period based upon the fair market value of the underlying investments and/or related index funds. There are no remaining unfunded commitments. Redemptions can be made daily with 1 day's notice, or with 5 to 15 days' notice if significant.

(4) Passive target date funds: Consist of nine funds managed to a specific retirement year and one fund transitioned and managed as a retirement income fund. There are no remaining unfunded commitments. Redemptions can be made daily with 1 day's notice, or with 5 to 15 days' notice if significant.

(5) Other—annuity pool fund: Available through an annuity contract to be a long-term option to seek stability of principal. The underlying securities are diversified in various fixed income sectors. There are no remaining unfunded commitments. Redemptions can be made daily, quarterly, and annually, with notice from 1 day to 4 years, subject to equity wash restrictions.

(2) CASH AND INVESTMENTS, CONTINUED

Securities Lending

During the year ended June 30, 2017, the Fund discontinued its securities lending program with its custodian. Accordingly, no securities were on loan at June 30, 2017. The collateral held, the fair value of the securities on loan, and percentage of collateral-to-loan for the Fund at June 30, 2016, were as follows:

	2016		
	Collateral Held	Fair Value of Securities on Loan	Percentage of Collateral-to-Loan
Defined benefit plans:			
Equity securities—domestic	$ 2,998,619	2,929,419	102%

As of June 30, 2016, the Fund had no risk of loss as the collateral held was more than the fair value of the securities loaned. As of June 30, 2016, the Fund had no credit risk to borrowers under the securities lending.

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

At June 30, 2016, the Fund had equity securities with a fair value of approximately $69.9 million which were subject to a securities lending agreement (the "Agreement") between the Fund and JPMorgan. Under the Agreement, the securities loaned are collateralized at a minimum of 102% of the fair values of the loaned securities. Collateral consists primarily of cash and U.S. government securities or its agencies. The Fund does not have the ability to pledge or sell collateral securities without borrower default. The collateral is marked to market daily such that at the close of trading on any business day, the value of the collateral shall not be less than 102% plus accrued interest on the securities loaned. The Fund had a lending limit of 25% regarding the amount of loans made, and the custodial agent indemnified the Fund by agreeing to purchase replacement securities or return cash collateral in the event of borrower default. There were no such failures during the year. The loan premium paid by the borrower on the securities is apportioned between the Fund and its custodial agent in accordance with the Agreement.

(2) CASH AND INVESTMENTS, CONTINUED

Securities Lending, Continued

During 2017 and 2016, the Fund had net earnings of approximately $9,000 and $21,000, respectively, from the securities lending, which is detailed in Note 5.

(3) ALTERNATIVE INVESTMENTS

The Fund invests in alternative investments in the defined benefit plan. The alternative investments at June 30 are summarized in the following table:

		Fair Value	
Investment	Purpose	2017	2016
Conway Investment Research, LLC (formerly Guggenheim Onshore Access Fund, LLC)	Offers multiple series of membership interests, each of which corresponds to a single privately offered investment fund or, in certain instances, one of several strategies offered by a privately offered investment fund.	$ 49,134,121	44,433,839

As of June 30, 2017 and 2016, Conway Investment Research, LLC (formerly Guggenheim Onshore Access Fund, LLC) had no unfunded commitments.

Conway Investment Research, LLC (formerly Guggenheim Onshore Access Fund, LLC) accounts for its investments in investment funds at fair value. The fair value of each investment is estimated using the net asset value or its equivalent as reported by the investment fund.

(4) REAL ESTATE

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

Investment	Purpose	Fair Value 2017	Fair Value 2016
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.	$ 19,255,404	18,163,148
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.	12,832,317	12,168,192
		$ 32,087,721	30,331,340

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

As of both June 30, 2017 and 2016, the Fund had no remaining commitments to fund investments.

