

Oklahoma
Public Schools
Liquid Asset Pool



Sponsored by the:

- Oklahoma State School Boards Association
- Cooperative Council of Oklahoma School Administration
- Organization of Rural Oklahoma Schools
- Oklahoma Association of School Business Officials

Annual Report
June 30, 2011

For Investment Information Call: Toll Free (866-472-6527)
Or visit: www.OLAPonline.org

August 2011

To Our Participants:

The Oklahoma Public School Investment Interlocal was organized in August of 1996 and formed the Oklahoma Public Schools Liquid Asset Pool (OLAP) for the purpose of increasing investment returns on school funds to benefit the students of our state. It is the goal of the Board of Directors to develop policies and contracts to give the school districts the best services and protect the participants' investments.

The ability to pool funds allows school districts an alternative investment source through OLAP and provides a competitive rate environment versus other local investment options. The Board believes the program allows school districts to effectively design and implement investment strategies while maintaining safety, liquidity, and performance.

OLAP contracts with Miles Capital Inc. as the fund administrator and Stephen H. McDonald and Associates as marketing agent. RBC Global Asset Management was the investment adviser and the Bank of Oklahoma was the custodian during the fiscal year ended June 30, 2011. The Board of Directors approved Miles Capital as the Investment Advisor and BancFirst as the custodian for the fiscal year beginning July 1, 2011. KPMG LLP serves as the independent auditor for OLAP.

This financial report includes audited financial results for the fiscal year ended June 30, 2011, management discussion and analysis covering the past two fiscal years, investment commentary from RBC Global Asset Management, and various statistical data on the pool.

We encourage you to review this report thoroughly and contact us with comments and suggestions regarding OLAP. Your involvement in OLAP is essential in the Fund's ability to provide competitive investment alternatives. On behalf of the Board of Directors, sponsoring associations and service providers, we thank you for your continued support.

Sincerely,

OLAP Board of Directors

BOARD OF DIRECTORS

Roger Adair	Moore Norman Technology Center
Barry Beauchamp	Lawton Public Schools
Howard Hampton	Bishop Public Schools
Nancy McKay	Jenks Public Schools
Jeff Mills	Oklahoma State School Boards Association
David Powell	Wayne Public Schools
Ann Wade	Oklahoma Association of School Business Officials
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Steven Crawford	Cooperative Council of Oklahoma School Administration
Perry Willis	Organization of Rural Oklahoma Schools
Richard Gorman	McAlester Public Schools
Dan Snell	Norman Public Schools
Rodney Schilt	Adair Public Schools
Terry Davidson	Comanche Public Schools

SERVICE PROVIDERS

Investment Adviser	RBC Global Asset Management (U.S.) Inc. (ending June 30, 2011)
Investment Adviser	Miles Capital, Inc. (beginning July 1, 2011)
Administrator	Miles Capital, Inc.
Custodian	Bank of Oklahoma, N.A. (ending June 30, 2011)
Custodian	BancFirst (beginning July 1, 2011)
Marketing Agent	Stephen H. McDonald & Associates, Inc.
Legal Counsel	Larry Lewis, Attorney
Independent Auditor	KPMG LLP



KPMG LLP
2500 Ruan Center
666 Grand Avenue
Des Moines, IA 50309

Independent Auditors' Report

The Board of Directors
Oklahoma Public Schools Liquid Asset Pool:

We have audited the accompanying statement of net assets, including the schedule of investments, of the Oklahoma Public Schools Liquid Asset Pool (the Pool) as of June 30, 2011, and the related statements of operations and changes in net assets for each of the years in the two-year period then ended, and financial highlights for each of the years in the five-year period then ended. These financial statements and financial highlights are the responsibility of the Pool's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 and financial highlights are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Oklahoma Public Schools Liquid Asset Pool as of June 30, 2011, and the results of its operations and its changes in net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the five-year period then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2011 on our consideration of the Pool's internal control over financial reporting and its compliance with certain provisions of laws, regulations, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audit was conducted for the purpose of forming an opinion on the Pool's financial statements. The introductory section, other supplementary information, investment section and statistical section are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied by us in the audits of the financial statements and, accordingly, we express no opinion on them.

