

# **Oklahoma Municipal Retirement Fund**

## *Financial Statements*

June 30, 2019 and 2018  
(With Independent Auditors' Report Thereon)



**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**FINANCIAL STATEMENTS**

---

*Table of Contents*

---

	<u>Page</u>
<u>Independent Auditors' Report</u> .....	1
<u>Management's Discussion and Analysis</u> .....	I-1
<u>Financial Statements:</u>	
Statements of Fiduciary Net Position—Defined Benefit Plans .....	4
Statements of Fiduciary Net Position—Defined Contribution Plans .....	5
Statements of Changes in Fiduciary Net Position—Defined Benefit Plans .....	6
Statements of Changes in Fiduciary Net Position—Defined Contribution Plans.....	7
Notes to Financial Statements.....	8
<u>Required Supplementary Information:</u>	
Schedule of Investment Returns .....	43
<u>Other Supplementary Information:</u>	
Analysis of Fund Ownership for Defined Contribution Plans.....	44
<u>Report Required by <i>Government Auditing Standards</i>:</u>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	51



## **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, 2019 and 2018, 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)

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

### **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, 2019 and 2018, 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 43 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 basic financial statements as a whole.

(Continued)

**INDEPENDENT AUDITORS' REPORT, CONTINUED**

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's 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  
December 19, 2019

## 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, 2019 and 2018. Please read it in conjunction with the Fund's financial statements, which begin on page 4.

### Financial Highlights—Defined Benefit Plans

	<u>2019</u>	<u>2018</u>
• Fiduciary net position restricted for pension benefits	\$ 597,909,355	570,859,617
• Contributions:		
Members	16,897,383	16,366,834
Participants	6,714,244	6,529,292
• Total investment income	40,320,160	41,413,776
• Benefits, including Participant refunds	34,177,607	32,367,737
• Withdrawal of Members	-	814,549
• Investment expenses	1,520,545	1,509,861
• Administrative expenses	1,183,897	1,137,550
• Changes in fiduciary net position	27,049,738	28,480,205

## MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

### Financial Highlights—Defined Contribution Plans

	<u>2019</u>	<u>2018</u>
• Fiduciary net position restricted for plan benefits	\$ 318,781,492	300,912,468
• Contributions:		
Members	12,972,935	11,910,038
Participants	6,462,250	7,052,807
Addition of Members	732,123	
• Investment income, net	17,527,843	22,847,074
• Interest income on Participant loans	422,089	361,510
• Benefits, including Participant refunds	19,188,321	21,197,862
• Administrative expenses	1,059,895	1,035,743
• Changes in fiduciary net position	17,869,024	19,937,824

### **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.

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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

### 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 and the % changes in the balances:

	<u>2019</u>	<u>2018</u>	<u>% Increase (Decrease)</u>
Cash and short-term investments	\$ 7,439,902	8,783,832	(15.30)%
Investments, at fair value	589,179,426	562,048,846	4.83%
Receivables	<u>2,595,306</u>	<u>1,298,093</u>	99.93%
 Total assets	 <u>599,214,634</u>	 <u>572,130,771</u>	 4.73%
 Liabilities	 <u>1,305,279</u>	 <u>1,271,154</u>	 2.68%
 Fiduciary net position	 <u><u>\$597,909,355</u></u>	 <u><u>570,859,617</u></u>	 4.74%

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 notes to the financial statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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

***Defined Benefit Changes in Fiduciary Net Position***

The following table summarizes the changes in fiduciary net position between fiscal years 2019 and 2018 and the % changes in the balances:

	<u>2019</u>	<u>2018</u>	<u>% Increase (Decrease)</u>
<b>Additions</b>			
Contributions	\$ 23,611,627	22,896,126	3.12%
Net investment income	<u>38,799,615</u>	<u>39,903,915</u>	(2.77)%
Total additions	<u>62,411,242</u>	<u>62,800,041</u>	(0.62)%
<b>Deductions</b>			
Benefits, including Participant refunds	34,177,607	32,367,767	5.59%
Withdrawal of Members	-	814,549	(100.00)%
Administrative expenses	<u>1,183,897</u>	<u>1,137,550</u>	4.07%
Total deductions	<u>35,361,504</u>	<u>34,319,866</u>	3.04%
Changes in fiduciary net position	<u>\$ 27,049,738</u>	<u>28,480,175</u>	(5.02)%

**MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

**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 and the % changes in the balances:

	<u>2019</u>	<u>2018</u>	<u>% Increase (Decrease)</u>
Cash and short-term investments	\$ 79,854	92,623	(13.79)%
Investments, at fair value	311,783,361	294,355,687	5.92%
Participant loans	8,661,348	8,186,048	5.81%
Receivables	<u>811,269</u>	<u>794,887</u>	2.06%
 Total assets	 <u>321,335,832</u>	 <u>303,429,245</u>	 5.90%
 Liabilities	 <u>2,554,340</u>	 <u>2,516,777</u>	 1.49%
 Fiduciary net position	 <u>\$ 318,781,492</u>	 <u>300,912,468</u>	 5.94%

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 notes to the financial statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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

*Defined Contribution Changes in Fiduciary Net Position*

The following table summarizes the changes in fiduciary net position between fiscal years 2019 and 2018 and the % changes in the balances:

	<u>2019</u>	<u>2018</u>	<u>% Increase (Decrease)</u>
<b>Additions</b>			
Contributions	\$ 20,167,308	18,962,845	6.35%
Net investment income	17,527,843	22,847,074	(23.28)%
Interest income on Participant loans	<u>422,089</u>	<u>361,510</u>	16.76%
Total additions	<u>38,117,240</u>	<u>42,171,429</u>	(9.61)%
<b>Deductions</b>			
Benefits, including Participant refunds	19,188,321	21,197,862	(9.48)%
Administrative expenses	<u>1,059,895</u>	<u>1,035,743</u>	2.33%
Total deductions	<u>20,248,216</u>	<u>22,233,605</u>	(8.93)%
Changes in fiduciary net position	<u>\$ 17,869,024</u>	<u>19,937,824</u>	(10.38)%

## MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

### **ANALYSIS OF THE OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS**

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

Although each Member'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, 2019 or 2018, 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 U.S. Aggregate during the same period were as follows:

	<u>2019</u>	<u>2018</u>
Fund's yield on average assets	7.28%	8.09%
S&P 500 yield	10.42%	14.37%
Bloomberg Barclays U.S. Aggregate yield	7.87%	(0.40)%

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 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.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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

While the Fund is directly impacted by the overall investment market changes, investments are made based on their expected long-term performance and in the best interest of the Members of the Fund. With approximately \$921 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, 12 new plans were established; 6 of those were new Members to the Fund and 6 were current Members that added an additional plan. There were no DB plan terminations.

No other items are known by management to have a significant impact on the operations or financial position of the Fund as of December 19, 2019.