(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:

	2017	2016
Beginning balance	$ 835,236	750,382
Income (expense):		
Interest and fee income	1,542	17,582
Income from outside sources	58,165	-
Usage of income from outside sources	(47,211)	-
Securities lending interest income	10,702	33,611
Securities lending expenses	(2,059)	(12,872)
Securities lending deficiency settlement	(310,729)	-
Participant outstanding checks	1,914	98,410
Fees earned and transfers from the Fund	3,045,690	2,843,840
Total income	2,758,014	2,980,571
Administrative and investment expenses:		
Actuary and recordkeeping	449,158	436,632
Administration	1,073,378	919,620
Legal and audit	123,739	119,401
Training and travel	69,295	37,223
Insurance	107,235	97,784
Investment advisors and consultants	1,136,884	1,030,524
Custodial	127,910	195,348
City directed expense	19,583	2,364
Participant-directed fees	-	56,821
Total administrative and investment expenses	3,107,182	2,895,717
Ending balance	$ 486,068	835,236

See Independent Auditors' Report.

(5) TRUST ADMINISTRATIVE ACCOUNT, CONTINUED

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

As discussed in Note 2, the securities lending program was adversely affected by the credit liquidity crisis of 2008. As a result, certain assets held in the custodial agent's short-term investment cash collateral pool were deemed to be impaired. The Fund was informed of the deficiency in the market value of the collateral pool. The amount of the deficiency at June 30, 2016, was approximately $317,000. Effective April 2009, the Board of Trustees discontinued allowing income from the securities lending program to be utilized as a reduction of administrative fees paid by fund participants in order to accumulate dollars for payment of the potential deficiency. Approximately $541,000 of cash had been accumulated and reserved for the potential deficiency as of June 30, 2016. The deficiency was fully funded as of June 30, 2016, and was paid in September 2016. As of June 30, 2017, there was no remaining deficiency related to securities lending.

As noted previously, administration costs are paid through the Trust Administrative Account. In addition, during the years ended June 30, 2017 and 2016, furniture, fixtures, and equipment were purchased and are part of the administration cost. Generally, such items would be capitalized and depreciated. However, as the amounts are considered immaterial in comparison to the total operations, they have been expensed.

(6) COMMITMENTS AND CONTINGENCIES

Leases

The Fund leases office space under an operating lease. The lease commenced on October 1, 2005, and was renewed effective January 1, 2013, for an additional 5-year period. Future minimum lease payments as of June 30, 2017, were as follows:

2018	$ 33,524

Total rent expense for the years ended June 30, 2017 and 2016, was approximately $80,000 and $81,000, respectively. Rent expense is paid through the Trust Administrative Account.

(6) COMMITMENTS AND CONTINGENCIES, CONTINUED

Leases, Continued

Subsequent to June 30, 2017, the Fund entered into a lease agreement for office space under an operating lease. The lease commenced on December 31, 2017, for a 10-year period with a renewal option for an additional 5-years. Future minimum lease payments subsequent to June 30, 2017, are as follows:

2018	$	40,307
2019		81,823
2020		84,278
2021		86,806
2022		89,411
2023 and thereafter		541,524
	$	924,149

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION

OKLAHOMA MUNICIPAL RETIREMENT FUND

SCHEDULE OF INVESTMENT RETURNS

Last 4 Fiscal Years	*2017*	*2016*	*2015*	*2014*
Annual money-weighted rate of return on defined benefit assets, net of investment expense	12.36%	0.89%	2.82%	16.48%

Information to present a 10-year history is not readily available.