The management's discussion and analysis on pages 4 and 5 is not a required part of the financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the management discussion and analysis information. However, we did not audit the information and express no opinion on it.

KPMG LLP

Des Moines, Iowa
August 9, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Oklahoma Liquid Asset Pool (OLAP) Annual Financial Report presents Management's Discussion and Analysis of the financial position and results of operations for the fiscal years ended June 30, 2011 (FY 11) and 2010 (FY 10). This information is being presented to provide additional information regarding the activities of OLAP, pursuant to the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and Statement No. 38, *Certain Financial Statement Note Disclosures* (Statements Nos. 34, 37, and 38). This discussion and analysis should be read in conjunction with the basic financial statements.

Overview of the Financial Statements

Management's Discussion and Analysis provides an introduction to and overview of the basic financial statements of OLAP. The following components comprise the financial statements: 1) Schedule of Investments, 2) Statement of Net Assets, 3) Statements of Operations, 4) Statements of Changes in Net Assets, and 5) Notes to Financial Statements.

- The Schedule of Investments lists each security held in the portfolio as of the date of the current fiscal year end.
- The Statement of Net Assets shows the financial position (assets and liabilities) of the portfolio as of the date of the current fiscal year end.
- The Statements of Operations display the results of operations (income and expenses) of the portfolio for the two most recent fiscal years.
- The Statements of Changes in Net Assets display the results of additions (net investment income, unit sales, and reinvestments) and deductions (dividends and unit redemptions) of the portfolio for the two most recent fiscal years.
- The Notes to Financial Statements describe significant accounting policies and disclose information required under U.S. generally accepted accounting principles.

Condensed Financial Information and Financial Analysis

Year-over-year variances in most financial statement amounts reported in OLAP are most significantly impacted by the level of average net assets (which fluctuates based on the overall levels of participant/unitholder invested balances) in the portfolio. Additionally, changes in the short-term interest rate environment (which follows the general trend established by monetary policy set by the Federal Reserve) contribute to year-over-year variances in the amount of investment income earned by the portfolio. For the periods covered in this annual financial report, the Federal Reserve's Federal Open Market Committee has not changed the Fed Funds target rate from a range of zero to 0.25 percent. The Fed Funds target rate was set from a range of zero to 0.25 percent on December 16, 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Condensed financial information and explanations of changes for FY 11, as compared to FY 10 follows:

Net Assets	June 30, 2011	Percent Change	June 30, 2010
Total investments	\$ 30,000,951	-54%	\$ 65,777,685
Excess/(deficiency) of other assets over total liabilities	18,170	-103%	(547,518)
Net assets held in pool for participants	<u>\$ 30,019,121</u>	-54%	<u>\$ 65,230,167</u>
Average net assets	<u>\$ 23,727,413</u>	-51%	<u>\$ 48,142,404</u>

Total investments and net assets decreased 54 percent during FY 11 compared to FY 10 due to a lower interest rate environment where other investment options may have been more attractive. In July 2010, a unitholder with a large asset balance relative to the OLAP withdrew their funds for an investment alternative with a local Oklahoma bank. During FY 11, average net assets decreased 51 percent to \$23,727,413 compared to average net assets of \$48,142,404 during FY 10.

