

THE STATE OF

OKLAHOMA

CAFR 2020

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2020



OKLAHOMA
Office of Management
& Enterprise Services



OKLAHOMA



OKLAHOMA ROLLS OUT A NEW LOGO

After months of hard work, the new Oklahoma logo was unveiled in February 2020. The reveal was the culmination of the new branding campaign led by Lt. Gov. Matt Pinnell.

The logo symbolizes the state with understated elegance that is rich in aesthetics and layered with significance, serving as a salute to the past while heralding our unique potential. Utilizing elements from Oklahoma's history and heritage, the logo's shape and colors are fittingly influenced by the land and seasons. They reflect Oklahoma's indigenous heritage: the earth, sky, water, agriculture and forest.

The central star represents the United States, and the chevrons form a barrier in recognition of our military; all culminating in an acknowledgment of Oklahoma's place at the heart of the nation.

OKLAHOMA 2020

**Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2020**

J. Kevin Stitt
Governor

Prepared by
Office of Management and Enterprise Services

Steven Harpe, Director
Lynne Bajema, State Comptroller

The Oklahoma Comprehensive Annual Financial Report is an annual publication of the Oklahoma Office of Management and Enterprise Services and is prepared by the Division of Central Accounting & Reporting.

Requests for additional copies, comments or questions may be directed to Stephanie Brown, Office of Management and Enterprise Services, 2401 North Lincoln Blvd., Suite 212, Oklahoma City, Oklahoma 73105.

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Lt. Gov. Matt Pinnell gives a preview and progress report on the state's new brand during the Governor's Leadership Summit in January 2020.

Report photos by Ben Bigler, OMES Public Affairs.





January 29, 2021

To the Honorable J. Kevin Stitt, Governor
Members of the Legislature, and
Citizens of the State of Oklahoma

The Office of Management and Enterprise Services (OMES) is pleased to present the Comprehensive Annual Financial Report (CAFR) for the State of Oklahoma for the fiscal year ended June 30, 2020. This report is presented in three sections — introductory, financial and statistical — as the primary means of reporting the state government's financial activities. Its objectives are to provide a clear picture of the government as a single, unified entity and to provide traditional fund based financial statements. The CAFR was prepared in conformity with relevant Governmental Accounting Standards Board statements.

The introductory section contains an overview of the state's economic performance, a review of current initiatives and summary financial data. The financial section contains management's discussion and analysis, government-wide financial statements and fund financial statements for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. The financial section also includes the notes to the financial statements, required supplementary information and other supplementary information. The statistical section contains selected financial and demographic information. Management's discussion and analysis contains complementary information, and readers are encouraged to review this section.

PROFILE OF THE GOVERNMENT

Management of the state, through OMES, is responsible for the accuracy, fairness and completeness of the financial statements presented in this report. The statements are prepared in accordance with generally accepted accounting principles. To the best of our knowledge and belief, the information presented is accurate in all material respects and includes all disclosures necessary for an understanding of the state's financial position and activities. The governor and Legislature govern all funds and accounts for every executive agency, board, commission, public trust, authority, college and university whose data are presented in this report. The financial reporting entity, the State of Oklahoma, includes these funds, organizations, agencies, boards, commissions and authorities. In accordance with Governmental Accounting Standards Board Statement 61, the state financial reporting entity includes 19 component units. There are six major component units, seven nonmajor component units, and six fiduciary component units. The major and nonmajor component units are discretely presented in the financial statements. The fiduciary component units are presented in the fiduciary fund and similar component units' financial statements, along with the other fiduciary activities of the state. The fiduciary activities are not included in the government-wide financial statements because the resources of these funds are not available to support the state's own programs.

State finances are governed by rules designed to ensure sound, conservative management. The Legislature cannot appropriate more than 95 percent of the general revenue expected to be collected in the coming year. The state Board of Equalization, an independent board not subject to legislative control, establishes the legislative appropriation authority. Unlike many states that use seasonal borrowing to meet cash demands, Oklahoma maintains a cash flow reserve sufficient to meet fluctuating cash needs. General obligation indebtedness is prohibited without a vote of the people. When revenue receipts are less than estimated, the Director of the Office of Management and Enterprise Services is mandated by the Oklahoma Constitution to declare a revenue shortfall and reduce appropriations, as required, to allow appropriations to be covered by current year tax collections.