### **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

<i>June 30,</i>	<i>2019</i>	<i>2018</i>
<b>Assets</b>		
Cash and short-term investments	\$ 7,439,902	8,783,832
Investments, at fair value:		
Fixed income securities	175,304,207	164,084,924
Equity securities—domestic	209,979,017	199,083,433
Equity securities—international	121,485,111	120,837,262
Equity securities—real estate	462,892	826,637
Alternative investments	50,672,922	47,369,341
Real estate	31,275,277	29,847,249
Total investments, at fair value	<u>589,179,426</u>	<u>562,048,846</u>
Receivables:		
Contributions receivable from Members	1,210,562	726,106
Contributions receivable from Participants	298,190	301,093
Accrued interest and dividends receivable	429,839	187,136
Due from broker	656,715	83,758
Total receivables	<u>2,595,306</u>	<u>1,298,093</u>
Total assets	<u>599,214,634</u>	<u>572,130,771</u>
<b>Liabilities</b>		
Payable to Participants	364,757	772,624
Due to broker	940,522	498,530
Total liabilities	<u>1,305,279</u>	<u>1,271,154</u>
Fiduciary net position restricted for pension benefits	<u>\$ 597,909,355</u>	<u>570,859,617</u>

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

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

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

<i>June 30,</i>	<i>2019</i>	<i>2018</i>
<b>Assets</b>		
Cash and short-term investments	\$ 79,854	92,623
Investments, at fair value:		
Fixed income securities	56,807,854	52,928,743
Equity securities—domestic	72,465,707	67,132,633
Equity securities—international	12,030,944	15,180,893
Target date funds	170,092,259	158,684,696
Real assets	386,597	428,722
Total investments, at fair value	<u>311,783,361</u>	<u>294,355,687</u>
Participant loans	<u>8,661,348</u>	<u>8,186,048</u>
Receivables:		
Contributions receivable from Members	560,577	589,891
Contributions receivable from Participants	250,692	204,996
Total receivables	<u>811,269</u>	<u>794,887</u>
Total assets	<u>321,335,832</u>	<u>303,429,245</u>
<b>Liabilities</b>		
Payable to Participants	<u>2,554,340</u>	<u>2,516,777</u>
Total liabilities	<u>2,554,340</u>	<u>2,516,777</u>
<b>Fiduciary net position restricted for plan benefits</b>	<b><u>\$ 318,781,492</u></b>	<b><u>300,912,468</u></b>

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

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

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

<i>Years Ended June 30,</i>	<i>2019</i>	<i>2018</i>
<b>ADDITIONS</b>		
Contributions:		
Members	\$ 16,897,383	16,366,834
Participants	<u>6,714,244</u>	<u>6,529,292</u>
Total contributions	<u>23,611,627</u>	<u>22,896,126</u>
Investment income:		
Interest and dividends	7,398,895	6,487,458
Net appreciation in fair value of investments	<u>32,921,265</u>	<u>34,926,318</u>
Total investment income	40,320,160	41,413,776
Less investment expense	<u>1,520,545</u>	<u>1,509,861</u>
Net investment income	<u>38,799,615</u>	<u>39,903,915</u>
<b>Total additions</b>	<u>62,411,242</u>	<u>62,800,041</u>
<b>DEDUCTIONS</b>		
Benefits, including Participant refunds	34,177,607	32,367,737
Withdrawal of Members	-	814,549
Administrative expenses	<u>1,183,897</u>	<u>1,137,550</u>
<b>Total deductions</b>	<u>35,361,504</u>	<u>34,319,836</u>
<b>Changes in fiduciary net position</b>	<b>27,049,738</b>	<b>28,480,205</b>
Fiduciary net position restricted for pension benefits, beginning of year	<u>570,859,617</u>	<u>542,379,412</u>
Fiduciary net position restricted for pension benefits, end of year	<u><b>\$ 597,909,355</b></u>	<u><b>570,859,617</b></u>

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

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

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

<i>Years Ended June 30,</i>	<i>2019</i>	<i>2018</i>
<b>ADDITIONS</b>		
Contributions:		
Members	\$ 12,972,935	11,910,038
Participants	6,462,250	7,052,807
Addition of Members	732,123	-
<b>Total contributions</b>	<b>20,167,308</b>	<b>18,962,845</b>
Net investment income	17,527,843	22,847,074
Interest income on Participant loans	422,089	361,510
	<b>38,117,240</b>	<b>42,171,429</b>
<b>DEDUCTIONS</b>		
Benefits, including Participant refunds	19,188,321	21,197,862
Administrative expenses	1,059,895	1,035,743
	<b>20,248,216</b>	<b>22,233,605</b>
	<b>17,869,024</b>	<b>19,937,824</b>
Fiduciary net position restricted for plan benefits, beginning of year	300,912,468	280,974,644
Fiduciary net position restricted for plan benefits, end of year	<b>\$ 318,781,492</b>	<b>300,912,468</b>

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

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019 and 2018**

---

**(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 (“Members”) may elect to participate in the Fund in order to provide for the retirement of their employees (“Participants”) who are not covered by another retirement plan. There are two programs available to each participating Member, 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 Members. 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:

<u>Manager</u>	<u>Style</u>	<u>Type</u>
<u>Defined Benefit</u>		
Amundi Pioneer Institutional Asset Management, Inc.	Active	Collective Trust Fund
Artisan Funds, Inc.	Active	Mutual Fund
BlackRock Financial Management, Inc.	Active	Mutual Fund
Conway Investment Research, LLC	Active	Conduit for Private Investment Funds
Harding Loevner, LP	Active	Mutual 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
K2 Mauna Kea, LLC	Active	Conduit for Private Investment Funds
Northern Trust Investments, Inc.	Active	Mutual 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

See Independent Auditors’ Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Description of the Fund, Continued**

<u>Manager</u>	<u>Style</u>	<u>Type</u>
<u>Defined Contribution</u>		
Amundi Pioneer Institutional Asset Management, Inc.	Active	Collective Trust Fund
Artisan Funds, Inc.	Active	Mutual Fund
Blackrock Financial Management, Inc.	Active	Mutual Fund
Fred Alger Management, Inc.	Active	Collective Trust Fund
Harding Loevner, LP	Active	Collective Trust Fund and Mutual Fund
Integrity Asset Management	Active	Mutual Fund
JPMorgan Asset Management	Active	Collective Trust Fund
PIMCO Collective Investment Trust	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 226 and 220 Members in the Fund at June 30, 2019 and 2018, respectively. The Members use a defined benefit plan, a defined contribution plan, or a combination of plans. As of June 30, 2019, there was a total of 352 plans administered by the Fund, which included 132 defined benefit plans and 220 defined contribution plans. As of June 30, 2018, there was a total of 340 plans administered by the Fund, which included 132 defined benefit plans and 208 defined contribution plans.