Change in Net Assets for the years ended	June 30, 2011	Percent Change	June 30, 2010
Investment income	\$ 59,777	-72%	\$ 211,969
Net expenses	(39,462)	-74%	(149,797)
Dividends to unitholders from net investment income	(20,315)	-67%	(62,172)
Net decrease in net assets derived from unit transactions	(35,211,046)	-1162%	(2,790,449)
Net assets held in pool for participants at the beginning of the period	<u>65,230,167</u>	-4%	<u>68,020,616</u>
Net assets held in pool for participants at the end of the period	<u>\$ 30,019,121</u>	-54%	<u>\$ 65,230,167</u>

Investment income and dividends to unitholders from net investment income decreased 72 percent and 67 percent, respectively, during FY 11 compared to FY 10 due to a lower interest rate environment for the whole FY 11 and the withdrawal of assets by a large unitholder. Total expenses decreased 74 percent during FY 11 compared to FY 10 due to fee waivers required to keep the net yield above zero and a reduction in average net assets. As a percentage of average net assets, expenses were 0.166 percent compared to 0.311 percent the prior year. Units sold and redeemed decreased 66 percent and 52 percent, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Condensed financial information and explanations of changes for FY 10, as compared to FY 09 follows:

Net Assets	June 30, 2010	Percent Change	June 30, 2009
Total investments	\$ 65,777,685	-3%	\$ 67,838,853
(Deficiency)/excess of other assets over total liabilities	(547,518)	-401%	181,763
Net assets held in pool for participants	<u>\$ 65,230,167</u>	-4%	<u>\$ 68,020,616</u>
Average net assets	<u>\$ 48,142,404</u>	-17%	<u>\$ 57,801,829</u>

Total investments and net assets decreased 3 percent and 4 percent, respectively, during FY 10 compared to FY 09 due to a lower interest rate environment where other investment options may have been more attractive. During FY 10, average net assets decreased 17 percent to \$48,142,404 compared to average net assets of \$57,801,829 during FY 09.

Change in Net Assets for the years ended	June 30, 2010	Percent Change	June 30, 2009
Investment income	\$ 211,969	-72%	\$ 743,833
Net expenses	(149,797)	-43%	(261,771)
Dividends to unitholders from net investment income	(62,172)	-87%	(482,062)
Net decrease in net assets derived from unit transactions	(2,790,449)	72%	(10,139,821)
Net assets held in pool for participants at the beginning of the period	<u>68,020,616</u>	-13%	<u>78,160,437</u>
Net assets held in pool for participants at the end of the period	<u>\$ 65,230,167</u>	-4%	<u>\$ 68,020,616</u>

Investment income and dividends to unitholders from net investment income decreased 72 percent and 87 percent, respectively, during FY 10 compared to FY 09 due to a lower interest rate environment for the whole of FY 10. Total expenses decreased 43 percent during FY 10 compared to FY 09 due to fee waivers and a reduction in average net assets. As a percentage of average net assets, expenses were 0.311 percent compared to 0.453 percent the prior year. Units sold and redeemed decreased 2 percent and 5 percent, respectively.

**OKLAHOMA PUBLIC SCHOOLS LIQUID ASSET POOL
SCHEDULE OF INVESTMENTS
June 30, 2011**

<u>Principal Amount</u>	<u>Description</u>	<u>Yield on Date of Purchase</u>	<u>Maturity Date</u>	<u>Amortized Cost</u>
U.S. Government Agency Obligations - 0.8%				
\$ 250,000	Federal Home Loan Bank, 0.35%	0.375%	12/07/11	\$ 249,973
	Total U.S. Government Agency Obligations (cost \$249,973)			<u>\$ 249,973</u>
Repurchase Agreements - 79.0%				
\$ 23,700,000	Merrill Lynch, Pierce, Fenner and Smith, Inc.	0.050%	07/01/11	\$ 23,700,000
	Total Repurchase Agreements (cost \$23,700,000)			<u>\$ 23,700,000</u>
Other Investments -- 20.2%				
\$ 6,050,978	Bank of Oklahoma Public Fund Deposit Account	0.244%	NA	\$ 6,050,978
	Total Other Investments (cost \$6,050,978)			<u>\$ 6,050,978</u>
	Total Investments - 100% (cost \$30,000,951)			<u><u>\$ 30,000,951</u></u>

See accompanying notes to financial statements.