The state's financial statements are audited by the Office of the State Auditor and Inspector. The goal of the independent audit is to provide reasonable assurance that the financial statements of the state for the fiscal year ended June 30, 2020, are free of material misstatement. The audit is conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and the significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded that, based upon the audit, there is a reasonable basis for rendering an unmodified opinion and that the State of Oklahoma's financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

Internal Controls

Management of the State of Oklahoma is responsible for the establishment and maintenance of internal accounting controls designed to ensure assets are safeguarded and financial transactions are properly recorded and adequately documented. Such internal controls require estimates and judgments from management so that, in attaining reasonable assurance as to the adequacy of such controls, the cost does not exceed the benefit obtained.

Budget and Fiscal Policy

The budget process begins when each agency, other than the Legislature, that expends money through the state treasury submits an annual budget request to OMES. Copies are also provided to the legislative fiscal staffs. These requests are reviewed and analyzed for the governor by OMES. The governor then makes formal recommendations in the executive budget which is presented to the Legislature on the first day of the legislative session. During the legislative session, legislative committees review agency needs and recommend appropriation levels. Then the Legislature must approve all appropriation bills to fund agency operations for the next fiscal year. Appropriation bills provide for state appropriated funds and establish spending limits for state agencies. The governor can accept, reject or line-item veto particular legislative appropriations. Before encumbering or spending money in the fiscal year, each agency must submit a budget work program to OMES. The program outlines, by account, fund source and program category, how the agency plans to spend the available state, federal and revolving funds during the fiscal year. OMES must approve an agency's budget work program before agencies can encumber or spend available funds.

Oklahoma's Constitution restricts total appropriations to 95 percent of estimated general revenues. The Oklahoma State Board of Equalization is responsible for approving the official itemized estimate of revenues based upon information provided by OMES and the Oklahoma Tax Commission and sets the amount of legislative appropriations authority. The board is comprised of six elected officials and the president of the state Board of Agriculture. The six elected officials are the governor, the state auditor and inspector, the state treasurer, the lieutenant governor, the attorney general, and the superintendent of public instruction.

The constitution requires that collections in excess of the Oklahoma State Board of Equalization's itemized estimate of general revenue fund revenues be deposited to the Constitutional Reserve or "Rainy Day" Fund each year until the balance of the "Rainy Day" Fund equals 15 percent of the prior fiscal year's General Revenue Fund certified appropriations authority. In November 2004, Oklahoma voters enacted restrictions on the use of the "Rainy Day" Fund. Up to one-fourth of the July 1 balance each year may be appropriated upon an emergency declaration by the governor with concurrence of two-thirds of the House and Senate, or by a declaration of an emergency by the House of Representatives' speaker and Senate's president pro tempore with concurrence of three-fourths of the members of each legislative body. Up to three-eighths of the fund may be accessed if the Oklahoma State Board of Equalization is forecasting a decline in state revenues for the coming fiscal year and up to three-eighths may be utilized in the event of a current year revenue shortfall.

The state also has an oversight process for the issuance of debt. The Council on Bond Oversight is responsible for the review and approval of all debt issued by the state, its agencies and public trusts, and performs an assessment of all capital leases.

Proprietary Operations

The state's proprietary operations are comprised of governmental agencies and quasi-governmental agencies providing goods or services to the public on a user charge basis. These activities are financed and operated in a manner similar to private business enterprises. They operate with the intent to recover the costs of operations from those directly benefiting from the goods or services. Some of the activities included in the state's proprietary operations are power generating plants, turnpikes, medical services, insurance, and financing services for both public and private entities.

Capital Assets

These financial statements include the capital assets of the state. A discussion of capital assets accounting is included in the Management Discussion and Analysis that are part of the basic financial statements. More detailed information about capital assets can be found in the notes to the financial statements.

ECONOMIC CONDITIONS AND OUTLOOK

Oklahoma's economy grew steadily over the first half of fiscal year 2020, even as lower oil and gas prices began to impact state revenues. The state's labor force expanded and unemployment remained below the national rate. In December of 2019 projections were positive for both U.S. and Oklahoma economic conditions and the state's revenues were meeting expectations. Budgetary projections of revenue for the state, presented in December to the State Board of Equalization, estimated collections to the General Revenue Fund (GRF) to be slightly lower than originally forecast due to further softening of the energy market, but manageable within the 5% constitutional cushion.