Participant data related to the defined benefit plans is as follows:

	<u>Plans with Actuarial Information at</u>	
	<u>July 1, 2019</u>	<u>July 1, 2018</u>
Retirees and beneficiaries currently receiving benefits, and terminated Participants entitled to benefits but not yet receiving them	<u>2,588</u>	<u>2,324</u>
	<u>July 1, 2018*</u>	<u>July 1, 2017*</u>
Active Participants:		
Vested	<u>1,692</u>	<u>1,688</u>
Nonvested	<u>2,082</u>	<u>2,132</u>
	<u>3,774</u>	<u>3,820</u>

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

See Independent Auditors' Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

---

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Description of the Fund, Continued**

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

	<u>Plans with Actuarial Information at</u>	
	<u>July 1, 2018*</u>	<u>July 1, 2017*</u>
Retiree only Participants currently receiving benefits	<u>166</u>	<u>172</u>

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

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

In general, the Fund provides retirement benefits based on either the Participant's 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**

- Participants in a defined benefit plan become 100% vested in retirement benefits earned to date according to the plan option elected by the Member. 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 Participant is eligible for disability benefits upon becoming disabled and vested.
- On non-hybrid plans, upon separation from the Fund, nonvested defined benefit plan Participant contributions are refundable in addition to a 6% return on their contributions. On hybrid plans, upon separation from the Fund, nonvested defined benefit plan Participant contributions are refundable in addition to real investment returns/losses on their contributions.

See Independent Auditors' Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

---

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Description of the Fund, Continued**

**Defined Benefit Plans, Continued**

- The monthly Member contribution requirement for each Member participating in one of the defined benefit plans is based upon a percentage of Participants' compensation. The percentage for each Member 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.

\*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)—As of June 30, 2019, there was not a balance in the DROP. 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 Members can offer an additional Retiree Medical Program. This plan assists retirees with insurance premium expenses. As of June 30, 2019 and 2018, three Members offered this program and net assets totaling \$712,000 and \$688,000, 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 Member. 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 Participant and Member contributions, forfeitures, if applicable, and earnings or losses.

See Independent Auditors' Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

---

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Description of the Fund, Continued**

**Termination and Withdrawal**

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

- a. Benefits attributable to Participant contributions with interest, taking into account those paid out before termination.
- b. Benefits to former Participants or their beneficiaries receiving a retirement income or those Participants 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 Member'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.

See Independent Auditors' Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**(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:

<u>Asset Class</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>	<u>Benchmark</u>
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 U.S. Aggregate Bond Index
Real estate	0%	5%	10%	NCREIF Property Index

Defined Contribution Assets:

<u>Growth &amp; Value Fund</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>	<u>Benchmark</u>
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.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**(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
Amundi 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.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

---

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Investments, Continued**

*Significant Investment Policy Changes Made During the Year*—During the years ended June 30, 2019 and 2018, there were no significant investment policy changes.

*Rate of Return*—For the years ended June 30, 2019 and 2018, the annual money-weighted rate of return on defined benefit assets, net of pension plan investment expense, was 6.87% and 7.27%, 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, 2019 and 2018.

See Independent Auditors' Report.

# OKLAHOMA MUNICIPAL RETIREMENT FUND

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

---

### (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, 2019 or 2018.

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, 2019 and 2018, the Fund's investments included short-term investments of \$7,106,141 and \$8,411,119, 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. Members can elect to include the Participant loan program as part of their defined contribution 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.

#### 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.

See Independent Auditors' Report.

# OKLAHOMA MUNICIPAL RETIREMENT FUND

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

---

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

#### Risks and Uncertainties

Contributions to the Fund are reported based on certain assumptions pertaining to interest rates, inflation rates, and Participant 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, 2018 and 2017, was \$293,286 and \$293,660, respectively, with no material impact on the Fund's financial statements.

#### Recent Accounting Pronouncements

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 adopted GASB 83 effective July 1, 2018, for the June 30, 2019, reporting year. The adoption had no 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 has not determined the impact of GASB 84 on the financial statements.

See Independent Auditors' Report.

# OKLAHOMA MUNICIPAL RETIREMENT FUND

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

---

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

#### Recent Accounting Pronouncements, Continued

In June 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 Fund will adopt GASB 87 on July 1, 2020, for the June 30, 2021, reporting year. The Fund has not determined the impact of GASB 87 on the financial statements.

In March 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (GASB 88). GASB 88 provides certain clarifications regarding debt as a liability and identifies additional required disclosures related to debt, including direct borrowings and direct placements of debt. The Fund will adopt GASB 88 on July 1, 2019, for the June 30, 2020, reporting year. The Fund does not expect GASB 88 to have a significant impact on the financial statements.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* (GASB 89). GASB 89 directs that interest costs incurred during the construction period of an asset be expensed in the period incurred. GASB 89 changes previous guidance regarding capitalized construction costs where such costs were typically included in the capitalized cost of the asset constructed and depreciated over time. The Fund will adopt GASB 89 on July 1, 2020, for the June 30, 2021, reporting year. The Fund does not expect GASB 89 to significantly impact the financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interest* (GASB 90), an amendment of GASB Statements No. 14 and No. 61. GASB 90 seeks to improve the consistency and comparability of financial reporting for majority equity interests or situations where an entity would hold a majority share of equity or have a measurable right to resources of a legally separate entity. Under GASB 90 specific guidance is also provided for governments engaged in fiduciary activities when reporting equity interests. The Fund will adopt GASB 90 on July 1, 2019, for the June 30, 2020, reporting year. The Fund does not expect GASB 90 to significantly impact the financial statements.

See Independent Auditors' Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

---

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Recent Accounting Pronouncements, Continued**

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB 91). The objective of GASB 91 is to provide a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligation, and (3) related note disclosures. The Fund will adopt GASB 91 on July 1, 2021, for the June 30, 2022, reporting year. The Fund does not expect GASB 91 to have a significant impact on the financial statements.

**Reclassification of Prior Year Amounts**

Certain amounts for 2018 have been reclassified to make them comparable with the 2019 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 December 19, 2019, 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:

	<u>Defined Benefit Plans</u>	<u>Defined Contribution Plans</u>
<u>2019</u>		
U.S. currency deposits	\$ 333,761	79,854
Short-term investments	<u>7,106,141</u>	<u>-</u>
	<u>\$ 7,439,902</u>	<u>79,854</u>
<u>2018</u>		
U.S. currency deposits	\$ 372,713	92,623
Short-term investments	<u>8,411,119</u>	<u>-</u>
	<u>\$ 8,783,832</u>	<u>92,623</u>

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

See Independent Auditors’ Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

---

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

During 2019 and 2018, the Fund's defined benefit investments, including investments bought, sold, as well as held during the year, appreciated (depreciated) in value as follows:

	<u>Defined Benefit Plans</u>
<u>2019</u>	
Unrealized (depreciation) appreciation:	
Debt securities	\$ 7,317,589
Equity securities	<u>11,320,480</u>
Net unrealized appreciation	18,638,069
Net realized appreciation	<u>14,283,196</u>
Net appreciation in fair value of investments	 <u>\$ 32,921,265</u>
 <u>2018</u>	
Unrealized (depreciation) appreciation:	
Debt securities	\$ (4,181,820)
Equity securities	<u>16,438,451</u>
Net unrealized appreciation	12,256,631
Net realized appreciation	<u>22,669,687</u>
Net appreciation in fair value of investments	 <u>\$ 34,926,318</u>

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 \$17,527,843 and \$22,847,074 for the years ended June 30, 2019 and 2018, respectively. A more detailed breakdown of the net investment income is not available.