OKLAHOMA PUBLIC SCHOOLS LIQUID ASSET POOL
STATEMENT OF NET ASSETS
June 30, 2011

ASSETS

Investment in securities, at amortized cost	
U.S. Government Agency Obligations	\$ 249,973
Repurchase Agreements	23,700,000
Other Investments	6,050,978
Cash	19,810
Interest receivable	1,305
Total assets	<u>30,022,066</u>

LIABILITIES

Administration fees payable	432
Investment advisory fees payable	332
Distribution fees payable	274
Dividends payable	<u>1,907</u>
Total liabilities	<u>2,945</u>

NET ASSETS HELD IN POOL FOR PARTICIPANTS	<u>\$ 30,019,121</u>
Shares of beneficial interest outstanding	<u>30,019,121</u>
Net asset value - offering and redemption price per share	<u>\$1.00</u>

See accompanying notes to financial statements.

**OKLAHOMA PUBLIC SCHOOLS LIQUID ASSET POOL
STATEMENTS OF OPERATIONS
For the Years Ended June 30,**

	<u>2011</u>	<u>2010</u>
INVESTMENT INCOME		
Interest	\$ 59,777	\$ 211,969
EXPENSES		
Administration fees	35,591	72,214
Investment advisory fees	27,287	55,364
Consulting fees	26,100	52,957
Distribution fees	22,541	45,735
Other expenses	8,578	29,105
Total expenses	<u>120,097</u>	<u>255,375</u>
Less: expenses voluntarily reduced / waived		
Administration fees	(22,573)	(19,931)
Investment advisory fees	(17,305)	(15,356)
Consulting fees	(26,100)	(52,957)
Distribution fees	(14,297)	(13,602)
Other expenses	(360)	(3,732)
Total expenses voluntarily reduced / waived	<u>(80,635)</u>	<u>(105,578)</u>
Net expenses	<u>39,462</u>	<u>149,797</u>
NET INVESTMENT INCOME	<u>\$ 20,315</u>	<u>\$ 62,172</u>

**OKLAHOMA PUBLIC SCHOOLS LIQUID ASSET POOL
STATEMENTS OF CHANGES IN NET ASSETS
For the Years Ended June 30,**

	<u>2011</u>	<u>2010</u>
ADDITIONS		
From investment activities:		
Net investment income	\$ 20,315	\$ 62,172
From unit transactions:		
(at constant net asset value of \$1 per unit)		
Units sold	79,272,572	235,734,341
Units issued in reinvestment of dividends from net investment income	21,257	70,975
Total additions	<u>79,314,144</u>	<u>235,867,488</u>
DEDUCTIONS		
Dividends to unitholders from:		
Net investment income	(20,315)	(62,172)
From unit transactions:		
Units redeemed	(114,504,875)	(238,595,765)
Total deductions	<u>(114,525,190)</u>	<u>(238,657,937)</u>
Net decrease in net assets	(35,211,046)	(2,790,449)
Net assets held in pool for participants at beginning of period	65,230,167	68,020,616
Net assets held in pool for participants at end of period	<u>\$ 30,019,121</u>	<u>\$ 65,230,167</u>

See accompanying notes to financial statements.

OKLAHOMA PUBLIC SCHOOLS LIQUID ASSET POOL
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 – ORGANIZATION

The Oklahoma Public Schools Liquid Asset Pool (OLAP) was established on August 22, 1996, pursuant to the Interlocal Cooperative Agreement and commenced operations on November 20, 1996. OLAP's Declaration of Trust authorizes the creation of several investment portfolios within OLAP. OLAP currently consists of the Liquid Asset Pool (the "Fund"), therefore, these financial statements and related notes encompass only the Liquid Asset Pool. Shares of the Fund are offered exclusively to Oklahoma school districts. The purpose of the Fund is to enable school districts to pool their available funds for investment through an interlocal authorized under Section 5-117b of Title 70 of the Oklahoma Statutes.