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

OTHER SUPPLEMENTARY INFORMATION

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

June 30, 2017

Municipalities/Municipal Agencies	Unit Market Value Ownership Percentage	Market Value Ownership
Ada	8.90917%	$ 25,032,526
Ada—CMO Plan	0.04946%	138,975
Afton/Afton Public Works Authority	0.25957%	729,317
Altus	0.65814%	1,849,214
Altus—CMO Plan	0.02068%	58,104
Altus—CMO Plan #2	0.01251%	35,136
Alva	0.46581%	1,308,798
Arkoma	0.08096%	227,469
Bartlesville	0.47578%	1,336,821
Bethany—CMO Plan	0.01805%	50,720
Bethany/Warr Acres	0.02240%	62,936
Bixby—CMO Plan	0.02229%	62,628
Blackwell	0.11062%	310,810
Broken Arrow	13.32919%	37,451,661
Cache/Cache PWA	0.04468%	125,529
Caddo/Caddo PWA	0.03662%	102,900
Caney	0.02737%	76,900
Carmen and CPWA	0.02351%	66,045
Cashion	0.08461%	237,729
Catoosa—CMO Plan	0.04192%	117,782
Central Oklahoma MCD—CMO Plan	0.18675%	524,722
Chandler—CMO Plan	0.03951%	111,007
Chattanooga	0.01474%	41,406
Chelsea	0.09992%	280,748
Chickasha	0.00156%	4,380
Choctaw/Choctaw Utilities Authority	0.83050%	2,333,502
Chouteau/Chouteau Public Works Authority	0.17104%	480,579
Claremore Special Incentive—CMO Plan	0.01775%	49,866
Cleveland—CMO Plan	0.02206%	61,995
Cleveland Special Incentive—CMO Plan	0.01243%	34,938

See Independent Auditors' Report.

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

June 30, 2017

Municipalities/Municipal Agencies	Unit Market Value Ownership Percentage	Market Value Ownership
Clinton	0.81897%	2,301,111
Clinton—CMO Plan	0.00576%	16,184
Coalgate	0.25645%	720,555
Collinsville—CMO Plan	0.13783%	387,273
Collinsville—COP Plan	0.02469%	69,361
Collinsville Special Incentive—CMO Plan	0.01547%	43,466
Comanche—CMO Plan	0.02408%	67,657
Cordell CMO	0.00794%	22,296
Covington/Covington Utilities Authority	0.04556%	128,005
Coweta	0.61671%	1,732,789
Coweta—CMO Plan	0.20600%	578,809
Coweta Special Incentive—CMO Plan	0.01439%	40,426
Crescent	0.10526%	295,742
Crescent—CMO Plan	0.01005%	28,241
Cushing—CMO Plan	0.00464%	13,040
Custer City/Custer City Public Works Authority	0.07272%	204,324
Davis—CMO Plan	0.00446%	12,527
Dewey—CMO Plan	0.03335%	93,694
Dover PWA	0.00690%	19,391
Drumright/Drumright Utility Authority/Drumright Gas Authority	0.19161%	538,364
Drumright—CMO Plan	0.01172%	32,917
Duncan	0.05452%	153,189
Duncan—CMO Plan	0.00679%	19,075
Durant	1.48763%	4,179,863
Eakly	0.03446%	96,834
East Duke and DMA	0.00604%	16,959
El Reno—CMO Plan	0.05427%	152,489
Eldorado	0.00982%	27,595
Elgin	0.09609%	269,988
Eufaula—CMO Plan	0.01015%	28,513