See Independent Auditors' Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

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

<u>Description</u>	<u>Fair Value</u>	
	<u>2019</u>	<u>2018</u>
<u>Defined Benefit Plans:</u>		
JPMorgan Core Bond Fund	\$ 85,351,120	79,320,622
Amundi Pioneer Multi-Sector Fixed Income Fund	43,585,007	40,660,353
WCM Focused International Growth Fund	32,550,328	32,165,191
State Street Global Advisors S&P 500 Flagship Fund	123,327,245	114,700,957
BlackRock Strategic Income Opportunity Fund	46,368,080	44,103,949
CF Harding Loevner Emerging Markets	- *	29,159,985
Investec International Dynamic Fund	30,982,304	30,595,995
K2 Mauna Kea Long/Short	46,687,034	- *
<u>Defined Contribution Plans:</u>		
Voya Fixed Plus III Fund	37,409,461	36,148,179
State Street Global Advisors Target Retirement Income Fund	19,857,074	21,647,039
State Street Global Advisors Target Retirement 2020	32,916,818	32,360,550
State Street Global Advisors Target Retirement 2025	37,414,538	34,709,809
State Street Global Advisors Target Retirement 2030	23,848,203	21,034,783
State Street Global Advisors Target Retirement 2035	19,251,688	17,393,346
State Street Global Advisors S&P 500 Flagship Fund	28,524,695	26,196,371

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

See Independent Auditors' Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

---

**(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.

See Independent Auditors' Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**(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:

<u>Currency</u>	<u>2019</u>		<u>2018</u>	
	<u>Defined Benefit Plans</u>	<u>Defined Contribution Plans</u>	<u>Defined Benefit Plans</u>	<u>Defined Contribution Plans</u>
U.S. dollar*	\$ 1,558,732	-	2,011,138	-
Commingled funds, mutual funds, and collective trust funds*	<u>119,926,379</u>	<u>12,030,944</u>	<u>118,826,124</u>	<u>15,180,893</u>
	<u>\$ 121,485,111</u>	<u>12,030,944</u>	<u>120,837,262</u>	<u>15,180,893</u>

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

At June 30, 2019 and 2018, commingled funds, mutual 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.

See Independent Auditors’ Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

---

**(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.

See Independent Auditors' Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

**Credit Risk**

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

<u>Investment Type</u>	<u>Standard &amp; Poor's Ratings (Unless Noted)</u>	2019			
		<u>Defined Benefit Plans</u>		<u>Defined Contribution Plans</u>	
		<u>Fair Value</u>	<u>Fair Value as a Percent of Total Fixed Maturity Fair Value</u>	<u>Fair Value</u>	<u>Fair Value as a Percent of Total Fixed Maturity Fair Value</u>
Collective trust and mutual funds:					
Voya Fixed Plus III Fund <sup>(1)</sup>	Not Rated	\$ -	N/A	37,409,461	65.85%
JPMorgan Core Bond Fund <sup>(2)</sup>	Not Rated	-	N/A	2,777,804	4.89%
JPMorgan Core Bond Commingled Fund <sup>(3)</sup>	Not Rated	85,351,120	48.69%	-	N/A
Amundi Pioneer Multi-Sector Fixed Income Fund <sup>(4)</sup>	Not Rated	43,585,007	24.86%	1,389,318	2.44%
State Street Global Advisors U.S. Bond Index Fund <sup>(5)</sup>	Not Rated	-	N/A	13,847,507	24.38%
BlackRock Strategic Income Opportunity Fund <sup>(6)</sup>	Not Rated	<u>46,368,080</u>	<u>26.45%</u>	<u>1,383,764</u>	<u>2.44%</u>
Total fixed income securities		<u>\$ 175,304,207</u>	<u>100.00%</u>	<u>56,807,854</u>	<u>100.00%</u>

<sup>(1)</sup> The Voya Fixed Plus III Fund is intended to be a long-term investment for participants seeking stability of principal. At June 30, 2019, the Voya Fixed Plus III Fund was weighted as follows: 37% U.S. Corporate public and private, 33% real estate and mortgage-backed securities, 18% international corporate public and private, 4% treasuries, and 8% all others.

(Continued)

See Independent Auditors' Report.

# OKLAHOMA MUNICIPAL RETIREMENT FUND

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

---

### (2) CASH AND INVESTMENTS, CONTINUED

#### Credit Risk, Continued

- (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, 2019, the fund was weighted as follows: 29.20% mortgage-backed securities, 27.16% corporate investment grade, 24.24% treasuries, 8.50% asset-backed, and 10.90% all others.
- (3) The JPMorgan Core Bond Commingled 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, 2019, the fund was weighted as follows: 28.05% mortgage-backed securities, 25.91% corporate investment grades, 24.41% treasuries, 7.19% asset-backed, and 14.44% all others.
- (4) At June 30, 2019, the Amundi Pioneer Multi-Sector Fixed Income Fund was weighted as follows: 45.77% securitized, 19.35% corporate investment grade, 5.54% treasury and government related, 10.70% corporate high yield, 4.23% bank loans, and 14.41% 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.
- (5) As of June 30, 2019, the State Street Global Advisors U.S. Bond Index Fund was weighted as follows: 38.85% treasuries, 26.71% mortgage-backed securities, 22.93% corporates, 4.44% non-corporates, and 7.07% all others. 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.

(Continued)

See Independent Auditors' Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

**Credit Risk, Continued**

<sup>(6)</sup> 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, 2019, the fund was weighted as follows: 69.1% U.S. treasuries and agencies, 11.4% emerging markets, 22.9% securitized mortgage-backed, 13.4% U.S. high yield credit, 9.2% investment grade corporates, 8.6% cash and cash equivalents, 10.0% all others, and (44.6)% net short derivative position.