Early in 2020, global economic expectations began to change rapidly; but even in February, the global impact of the coronavirus, known as COVID-19, surfacing in China was uncertain and its effects on the economy could not be fully estimated. Projections of state revenues presented at the February meeting of the State Board of Equalization further reduced estimated collections to the GRF for FY 2020 by an additional \$74.6 million from December estimates, predicting a total downward collections revision of \$319.6 million, or 4.6%, from the official estimate on which the FY 2020 budget was built. This revised projection was still within the 5% cushion.

Impacts from spread of COVID-19 increased rapidly during the last weeks of March. According to the "Oklahoma Economic Indicators," report published in November by the Oklahoma Employment Security Commission, net job loss to Oklahoma's private sector alone was 15,853 during the first quarter of 2020. Preliminary numbers published by the U.S. Bureau of Labor Statistics show the state lost more than 26,000 jobs through October 2020 year-to-date. It was clear by the end of March that the February projections of state revenues would not hold. By April, three-quarters into the 2020 fiscal year, unofficial estimates produced by the Oklahoma Tax Commission and the Office of Management and Enterprise Services indicated that revenue losses due to the COVID-19 pandemic, coupled with a depressed energy market, could result in a revenue shortfall of more than \$766.3 million, or 11%, for fiscal year 2020 – 6% and \$416.8 million beyond the 5% cushion.

The final revenue shortfall for FY 2020 was \$716.1 million, or 10.2%, 5.2% more than the constitutional cushion built into Oklahoma's budget. The Oklahoma Legislature appropriated \$302.3 million from the state's Constitutional Reserve Fund (commonly known as the Rainy Day Fund) directly into the FY 2020 General Revenue Fund and transferred an additional \$201.6 million into the Revenue Stabilization Fund to make funds available to make all state agencies whole with regard to their GRF FY 2020 appropriations and to fulfill obligations of the Oklahoma Education Reform Revolving Fund (known as the Education 1017 Fund). More than \$366 million of the additional monies provided was utilized to fully fund agency allocations.

Data from the United States Bureau of Labor Statistics and the Oklahoma Employment Security Commission reported in September 2020 that the state's unemployment rate stood at 5.4%, showing marked recovery from the COVID-19 pandemic peak in April 2020 of 14.7%, but far from the 2.9% low of March 2020. Metropolitan areas are improving at a more rapid pace compared to non-metro regions and were the primary job growth drivers for the state. For September 2020, OKC's unemployment rate stood at 5.1% and Tulsa's at 5.7%. October 2020 job growth in Oklahoma was down 4.9% year-over-year, with a preliminary estimated unemployment level of 6.1%. In October, the preliminary unemployment rate of 6.1% was slightly below the national average of 6.9%.

As the pandemic accelerated across the nation, real gross domestic product (GDP) decreased in all 50 states and the District of Columbia in the second quarter of 2020 and real GDP for the nation decreased at an annual rate of 31.4%. According to the “Oklahoma Economic Indicators” report published Oct. 3, 2020, Oklahoma’s real GDP decelerated to a -31.1% rate in the second quarter of 2020, ranking Oklahoma 24th among all other states and the District of Columbia at the end of the state’s fiscal year. Statewide GDP was at a level of \$173.1 billion in the second quarter, down \$22.5 billion from the revised first quarter level of \$195.6 billion. The November BEA “second” estimate updates for the third quarter show the nation’s real GDP increasing by 33.1% – a result of efforts to reopen businesses and return to some level of normal activities during the ongoing pandemic.

The energy sector remains an important driver of the Oklahoma economy. Due to a slump in energy prices, growth began to moderate and revenues to fall behind estimates for the beginning of the 2020 fiscal year. Prices continued to struggle throughout the last half of the fiscal year and, coupled with the impacts from COVID-19, companies have shuttered wells and laid off employees – a further blow to the state’s economy. According to “Databook” information, published by the Federal Reserve Bank of Kansas City on Nov. 9, 2020, most sectors of the Oklahoma economy have experienced rebounds in employment over the past few months, but “declines in mining and logging employment have persisted...down 28% year over year.”

According to oil field services company Baker Hughes, compared to a year ago the nation’s rig count was 599 fewer than the 860 rigs reported on Sept. 27, 2019. Oklahoma’s active rig count rose in October but remained at a near-record low in the last week of October. For the week ending Oct. 30, the state’s active rig count was down one from the previous week at 14 but up one from the September average of 13, according to Baker Hughes. Oil-directed rigs accounted for 100% of total rig activity in the last week of October. Over the year, Oklahoma’s active rig count was down 40 from the number of active rigs reported operating Oct. 25, 2019.