OLAP is exposed to various risks in connection with operation of the Fund and adheres to policies which attempt to mitigate market risk in the portfolio through the investment policy and maintains insurance coverage for fidelity and errors and omissions exposures. OLAP has had no claims or settlements under its insurance coverage since its organization in 1996.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of net investment income during the year. Actual results could differ from those estimates.

In reporting financial activity, the Fund applies applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as all Financial Accounting Standards Board and predecessor statements and interpretations not in conflict with GASB pronouncements. The statement of net assets and statements of operations and changes in net assets are prepared using the economic resources measurement focus and the accrual basis of accounting.

Investments in Securities

The Fund's portfolio consists of cash and short-term investments valued at amortized cost, which approximates fair value. The amortized cost method involves valuing a security at its cost on the date of purchase and recording amortization or accretion of any premium or discount.

Security transactions are accounted for on the trade date (date the order to buy or sell is executed). In computing net investment income, the Fund amortizes / accretes any premiums or discounts on securities owned using the straight-line method. Management believes this does not differ materially from the scientific method required under GAAP. Interest income on debt securities is accrued daily. Gains or losses realized upon the sale of securities are based on the amortized cost and are determined using the identified cost method.

OLAP is authorized by investment policy and statute to invest public funds in obligations of the U.S. government, its agencies and instrumentalities; and repurchase agreements, provided that the underlying collateral consists of obligations of the U.S. government, its agencies and instrumentalities and that OLAP's custodian takes delivery of the collateral either directly or through an authorized custodian.

In connection with transactions in repurchase agreements, it is OLAP's policy that the value of the underlying collateral securities exceeds the principal amount of the repurchase transaction, including accrued interest at all times. If the seller defaults and the value of the collateral declines, realization of the collateral by OLAP may be delayed or limited. At June 30, 2011, the securities purchased under overnight agreements to resell were collateralized by government agency securities with a fair value of \$24,174,369.

Under Governmental Accounting Standards as to custodial credit risk, OLAP held securities whose Standard & Poor's credit ratings were 0.8 percent AAA, 79.0 percent NA, and 20.2 percent NR. Securities

OKLAHOMA PUBLIC SCHOOLS LIQUID ASSET POOL
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2011

which carry an NA rating are governmental securities which are deemed to carry the equivalent of A1+/P1 ratings by the OLAP Board of Trustees. The security which carries an NR rating is a bank deposit account.

Management attempts to limit OLAP's exposure to interest rate risk and believes this is addressed by the fact that securities are limited by investment policy and statute to investments of high quality with durations not to exceed 397 days. Hence it is not expected that any significant change in market interest rates would present long term risk to OLAP.

Share Issues, Redemptions and Distributions

The Fund determines the net asset value daily. Shares are issued and redeemed daily at the daily net asset value. Dividends from net investment income are declared daily and distributed monthly.

Income Taxes

The Fund is exempt from both federal income taxes pursuant to Section 115 of the internal revenue code and state income taxes.

NOTE 3 – FUND EXPENSES

Investment Advisory Fee

Pursuant to an Investment Advisory Agreement with the Fund, the Investment Adviser, RBC Global Asset Management (U.S.) Inc. ("RBC"), provides investment advice and generally supervises the investment program of the Fund. RBC is paid at an annual rate equal to 0.115 percent of the Fund's average daily net assets. Such fee is calculated daily and paid monthly. Effective January 19, 2010, RBC voluntarily waived a portion of the investment management fee. Effective August 13, 2010, RBC, Miles, and McDonald agreed to waive fees in order for the fund to pay a net yield of 0.08 percent to unitholders when the gross yield exceeded 0.08 percent. The total fee may vary each day based on the gross yield earned on the fund. These waivers may be reduced or eliminated at any time.

