

Oklahoma Municipal Retirement Fund

*The Auditors' Communication with
Those Charged with Governance*

June 30, 2024

December 20, 2024

Board of Trustees
Oklahoma Municipal Retirement Fund

We have audited the financial statements the Oklahoma Municipal Retirement Fund (the “Fund”) as of and for the year ended June 30, 2024, and have issued our report thereon dated December 20, 2024. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated February 14, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Fund are described in Note 1 to the financial statements. New accounting policies were adopted as discussed below and the application of existing policies was not changed during the year ended June 30, 2024. We noted no transactions entered into by the Fund during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

In April 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 99, *Omnibus 2022* (GASB 99). GASB 99 is a technical omnibus statement that addresses issues or concerns from previous statements that were discovered during implementation and application of those statements. GASB 99 covers several topics including but not limited to, financial guarantees, derivatives, leases, non-monetary transactions, future revenue pledges and terminology updates. The Fund adopted the sections that were effective for the June 30, 2022, and the June 30, 2023, reporting years. The remaining sections were adopted by the Fund for the June 30, 2024, reporting year, as required by GASB 99. GASB 99 did not have a significant impact on the Fund’s financial statements.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100). GASB 100 prescribes accounting and financial reporting for accounting changes and error corrections to the financial statements. GASB 100 defines what constitutes an accounting change versus a change in accounting principle or error correction and outlines the appropriate note disclosures in each circumstance. The Fund adopted GASB 100 on July 1, 2023, for the June 30, 2024, reporting year. GASB 100 did not significantly impact the Fund’s financial statements.

Significant Audit Matters, Continued

Qualitative Aspects of Accounting Practices, Continued

In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). GASB 101 outlines the definition of compensated absences and sets forth the accounting and financial reporting for compensated absence liabilities. GASB 101 outlines that leave accrued should be measured using the employees' pay rate at the financial statement date and that certain salary related payments, such as Social Security and Medicare, should be included in such measurement. The Fund will adopt GASB 101 on July 1, 2024, for the June 30, 2025, reporting year. The Fund does not expect GASB 101 to significantly impact the financial statements.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures* (GASB 102). GASB 102 defines circumstances where a government might have a concentration, or lack of diversity related to significant inflows or outflows of resources, or a constraint, where a limitation is imposed on a government by an external party or the highest level of decision-making authority. GASB 102 provides for how to determine if such conditions exist and if so, the appropriate disclosures required. The Fund will adopt GASB 102 on July 1, 2024, for the June 30, 2025, reporting year. The Plan does not expect GASB 102 to have a significant impact on the financial statements.

In April, 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements* (GASB 103). This statement improves key components of the governmental financial reporting model to enhance effectiveness and to address certain application issues. GASB 103 prescribes changes to the MD&A, describes unusual or infrequent items, and addresses presentation issues for proprietary funds, major component units, and budgetary comparison presentations. The Fund will adopt GASB 103 on July 1, 2025, for the June 30, 2026, reporting year. The Fund does not expect GASB 103 to significantly impact the financial statements.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimates of the fair value of investments are based on the investment custodian. We evaluated the key factors and assumptions used to develop the estimates of the fair value of investments and determined that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Significant Audit Matters, Continued

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of the audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 20, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Fund's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Matters or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Fund's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis and the schedule of investment returns, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the analysis of fund ownership for defined contribution plans, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Other Required Communications

We as independent auditors are required to:

- a. Communicate significant deficiencies and material weaknesses in internal control to the audit committee or its equivalent.
- b. Report directly to the audit committee (or equivalent) any fraud that causes a material misstatement of the financial statements and any fraud involving senior management. Fraud perpetrated by lower-level employees is also to be reported if it resulted in an individually significant misstatement.
- c. Report illegal acts that come to our attention (except those that are clearly inconsequential).

We have nothing to report.

Other Procedures

In conducting our audit, we selected 536 individual participant accounts for testing. The following is a summary of the testwork performed, with comparative totals for 2023:

	<u>2024</u>	<u>2023</u>
Tax withholding testwork	25	25
Positive confirmations of distributions to participants	380	454
Positive confirmations of loans to participants	25	25
General file documentation (see below)	57	59
Distribution check endorsement	21	21
Benefit recalculations	<u>28</u>	<u>28</u>
	<u>536</u>	<u>612</u>

Of the 380 participant account distribution confirmations, 280 were received without exception. For those not received, general file testwork or benefit recalculations were performed. In addition to the individual participant accounts, we also sent positive confirmations to 155 towns/cities that participated in the Fund during the year.

No material discrepancies were noted.

Restriction on Use

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

Sincerely,

Finley & Cook, PLLC