Investment Type	Standard & Poor's Ratings (Unless Noted)	2018			
		Defined Benefit Plans		Defined Contribution Plans	
		Fair Value	Fair Value	Fair Value	Fair Value
			Fair Value as a Percent of Total Fixed Maturity		Fair Value as a Percent of Total Fixed Maturity
Collective trust and mutual funds:					
Voya Fixed Plus III Fund <sup>(1)</sup>	Not Rated	\$ -	N/A	36,148,179	68.30%
JPMorgan Core Bond Fund <sup>(2)</sup>	Not Rated	-	N/A	2,704,096	5.11%
JPMorgan Core Bond Commingled Fund <sup>(3)</sup>	Not Rated	79,320,622	48.34%	-	N/A
Amundi Pioneer Multi-Sector Fixed Income Fund <sup>(4)</sup>	Not Rated	40,660,353	24.78%	1,342,569	2.54%
State Street Global Advisors U.S. Bond Index Fund <sup>(5)</sup>	Not Rated	-	N/A	11,392,317	21.52%
BlackRock Strategic Income Opportunity Fund <sup>(6)</sup>	Not Rated	<u>44,103,949</u>	<u>26.88%</u>	<u>1,341,582</u>	<u>2.53%</u>
Total fixed income securities		<u>\$ 164,084,924</u>	<u>100.00%</u>	<u>52,928,743</u>	<u>100.00%</u>

<sup>(1)</sup> The Voya Fixed Plus III Fund is intended to be a long-term investment for Participants seeking stability of principal. At June 30, 2018, the Voya Fixed Plus III Fund was weighted as follows: 38% U.S. Corporate public and private, 19% international corporate public and private, 31% real estate and mortgage-backed securities, 4% treasuries, and 8% all others.

(Continued)

See Independent Auditors' Report.

## OKLAHOMA MUNICIPAL RETIREMENT FUND

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

---

#### (2) CASH AND INVESTMENTS, CONTINUED

##### Credit Risk, Continued

- (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, 2018, the fund was weighted as follows: 25.7% treasuries, 33.4% mortgage-backed securities, 24.6% corporate investment grade, 7.6% asset-backed, and 8.7% all others.
- (3) The JPMorgan Core Bond Commingled 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, 2018, the fund was weighted as follows: 28.1% treasuries, 31.0% mortgage-backed securities, 23.9% corporate investment grades, 9.3% asset-backed, and 7.7% all others.
- (4) At June 30, 2018, the Amundi Pioneer Multi-Sector Fixed Income Fund was weighted as follows: 37.2% securitized, 22.1% corporate investment grade, 15.8% treasury and government related, 10.7% corporate high yield, 7.1% bank loans, and 7.1% 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.
- (5) As of June 30, 2018, the State Street Global Advisors U.S. Bond Index Fund was weighted as follows: 37.8% treasuries, 28.2% mortgage-backed securities, 25.1% corporates, 4.9% non-corporates, and 4.0% all others. 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.

(Continued)

See Independent Auditors' Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

**Credit Risk, Continued**

<sup>(6)</sup> 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, 2018, the fund was weighted as follows: 37.8% U.S. treasuries, 7.3% emerging markets, 17.9% net derivatives, 13.3% agency residential mortgages, 7.1% collateral loan obligation securities, 6.7% non U.S. credit related, 6.1% non-agency mortgages, 5.5% U.S. municipals, 4.7% U.S. high yield credit, 4.0% commercial mortgages, 3.8% bank loans, and (14.2)% all others.

**Interest Rate Risk**

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

	2019					Total Fair Value
	<u>Investment Maturities at Fair Value (in Years)</u>					
	<u>Less than 1</u>	<u>1 or More, Less than 5</u>	<u>5 or More, Less than 10</u>	<u>10 or More</u>	<u>Commingled Funds with No Duration</u>	
<u>Defined benefit plans:</u>						
Fixed income securities—						
collective trust funds and mutual funds	\$ -	-	-	-	175,304,207	175,304,207
Total defined benefit plans	\$ -	-	-	-	175,304,207	175,304,207
<u>Defined contribution plans:</u>						
Fixed income securities—						
collective trust funds and annuity pool fund	\$ -	-	-	-	56,807,854	56,807,854
Total defined contribution plans	\$ -	-	-	-	56,807,854	56,807,854

See Independent Auditors’ Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

**Interest Rate Risk, Continued**

	2018					Total Fair Value
	<u>Investment Maturities at Fair Value (in Years)</u>					
	<u>Less than 1</u>	<u>1 or More, Less than 5</u>	<u>5 or More, Less than 10</u>	<u>10 or More</u>	<u>Commingled Funds with No Duration</u>	
<u>Defined benefit plans:</u>						
Fixed income securities— collective trust funds and mutual funds	\$ -	-	-	-	164,084,924	164,084,924
Total defined benefit plans	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,084,924</u>	<u>164,084,924</u>
<u>Defined contribution plans:</u>						
Fixed income securities— collective trust funds and annuity pool fund	\$ -	-	-	-	52,928,743	52,928,743
Total defined contribution plans	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,928,743</u>	<u>52,928,743</u>

See Independent Auditors' Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

**Investments Measured at Fair Value**

	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)
June 30, 2019				
<b><u>Investments by Fair Value Level:</u></b>				
<b><u>Defined Benefit Plans</u></b>				
<b>Short-term investments:</b>				
Short-term investment fund	\$ 7,106,141	7,106,141		
Total short-term investments measured at fair value level	<u>\$ 7,106,141</u>	<u>7,106,141</u>		
<b>Equity securities:</b>				
U.S. domestic equities	\$ 86,651,772	86,651,772	-	-
Fixed income mutual funds	46,368,080	46,368,080	-	-
International mutual funds	56,393,747	56,393,747	-	-
International equities	1,558,732	1,558,732	-	-
Real estate equities	462,892	462,892	-	-
Total investments at fair value level	<u>191,435,223</u>	<u>191,435,223</u>	<u>-</u>	<u>-</u>
<b>Investments measured at net asset value (NAV):</b>				
Commingled U.S. domestic equity funds <sup>(1)</sup>	123,327,245			
Commingled U.S. fixed income funds <sup>(2)</sup>	128,936,127			
Commingled international equity funds <sup>(3)</sup>	63,532,632			
Commingled real estate funds <sup>(4)</sup>	31,275,277			
Other—alternative investments <sup>(5)</sup>	50,672,922			
Total investments measured at NAV	<u>397,744,203</u>			
Total investments	<u>\$ 589,179,426</u>			

<sup>(1)</sup> 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.

<sup>(2)</sup> 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 5 days, if significant.

(Continued)

See Independent Auditors' Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

---

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

**Investments Measured at Fair Value, Continued**

- (3) Commingled international equity funds: Consist of two 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 eleven 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. Six of the equity funds were subject to an initial lockup of funds for the first 12 months, three of the equity funds were subject to an initial lockup of funds for the first 3 months, one equity fund was subject to an initial lockup of funds for the first 24 months, and one 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 eleven equity funds can generally be made quarterly with 90 days' notice.