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

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

June 30, 2017

Municipalities/Municipal Agencies	Unit Market Value Ownership Percentage	Market Value Ownership
Fairview/Fairview Utilities Authority	0.26997%	758,545
Fairview—CMO Plan	0.05248%	147,464
Fletcher	0.00943%	26,488
Fort Gibson/Fort Gibson Utility Authority	0.27045%	759,904
Frederick—CMO Plan	0.00195%	5,469
Gage	0.00761%	21,387
Glencoe/GPWA	0.01015%	28,527
Glenpool/Glenpool Utility Service Authority	0.28599%	803,563
Glenpool—CMO Plan	0.03884%	109,126
Goldsby	0.25928%	728,506
Goltry/GPWA	0.01728%	48,566
Goodwell	0.00001%	22
Guthrie—CMO Plan	0.03971%	111,579
Guymon/Guymon Utility Authority	1.02014%	2,866,330
Guymon—CMO DH Plan	0.20814%	584,833
Guymon—CMO Plan	0.03863%	108,542
Harrah/Harrah Public Works Authority	0.13277%	373,062
Harrah—CMO Plan	0.04035%	113,387
Hartshorne	0.03138%	88,174
Haskell/Haskell Public Works Authority	0.28198%	792,286
Haskell Special Incentive—CMO Plan	0.01052%	29,548
Healdton—CMO Plan	0.00462%	12,977
Helena	0.06215%	174,639
Hennessey	0.10322%	290,011
Henryetta—CMO Plan	0.01390%	39,053
Hobart	0.34862%	979,524
Hollis	0.17423%	489,531
Hominy	0.35235%	990,011
Hominy—CMO Plan	0.01623%	45,615
Jay/Jay Utility Authority	0.30042%	844,113

See Independent Auditors' Report.

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

June 30, 2017

Municipalities/Municipal Agencies	Unit Market Value Ownership Percentage	Market Value Ownership
Jones City and Jones PWA	0.04231%	118,887
Konawa and Konawa PWA	0.02586%	72,649
Lahoma	0.02693%	75,658
Lone Grove/Lone Grove Water Trust Authority	0.23133%	649,967
Lone Grove—CMO Plan	0.01941%	54,528
Mangum Utilities Authority—CMO Plan	0.13292%	373,463
Mannford—CMO CM Plan	0.13831%	388,606
Mannford—CMO DH Plan	0.15715%	441,556
Mannford Special Incentive—CMO Plan	0.01811%	50,884
Mannsville	0.01763%	49,527
Marlow/Marlow Municipal Authority	0.74186%	2,084,425
Marlow—CMO Plan	0.01372%	38,545
Maysville	0.02914%	81,863
McAlester	0.26798%	752,952
Meeker—CMO Plan	0.00001%	17
Miami—CMO Plar	0.01704%	47,871
Midwest City	15.20642%	42,726,216
Mooreland—CMO Plan	0.00420%	11,800
Morris/Morris PWA	0.00992%	27,859
Mounds	0.01063%	29,881
Muskogee	7.85706%	22,076,374
Muskogee—CMO Plan	0.06349%	178,386
Newcastle—CMO Plan	0.04022%	113,010
Newkirk	0.08546%	240,119
Newkirk—CMO Plan	0.00036%	999
Nicoma Park	0.17352%	487,548
Noble—CMO Plan	0.05518%	155,045
Oakland	0.01316%	36,970
OK Mun Assurance Group	2.06208%	5,793,950
OK Mun Utility Service Authority	0.17140%	481,583
Okeene—CMO Plan	0.00150%	4,226

See Independent Auditors' Report.

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

June 30, 2017

Municipalities/Municipal Agencies	Unit Market Value Ownership Percentage	Market Value Ownership
Okemah—CMO Plan	0.00113%	3,181
OkMRF—CMO Plan	0.27263%	766,024
Okmulgee	1.08611%	3,051,691
Okmulgee—CMO Plan	0.02109%	59,258
OMAG—CEO Plan	0.01000%	28,096
OMAG—CMO Plan	0.26540%	745,702
OMUSA—CMO Plan	0.03431%	96,394
Owasso	1.70338%	4,786,107
Pauls Valley	0.44866%	1,260,608
Pauls Valley—CMO Plan	0.06953%	195,357
Pawhuska	0.46837%	1,316,004
Perkins—CMO Plan	0.05577%	156,691
Piedmont/Piedmont Municipal Authority	0.19035%	534,844
Piedmont—CMO Plan	0.01427%	40,100
Pocola	0.07474%	210,007
Porum	0.20146%	566,053
Prague	0.26223%	736,791
Prague—CMO Plan	0.02376%	66,750
Ringwood	0.00882%	24,787
Roff/Roff PWA	0.00234%	6,587
Sand Springs	4.38735%	12,327,375
Sand Springs—CMO Plan	0.03673%	103,207
Sapulpa	1.18583%	3,331,914
Sapulpa—CMO Plan	0.15281%	429,360
Sapulpa Special Incentive—CMO Plan	0.03591%	100,888
Savanna	0.01506%	42,311
Sayre/Sayre PWA/Sayre Industrial Authority	0.27335%	768,058
Sayre—CMO Plan	0.08077%	226,947
Seiling/Seiling PWA	0.06887%	193,506
Seiling—CMO Plan	0.00960%	26,975
Seminole	1.01888%	2,862,814