Administration Fee

Under an Administration Agreement with the Fund, the Administrator, Miles Capital, Inc. ("Miles"), services all participant accounts, determines and allocates income of the Fund, provides administrative personnel, equipment and office space, determines the net asset value of the Fund on a daily basis and performs all related administrative services. The Administrator pays the Fund's expenses for printing certain documents and for administrative costs of the Fund (such as postage, telephone charges, and computer time). Miles is paid at an annual rate equal to 0.15 percent of the Fund's average daily net assets. Such fee is calculated daily and paid monthly. Effective January 19, 2010, Miles voluntarily waived a portion of the administration fee. Effective August 13, 2010, RBC, Miles, and McDonald agreed to waive fees in order for the fund to pay a net yield of 0.08 percent to unitholders when the gross yield exceeded 0.08 percent. The total fee may vary each day based on the gross yield earned on the fund. These waivers may be reduced or eliminated at any time.

Distribution Fee

Under a Distribution Agreement with the Fund, Stephen H. McDonald & Associates, Inc. ("McDonald") provides marketing services for which it is paid at an annual rate equal to 0.095 percent of the Fund's average daily net assets. Such fee is calculated daily and paid monthly. Effective January 19, 2010, McDonald voluntarily waived a portion of the distribution fee. Effective August 13, 2010, RBC, Miles, and McDonald agreed to waive fees in order for the fund to pay a net yield of 0.08 percent to unitholders when the gross yield exceeded 0.08 percent. The total fee may vary each day based on the gross yield earned on the fund. These waivers may be reduced or eliminated at any time.

Consulting Fee

The Fund has entered into separate Consulting Agreements with the Cooperative Council of Oklahoma School Administration ("CCOSA"), Organization of Rural Oklahoma Schools ("OROS"), Oklahoma Association of School Business Officials ("OASBO"), and Oklahoma State School Boards Association

OKLAHOMA PUBLIC SCHOOLS LIQUID ASSET POOL
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2011

("OSSBA"), collectively called the Consultants. Pursuant to these agreements, the Consultants will advise the Administrator, as a representative of the Fund, on applicable and pending state laws affecting the Fund, schedule and announce, through their publications, informational meetings and seminars at which representatives of the Fund will speak, provide mailing lists of potential participants and permit the use of their logos. The Consultants are paid fees at annual rates equal to 0.035 percent of the Fund's average daily net assets for CCOSA, 0.02 percent for OROS, 0.02 percent for OASBO, and 0.035 percent for OSSBA. Such fees are calculated daily and paid monthly. Beginning September 2, 2003, the consulting fee was voluntarily reduced to 0.0175 for CCOSA, 0.01 percent for OROS, 0.01 percent for OASBO, and 0.0175 percent for OSSBA. Beginning April 16, 2009, the consulting fee was voluntarily waived to zero. This waiver may be reduced or eliminated at any time.

Custody Fee

Pursuant to a Custody agreement with the Fund, the Custodian, Bank of Oklahoma, acts as custodian for the Fund's assets. Bank of Oklahoma is paid a monthly flat fee of \$600 plus transaction-based fees averaging \$1,300 per month.

Other Fund Expenses

The Fund pays out-of-pocket expenses incurred by its directors and officers (in connection with the discharge of their duties), audit fees, and legal fees.

NOTE 4 – SECURITIES TRANSACTIONS

Purchases of portfolio securities for the Fund aggregated \$2,928,193,750 and \$3,571,564,731 for FY 11 and FY 10, respectively. Proceeds from maturities and sales of securities for the Fund aggregated \$2,963,943,265 and \$3,573,478,369 for FY 11 and FY 10, respectively.

NOTE 5 – SUBSEQUENT EVENTS

OLAP has evaluated subsequent events as of June 30, 2011 through August 9, 2011, the date at which the financial statements were available to be issued.