See Independent Auditors' Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

**Investments Measured at Fair Value, Continued**

	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)
<u>June 30, 2018</u>				
<b><u>Investments by Fair Value Level:</u></b>				
<b><u>Defined Benefit Plans</u></b>				
<b>Short-term investments:</b>				
Short-term investment fund	\$ 8,411,119	8,411,119		
Total short-term investments measured at fair value level	<u>\$ 8,411,119</u>	<u>8,411,119</u>	<u>-</u>	<u>-</u>
<b>Equity securities:</b>				
U.S. domestic equities	\$ 84,382,476	84,382,476	-	-
Fixed income mutual funds	44,103,949	44,103,949	-	-
International mutual funds	56,064,938	56,064,938	-	-
International equities	2,011,138	2,011,138	-	-
Real estate equities	826,637	826,637	-	-
Total investments at fair value level	<u>187,389,138</u>	<u>187,389,138</u>	<u>-</u>	<u>-</u>
<b>Investments measured at net asset value (NAV):</b>				
Commingled U.S. domestic equity funds <sup>(1)</sup>	114,700,957			
Commingled U.S. fixed income funds <sup>(2)</sup>	119,980,975			
Commingled international equity funds <sup>(3)</sup>	62,761,186			
Commingled real estate funds <sup>(4)</sup>	29,847,249			
Other—alternative investments <sup>(5)</sup>	47,369,341			
Total investments measured at NAV	<u>374,659,708</u>			
Total investments	<u>\$ 562,048,846</u>			

<sup>(1)</sup> 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.

(Continued)

See Independent Auditors' Report.

# OKLAHOMA MUNICIPAL RETIREMENT FUND

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

---

### (2) CASH AND INVESTMENTS, CONTINUED

#### Investments Measured at Fair Value, Continued

- (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.
- (3) Commingled international equity funds: Consist of two 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 nine 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. Eight of the equity 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.

See Independent Auditors' Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

**Investments Measured at Fair Value, Continued**

	Amounts Measured at <u>Fair Value</u>	Fair Value Measurements at Reporting Date Using		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<b>June 30, 2019</b>				
<b><u>Investments by Fair Value Level:</u></b>				
<b><u>Defined Contribution Plans</u></b>				
<b>Equity securities:</b>				
U.S. domestic mutual funds	\$ 24,848,807	24,848,807	-	-
Fixed-income mutual funds	1,383,764	1,383,764	-	-
International mutual funds	4,262,183	4,262,183	-	-
Total equity securities at fair value	<u>30,494,754</u>	<u>29,110,990</u>	-	-
Total investments at fair value	<u>30,494,754</u>	<u>30,494,754</u>	-	-
<b>Investments measured at net asset value (NAV):</b>				
Commingled U.S. domestic equity funds <sup>(1)</sup>	47,616,900			
Commingled U.S. fixed income funds <sup>(2)</sup>	18,014,629			
Commingled international equity funds <sup>(3)</sup>	7,768,761			
Passive target date funds <sup>(4)</sup>	170,092,259			
Other—annuity pool fund <sup>(5)</sup>	37,409,461			
Real asset funds <sup>(6)</sup>	386,597			
Total investments measured at NAV	<u>281,288,607</u>			
Total investments	<u>\$ 311,783,361</u>			

See Independent Auditors' Report.

# OKLAHOMA MUNICIPAL RETIREMENT FUND

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

---

### (2) CASH AND INVESTMENTS, CONTINUED

#### Investments Measured at Fair Value, Continued

- (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.
- (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.

See Independent Auditors' Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

**Investments Measured at Fair Value, Continued**

		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)
June 30, 2018	Amounts Measured at Fair Value			
<b><u>Investments by Fair Value Level:</u></b>				
<b><u>Defined Contribution Plans</u></b>				
<b>Equity securities:</b>				
U.S. domestic mutual funds	\$ 25,405,916	25,405,916	-	-
Fixed-income mutual funds	1,341,582	1,341,582	-	-
International mutual funds	<u>2,222,016</u>	<u>2,222,016</u>	-	-
Total equity securities at fair value	<u>28,969,514</u>	<u>28,969,514</u>		
Total investments at fair value	<u>28,969,514</u>	<u>28,969,514</u>	<u>-</u>	<u>-</u>
<b>Investments measured at net asset value (NAV):</b>				
Commingled U.S. domestic equity funds <sup>(1)</sup>	41,726,717			
Commingled U.S. fixed income funds <sup>(2)</sup>	15,438,982			
Commingled international equity funds <sup>(3)</sup>	12,958,877			
Passive target date funds <sup>(4)</sup>	158,684,696			
Other—annuity pool fund <sup>(5)</sup>	36,148,179			
Real asset funds <sup>(6)</sup>	<u>428,722</u>			
Total investments measured at NAV	<u>265,386,173</u>			
Total investments	<u>\$ 294,355,687</u>			

See Independent Auditors' Report.

# OKLAHOMA MUNICIPAL RETIREMENT FUND

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

---

### (2) CASH AND INVESTMENTS, CONTINUED

#### Investments Measured at Fair Value, Continued

- (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.
- (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.

See Independent Auditors' Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

---

**(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:

<u>Investment</u>	<u>Purpose</u>	<u>Fair Value</u>	
		<u>2019</u>	<u>2018</u>
K2 Mauna Kea, 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.	\$ 45,996,137	27,159,813
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.	<u>4,676,785</u>	<u>20,209,528</u>
		<u>\$ 50,672,922</u>	<u>47,369,341</u>

As of June 30, 2019 and 2018, K2 Mauna Kea, LLC (“K2”) had no unfunded commitments.

As of June 30, 2019 and 2018, Conway Investment Research, LLC (formerly Guggenheim Onshore Access Fund, LLC) had no unfunded commitments.

K2 and Conway Investment Research, LLC (formerly Guggenheim Onshore Access Fund, LLC) account for their 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.

See Independent Auditors’ Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

---

**(4) REAL ESTATE**

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

<u>Investment</u>	<u>Purpose</u>	<u>Fair Value</u>	
		<u>2019</u>	<u>2018</u>
JPMorgan Chase Bank Strategic Property Fund	The fund owns and seeks improved real estate projects with stabilized occupancies in an effort to produce a relatively high level of current income combined with moderate appreciation potential.	\$ 18,670,867	17,927,906
JPMorgan Chase Bank Special Situation Property Fund	The fund targets real estate investments that provide a moderate level of current income and high residual appreciation.	<u>12,604,410</u>	<u>11,919,343</u>
		<u>\$ 31,275,277</u>	<u>29,847,249</u>

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

As of both June 30, 2019 and 2018, the Fund had no remaining commitments to fund investments.

See Independent Auditors' Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

---

**(5) TRUST ADMINISTRATIVE ACCOUNT**

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

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

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

	<u>2019</u>	<u>2018</u>
Beginning balance	\$ 572,222	486,068
Income (expense):		
Interest and fee income	13,183	6,013
Income from outside sources	69,012	97,170
Usage of income from outside sources	(8,797)	-
Securities lending interest income	-	671
Participant outstanding checks	(1,438)	(18,219)
Fees earned and transfers from the Fund	2,844,186	2,761,083
Total income	<u>2,916,146</u>	<u>2,846,718</u>
Administrative and investment expenses:		
Actuary and recordkeeping	482,351	479,759
Administration	1,055,349	1,088,104
Legal and audit	126,563	105,000
Training and travel	76,150	64,921
Insurance	108,007	107,846
Investment advisors and consultants	747,974	757,722
Custodial	152,743	147,467
City-directed expense	19,700	9,745
Total administrative and investment expenses	<u>2,768,837</u>	<u>2,760,564</u>
Ending balance	<u>\$ 719,531</u>	<u>572,222</u>

See Independent Auditors' Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

---

**(5) TRUST ADMINISTRATIVE ACCOUNT, CONTINUED**

The Trust Administrative Account is used for administrative expenses per approval of the Board of Trustees. In addition, during the years ended June 30, 2019 and 2018, 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 December 31, 2017, for a 10-year period with a renewal option for an additional 5-years. Future minimum lease payments as of June 30, 2018, were as follows:

2020	\$	84,278
2021		86,806
2022		89,411
2023		92,093
2024		94,856
2025 and thereafter		<u>354,575</u>
	\$	<u>802,019</u>

Total rent expense for the years ended June 30, 2019 and 2018, was approximately \$85,000 and \$80,000, respectively. Rent expense is paid through the Trust Administrative Account.