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

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

June 30, 2017

Municipalities/Municipal Agencies	Unit Market Value Ownership Percentage	Market Value Ownership
Seminole—CMO Plan	0.17910%	503,225
Shawnee	1.24348%	3,493,889
Shawnee—CMO DH Plan	0.55923%	1,571,281
Shawnee Special Incentive—CMO Plan	0.05486%	154,152
Shawnee New Hires 7/13	0.17912%	503,277
Skiatook	1.23536%	3,471,070
Skiatook—CMO Plan	0.10489%	294,727
Slaughterville	0.03132%	87,995
Snyder	0.00698%	19,622
Stillwater	15.77258%	44,316,967
Stillwater—CMO Plan	0.11675%	328,026
Stringtown	0.08909%	250,323
Stroud	0.25084%	704,791
Stroud—CMO Plan	0.04809%	135,134
Stroud Hospital and Development Authority dba Prairie Pointe at	0.00395%	11,090
Sulphur—CMO Plan	0.00959%	26,937
Tecumseh	0.50458%	1,417,730
Tecumseh—CMO Plan	0.03696%	103,858
Terral	0.00128%	3,592
Texhoma and PWA	0.21062%	591,779
Thackerville	0.01040%	29,225
Tishomingo/Tishomingo Municipal Authority	0.03759%	105,608
Tishomingo—CMO Plan	0.04662%	130,982
Tonkawa—CMO Plan	0.01484%	41,684
Union City	0.00499%	14,020
Valley Brook	0.12464%	350,208
Valley Brook New Hires 11/14	0.00613%	17,221
Verdigris	0.03863%	108,541
Warner	0.07619%	214,062
Warner/Warner Utilities Authority	0.42565%	1,195,964
Waynoka	0.18570%	521,763

See Independent Auditors' Report.

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

June 30, 2017

Municipalities/Municipal Agencies	Unit Market Value Ownership Percentage	Market Value Ownership
Waynoka—CMO Plan	0.01904%	53,492
Weatherford	1.90701%	5,358,231
Weleetka	0.01341%	37,689
West Siloam Springs and WSSMTA	0.08489%	238,513
Westville	0.00085%	2,382
Woodward/Woodward Municipal Authority	0.86033%	2,417,303
Woodward—CMO Plan	0.16692%	468,989
Yale—CMO Plan	0.00015%	416
Yukon—CMO Plan	0.10483%	294,549
Yukon New Hires 7/14	0.25197%	707,984
	100.00000%	280,974,644

This schedule presents the ownership allocation by municipality/agency of the net position restricted for plan benefits as of June 30, 2017.

See Independent Auditors' Report.

OKLAHOMA MUNICIPAL RETIREMENT FUND

REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARD

FINLEY & COOK
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees
Oklahoma Municipal Retirement Fund

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Oklahoma Municipal Retirement Fund (the "Fund"), which comprise the statements of fiduciary net position (Defined Benefit and Defined Contribution Plans) as of June 30, 2017, and the related statements of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 26, 2018. Our report includes an explanatory paragraph disclaiming an opinion on required supplementary information.

Internal Control Over Financial Reporting

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

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

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

(Continued)

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

Compliance and Other Matters

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

Purpose of This Report

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

Finley + Cook, PLLC

Shawnee, Oklahoma
January 26, 2018