At the June 6, 2011, Board of Directors meeting, the Board accepted a letter of resignation from RBC and approved a new investment advisory agreement with Miles Capital, Inc. to be effective July 1, 2011. The Board also approved a termination letter to Bank of Oklahoma and approved a new custody agreement with BancFirst to be effective July 1, 2011.

**OKLAHOMA PUBLIC SCHOOLS LIQUID ASSET POOL
FINANCIAL HIGHLIGHTS**

Selected data for a share of beneficial interest outstanding throughout each period:

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net asset value, beginning of period	\$1.000	\$1.000	\$1.000	\$1.000	\$1.000
Net investment income	0.001	0.001	0.008	0.032	0.048
Dividends to participants	(0.001)	(0.001)	(0.008)	(0.032)	(0.048)
Net asset value, end of period	<u>\$1.000</u>	<u>\$1.000</u>	<u>\$1.000</u>	<u>\$1.000</u>	<u>\$1.000</u>
Total investment return	0.09%	0.14%	0.90%	3.58%	4.95%
Ratio of expenses to average net assets, after waivers	0.17%	0.31%	0.45%	0.57%	0.54%
Ratio of net investment income to average net assets, after waivers	0.09%	0.13%	0.83%	3.30%	4.84%
Ratio of expenses to average net assets, before waivers	0.51%	0.53%	0.53%	0.62%	0.60%
Ratio of net investment income to average net assets, before waivers	(0.25%)	(0.09%)	0.75%	3.25%	4.78%
Net assets, end of period (000's omitted)	\$30,019	\$65,230	\$68,021	\$78,160	\$77,732

See accompanying Independent Auditors' Report.

INVESTMENT COMMENTARY

Market Overview

In the past year, we observed:

- A continuation of the Federal Reserve's highly accommodative monetary policies; the conclusion in June of a second quantitative easing program has not altered the central banks overall accommodative strategy;
- Overnight repo rates and yields on very short agencies declined to near zero from levels that were already below the Fed's target 0.25 percent overnight rate;
- A modest flattening of the yield curve across the one year investment horizon, with periodic volatility in response to disappointing economic data and Mideast conflicts;
- Generally, LIBOR levels declined further throughout the second quarter of 2011.

Strategy Overview

We continued to closely monitor the credit strength of our approved issuers. Our approach to credit exposure seems to be more conservative than what is reported as the money fund industry average, where larger funds have remained more heavily invested in European banks.

RBC's strategy produced benchmark performance, although the level of outperformance continues to be narrow within the context of a top third ranking across our peer group of institutional money market funds. All portfolios within core cash strategies are challenged by ultra-low market yields for available investments. The degree of under-or over-performance was concentrated within 2-3 basis points in an environment where U.S. cash portfolios are generally unable to deliver a net yield above 0.10 percent.

RBC Global Asset Management (U.S.) Inc.

INVESTMENT COMMENTARY (continued)

Market Outlook

The challenge of generating growth continues as Greece moves closer to default and Congress moves closer to election season. We believe growth will remain positive but slow which has implications for investors across all markets.

Greece has consumed headlines for months as the government wrangles with austerity measures in the face of citizen revolt which could ultimately lead to default. The U.S. Treasury market is the beneficiary of this turmoil but investors are wary of the steep price being paid for safety as we wrestle with our own need for fiscal discipline. Debate around the U.S. debt ceiling reflects the intense polarization of our political system which has encouraged legislators to stand hard on their positions rather than make meaningful compromise. The debt ceiling issue will be resolved without a U.S. default, but many in Congress may be surprised in 2012 at voter reaction to their grandstanding.

The rate of domestic growth has not improved meaningfully over the past fiscal year despite significant monetary and fiscal stimulus. Debt problems are not easily resolved and will weigh on efforts in the developed world to address budget imbalances. On the bright side, domestic growth is in its ninth quarter and should improve through the remainder of the calendar year as temporary headwinds dissipate. Supply chain disruptions from Japan lasted longer than many anticipated but much activity has resumed. And gas prices have retreated from their highs which will give consumers more power to spend. The real question is the underlying strength of the consumer, and we watch unemployment and housing for signs of significant shifts.