See Independent Auditors' Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**  
**REQUIRED SUPPLEMENTARY INFORMATION**

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**SCHEDULE OF INVESTMENT RETURNS**

<i>Last 6 Fiscal Years</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>	<i>2014</i>
Annual money-weighted rate of return on defined benefit assets, net of investment expense	6.87%	7.27%	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**

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

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

*June 30, 2019*

<b>Members</b>	<b>Unit</b>	
	<b>Market Value Ownership Percentage</b>	<b>Market Value Ownership</b>
Ada	9.06674%	\$ 28,903,082
Ada—CMO Plan	0.06913%	220,369
Afton/Afton Public Works Authority	0.07978%	254,323
Altus	0.78703%	2,508,910
Altus—CMO Plan	0.03289%	104,862
Altus—CMO Plan #2	0.02315%	73,789
Alva	0.42934%	1,368,648
Arapaho	0.00182%	5,790
Arkoma	0.07477%	238,351
Bartlesville	0.63882%	2,036,450
Bethany—CMO Plan	0.02264%	72,160
Bethany/Warr Acres	0.02289%	72,957
Bixby—CMO Plan	0.02373%	75,644
Blackwell	0.08848%	282,045
Blackwell—CMO Plan	0.00163%	5,182
Broken Arrow—DC	13.54470%	43,178,015
Broken Arrow—CMO-SI	0.00579%	18,472
Cache/Cache PWA	0.04250%	135,481
Caddo/Caddo PWA	0.05005%	159,565
Calumet COP	0.00155%	4,954
Caney	0.01893%	60,360
Carmen and CPWA	0.02678%	85,377
Cashion	0.08064%	257,074
Catoosa—CMO	0.00543%	17,306
Central Oklahoma MCD—CMO Plan	0.22883%	729,473
Chandler—CMO Plan	0.04144%	132,103
Chattanooga	0.02167%	69,084
Chelsea	0.10433%	332,575
Chelsea Gas Authority	0.00263%	8,387
Chickasha	0.02048%	65,291
Choctaw/Choctaw Utilities Authority	0.87344%	2,784,373
Chouteau/Chouteau Public Works Authority	0.15912%	507,244
Claremore Special Incentive—CMO Plan	0.02772%	88,364

See Independent Auditors' Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

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

*June 30, 2019*

<b>Members</b>	<b>Unit</b>	
	<b>Market Value Ownership Percentage</b>	<b>Market Value Ownership</b>
Cleveland—CMO Plan	0.02458%	78,354
Cleveland Special Incentive—CMO Plan	0.01201%	38,289
Clinton	0.80843%	2,577,129
Clinton—CMO Plan	0.00975%	31,084
Coalgate	0.23388%	745,561
Collinsville—CMO Plan	0.14350%	457,437
Collinsville—COP Plan	0.00000%	-
Collinsville Special Incentive—CMO Plan	0.01860%	59,303
Comanche—CMO Plan	0.01121%	35,749
Cordell CMO	0.01209%	38,556
Covington/Covington Utilities Authority	0.05135%	163,698
Coweta	0.63744%	2,032,045
Coweta—CMO Plan	0.26425%	842,365
Coweta Special Incentive—CMO Plan	0.01443%	45,999
Crescent	0.11457%	365,225
Crescent—CMO Plan	0.00942%	30,024
Cushing—CMO Plan	0.00040%	1,260
Custer City/Custer City Public Works Authority	0.03802%	121,191
Davis—CMO Plan	0.00611%	19,466
Dewey—CMO Plan	0.04213%	134,308
Dover PWA	0.00875%	27,908
Drumright/Drumright Utility Authority/Drumright Gas Authority	0.13603%	433,649
Drumright—CMO Plan	0.04864%	155,048
Duncan	0.14866%	473,909
Duncan—CMO Plan	0.02324%	74,074
Durant	1.22199%	3,895,481
Eakly	0.03730%	118,917
East Duke and DMA	0.00919%	29,286
El Reno—CMO Plan	0.05628%	179,421
El Reno—CMO Plan 2	0.00181%	5,782
Eldorado	0.01628%	51,884
Elgin	0.10802%	344,341
Eufaula—CMO Plan	0.01623%	51,729
Fairview/Fairview Utilities Authority	0.26073%	831,145

See Independent Auditors' Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

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

*June 30, 2019*

<b>Members</b>	<b>Unit</b>	
	<b>Market Value Ownership Percentage</b>	<b>Market Value Ownership</b>
Fairview—CMO Plan	0.06449%	205,595
Fletcher	0.01136%	36,203
Fort Gibson/Fort Gibson Utility Authority	0.32638%	1,040,431
Frederick—CMO Plan	0.00464%	14,799
Gage	0.00994%	31,679
Glencoe/GPWA	0.01192%	37,997
Glenpool/Glenpool Utility Service Authority	0.31518%	1,004,748
Glenpool—CMO Plan	0.05416%	172,667
Glenpool—CMO Plan 2	0.03239%	103,239
Glenpool—COP	0.00178%	5,689
Goldsby	0.30203%	962,831
Goltry/GPWA	0.01839%	58,630
Goodwell	0.00001%	27
Guthrie—CMO Plan	0.04767%	151,959
Guymon/Guymon Utility Authority	0.94507%	3,012,724
Guymon—CMO DH Plan	0.24898%	793,709
Guymon—CMO Plan	0.03974%	126,694
Harrah/Harrah Public Works Authority	0.16206%	516,607
Harrah—CMO Plan	0.08013%	255,454
Hartshorne	0.02954%	94,165
Haskell/Haskell Public Works Authority	0.28740%	916,189
Haskell Special Incentive—CMO Plan	0.01449%	46,179
Healdton—CMO Plan	0.00538%	17,136
Helena	0.06298%	200,769
Hennessey	0.11852%	377,821
Henryetta—CMO Plan	0.01353%	43,128
Hobart	0.39797%	1,268,646
Hollis	0.19925%	635,184
Hominy	0.38017%	1,211,898
Hominy—CMO Plan	0.00943%	30,074
Jay/Jay Utility Authority	0.30193%	962,500
Jones City and Jones PWA	0.04774%	152,188
Kaw City	0.00069%	2,214
Konawa and Konawa PWA	0.02603%	82,968