The conclusion of quantitative easing by the Fed has been largely a non-event given how well it was telegraphed to the markets. Monetary policy has been extremely accommodative for a long time, yet inflation remains tame, so there is room for growth without adverse consequences, at least for a while. However, until job creation begins in earnest, growth will be subdued and money market rates will remain low.

We are waiting for resolution to some far-reaching issues (i.e., Greece and the debt ceiling), but remain optimistic that another recession can be avoided.

Money Market Funds

Money market investors have been particularly challenged by rates on repurchase agreements (repo) that dropped to roughly zero over the last quarter on the heels of higher bank charges and lower available collateral. Repo is an important part of liquidity management for most money market funds, so the decline from 16 basis points to below 5 was significant. We are hopeful that the resolution of the debt ceiling issue will move repo rates somewhat higher. In the meantime, the service providers are waiving contractual fees to maintain a positive net yield for OLAP participants.

The recent soft patch serves as a reminder that a recovery in the economy and the markets will not be a straight line and that investors should expect volatility to continue. Many of the factors impacting recent weaknesses appear to be temporary and should subside over the coming quarters. We remain focused on safety and liquidity while we wait for economic growth to translate into better investment yields for participants.

Miles Capital, Inc.

**OKLAHOMA PUBLIC SCHOOLS LIQUID ASSET POOL
STATISTICAL SECTION (unaudited)**

MAJOR PARTICIPANTS

	Top Ten Participants		Top Twenty Participants	
	<u>Percent</u>	<u>Total Assets</u>	<u>Percent</u>	<u>Total Assets</u>
as of June 30,				
2011	97%	29,237,174	100%	30,015,393
2010	98%	63,800,061	100%	65,175,932
2009	88%	59,966,268	98%	66,503,431
2008	85%	66,723,021	96%	74,712,681
2007	86%	66,771,852	95%	73,560,848

CHANGES IN PARTICIPANT ASSETS UNDER MANAGEMENT

	<u>Assets</u>	<u>Annual Change</u>
as of June 30,		
2011	30,019,121	(54%)
2010	65,230,167	(4%)
2009	68,020,616	(13%)
2008	78,160,437	1%
2007	77,731,736	24%

CHANGES IN NET ASSETS

	For the Years Ended June 30, (dollars in thousands)				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
ADDITIONS					
From investment activities:					
Net investment income	\$ 20	\$ 62	\$ 482	\$ 1,905	\$ 2,506
From unit transactions:					
Units sold	79,273	235,734	241,304	317,550	292,572
Units issued in reinvestment of dividends from net investment income	21	71	565	2,095	2,413
Total additions	<u>79,314</u>	<u>235,867</u>	<u>242,351</u>	<u>321,550</u>	<u>297,491</u>
DEDUCTIONS					
Dividends to unitholders from:					
Net investment income	(20)	(62)	(482)	(1,905)	(2,506)
From unit transactions:					
Units redeemed	<u>(114,505)</u>	<u>(238,596)</u>	<u>(252,008)</u>	<u>(319,217)</u>	<u>(279,968)</u>
Total deductions	<u>(114,525)</u>	<u>(238,658)</u>	<u>(252,490)</u>	<u>(321,122)</u>	<u>(282,474)</u>
Changes in net assets	(35,211)	(2,791)	(10,139)	428	15,017
Net assets at beginning of period	<u>65,230</u>	<u>68,021</u>	<u>78,160</u>	<u>77,732</u>	<u>62,715</u>
Net assets at end of period	<u>\$ 30,019</u>	<u>\$ 65,230</u>	<u>\$ 68,021</u>	<u>\$ 78,160</u>	<u>\$ 77,732</u>

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