See Independent Auditors' Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

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

*June 30, 2019*

<b>Members</b>	<b>Unit</b>	
	<b>Market Value Ownership Percentage</b>	<b>Market Value Ownership</b>
Lahoma	0.03267%	104,148
Lawton	0.08485%	270,474
Lindsay and Lindsay PWA	0.02139%	68,190
Lindsay and Lindsay PWA—CMO Plan	0.01013%	32,284
Lone Grove/Lone Grove Water Trust Authority	0.21086%	672,167
Lone Grove—CMO Plan	0.02335%	74,444
Mangum Utilities Authority—CMO Plan	0.13812%	440,293
Mannford—CMO CM Plan	0.19156%	610,663
Mannford—CMO DH Plan	0.14675%	467,801
Mannsville	0.01863%	59,391
Marlow/Marlow Municipal Authority	0.62153%	1,981,334
Marlow—CMO Plan	0.02077%	66,198
Maysville	0.03438%	109,601
McAlester	0.37153%	1,184,355
Mcloud CMO	0.00176%	5,614
Meeker—CMO Plan	0.00218%	6,940
Miami—CMO Plan	0.02999%	95,600
Midwest City	14.73569%	46,974,670
Mooreland—CMO Plan	0.00291%	9,285
Morris/Morris PWA	0.01399%	44,595
Mounds	0.01369%	43,636
Muskogee	7.75164%	24,710,788
Muskogee—CMO Plan	0.08584%	273,647
Newcastle—CMO Plan	0.02631%	83,859
Newkirk	0.12038%	383,755
Newkirk—CMO Plan	0.01871%	59,649
Nicoma Park	0.20760%	661,782
Noble—CMO Plan	0.06111%	194,820
Oakland	0.01762%	56,174
OK Mun Assurance Group	2.33539%	7,444,778
OK Mun Management Serv Auth	0.00541%	17,232
OK Mun Utility Service Authority	0.17873%	569,765
Okeene—CMO Plan	0.00279%	8,895
Okemah—CMO Plan	0.00604%	19,257

See Independent Auditors' Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

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

*June 30, 2019*

<b>Members</b>	<b>Unit</b>	
	<b>Market Value Ownership Percentage</b>	<b>Market Value Ownership</b>
OkMRF—CMO Plan	0.26235%	836,338
Okmulgee	1.09379%	3,486,811
Okmulgee—CMO Plan	0.03371%	107,446
OMAG—CEO Plan	0.01858%	59,231
OMAG—CMO Plan	0.00000%	-
OMUSA—CMO Plan	0.05024%	160,166
Owasso	1.87050%	5,962,809
Pauls Valley	0.52726%	1,680,804
Pauls Valley—CMO Plan	0.08006%	255,220
Pawhuska	0.53042%	1,690,866
Perkins—CMO Plan	0.02601%	82,909
Piedmont/Piedmont Municipal Authority	0.18409%	586,848
Piedmont—CMO Plan	0.02093%	66,715
Pocola	0.07641%	243,568
Pocola—PT	0.00040%	1,287
Porum	0.21313%	679,424
Prague	0.26009%	829,118
Prague—CMO Plan	0.02800%	89,259
Ringwood	0.01302%	41,521
Roff/Roff PWA	0.00407%	12,979
Sand Springs	4.16309%	13,271,171
Sand Springs—CMO Plan	0.06299%	200,804
Sapulpa	1.16431%	3,711,618
Sapulpa—CMO Plan	0.02266%	72,222
Sapulpa—CMO SI CA Plan	0.00119%	3,787
Savanna	0.02599%	82,847
Sayre/Sayre PWA/Sayre Industrial Authority	0.28414%	905,770
Sayre—CMO Plan	0.08910%	284,032
Seiling/Seiling PWA	0.07399%	235,866
Seiling—CMO Plan	0.01841%	58,691
Seiling Municipal Hospital—CMO Plan	0.01128%	35,943
Seminole	0.95217%	3,035,339
Seminole—CMO Plan	0.23555%	750,887
Shawnee	1.18739%	3,785,181

See Independent Auditors' Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

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

*June 30, 2019*

<b>Members</b>	<b>Unit</b>	
	<b>Market Value Ownership Percentage</b>	<b>Market Value Ownership</b>
Shawnee—CMO DH Plan	0.39952%	1,273,586
Shawnee Special Incentive—CMO Plan	0.05450%	173,730
Shawnee New Hires 7/13	0.30541%	973,578
Skiatook	1.09137%	3,479,084
Skiatook—CMO Plan	0.05635%	179,627
Slaughterville	0.03483%	111,043
Snyder	0.01982%	63,178
Stillwater	15.34838%	48,927,825
Stillwater—CMO Plan	0.13031%	415,417
Stringtown	0.08553%	272,651
Stroud	0.24050%	766,681
Stroud—CMO Plan	0.05664%	180,559
Sulphur—CMO Plan	0.02710%	86,382
Tecumseh	0.54445%	1,735,609
Tecumseh—CMO Plan	0.04614%	147,093
Terral	0.00458%	14,586
Texhoma and PWA	0.20452%	651,956
Thackerville	0.01506%	48,007
Tishomingo/Tishomingo Municipal Authority	0.03693%	117,738
Tishomingo—CMO Plan	0.04859%	154,881
Tonkawa—CMO Plan	0.01996%	63,614
Tyrone and Tyrone PWA	0.00003%	86
Union City	0.01306%	41,627
Valley Brook	0.14112%	449,875
Valley Brook New Hires 11/14	0.01322%	42,131
Verdigris	0.05450%	173,734
Walters	0.23743%	756,875
Walters—CMO	0.00142%	4,532
Warner	0.03371%	107,476
Warr Acres	0.39890%	1,271,628
Waynoka	0.18991%	605,410
Waynoka—CMO Plan	0.02279%	72,647
Weatherford	1.49619%	4,769,586

See Independent Auditors' Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

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

*June 30, 2019*

<b>Members</b>	<b>Unit</b>	
	<b>Market Value Ownership Percentage</b>	<b>Market Value Ownership</b>
Weleetka	0.01283%	40,885
West Siloam Springs and WSSMTA	0.09313%	296,880
Westville	0.00071%	2,256
Woodward/Woodward Municipal Authority	0.89280%	2,846,096
Woodward—CMO Plan	0.17728%	565,129
Yale—CMO Plan	0.00002%	57
Yukon—CMO Plan	0.07343%	234,080
Yukon New Hires 7/14	0.51185%	1,631,698
	<u>100.00000%</u>	<u>\$ 318,781,492</u>

This schedule presents the ownership allocation by Member of the net position restricted for plan benefits as of June 30, 2019.

See Independent Auditors' Report.

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**REPORT REQUIRED BY  
*GOVERNMENT AUDITING STANDARD***



**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, 2019, 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 December 19, 2019. 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)

**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  
December 19, 2019