In October, the Henry Hub reported natural gas spot prices averaged \$2.39 per million British thermal units (MMBtu), climbing from an average of \$1.92/MMBtu in September. Higher natural gas spot prices reflected cooler-than-normal temperatures across most of the Lower 48 states and warmer than normal on the eastern seaboard, especially the Southeast, combined with supply disruptions at Gulf Coast production facilities due to Hurricane Zeta in late October. According to Baker Hughes, for the week ending Oct. 30, the national natural gas rig count decreased by one to 72 over the week and down 54 over the year. Oklahoma active natural gas-directed rigs fell from one to zero for the week ending Oct. 30. Over the year, statewide gas-directed rig activity was down three rigs reported for the week ending Oct. 25, 2019.

The U.S. Energy Information Administration estimates released Nov. 10, 2020, expect spot prices for the West Texas Intermediate to average \$44 a barrel in 2021, higher on average than the \$38 average reported for 2020. On an annual average basis, EIA expects U.S. crude oil production to fall from 11.4 million barrels per day in 2020 to 11.1 million barrels per day for 2021. EIA forecasts that residential natural gas consumption for the 2020-21 winter season (October-March) will average 21.1 billion cubic feet per day, 5% more than last winter. The U.S. Energy Information Administration expects more residential natural gas consumption because of forecasts for colder temperatures this winter and changes in consumer behavior. Henry Hub spot prices are expected to rise to a monthly high of \$3.42/MMBtu in January of 2021 and to remain above \$3.00/MMBtu throughout 2021 because of rising domestic demand for natural gas for space heating, rising U.S. exports and reduced production. These price and consumption forecasts, if they hold, offer some small encouragement for the sector.

The aerospace industry is one of Oklahoma’s most important economic contributors. According to the Greater Oklahoma City (OKC) Chamber Aviation and Aerospace industries’ report, Oklahoma is home to more than 230 aerospace firms, with over 36,600 aerospace workers located in the Greater OKC area. The OKC Air Logistics Complex at Tinker Air Force Base is the largest military aircraft repair facility for the U.S. Department of Defense and the American Airlines Base Maintenance facility in Tulsa is the world’s largest commercial aviation maintenance facility. Oklahoma continues to see significant investment and growth in the aerospace sector.

Tinker Air Force Base is the largest single-site employer in the state and has been chosen to maintain the newest aircraft in the U.S. Air Force, the KC-46A Pegasus refueling and military transport aircraft. The first Pegasus aircraft arrived at the base for maintenance on Sept. 10, 2020, to begin a new chapter for Tinker in performing world-class maintenance on U.S. aircraft engines. The \$500 million facility is expected to add an estimated 1,300 new jobs at Tinker. Additionally, the aircraft will be used for training at Altus Air Force Base, reaching deeper into the Oklahoma economy and securing the prosperity of both bases for many years to come.

American Airlines announced in February 2020 it will invest \$550 million in a new 193,000 square-foot hangar that will be capable of holding two wide-body aircraft, or up to six narrow-body aircraft, and will replace two existing hangars. This investment in the Tulsa facility will allow team members to continue maintenance work on the more than 900 aircraft that visit the site annually while also adding additional capacity. Reflecting on the announcement, Gov. Kevin Stitt commented, “With this historic investment, American Airlines continues to display their commitment to Oklahoma. As one of the largest employers in our state, American Airlines plays an integral role in our economy and provides quality jobs for our citizens.”

In July of 2020, Boeing started construction on a new high-bay addition to its OKC facility. The \$20 million, 60,770 square-foot addition will also house a wing and fuselage from a retired U.S. Air Force B-52 bomber, which will allow the company’s engineers to perform hands-on form, fit, and function testing. This project and others at Boeing OKC are expected to create openings for more than 300 engineers.

Since opening its facility in 2018, the San Diego-based defense contractor, Kratos, has increased the size of its operations in OKC by 50% with more than 150,000 square feet of space at the Will Rogers Business Park. In April of 2019 the first Firejet tactical aerial drone was unveiled by Kratos at the security contractor’s new OKC facility. The unmanned aerial target is designed to replicate enemy threat aircraft and cruise missiles to allow our military to train for defense against true targets. Another drone, the Valkyrie, is also being produced at the OKC facility and has now entered the Air Force testing phase. It is designed to be a “wingman” to complement crewed fighters and carry a variety of combat payload. The company also holds a license to manufacture a third tactical drone called the Gremlin that can be launched and recovered from another aircraft.

Also expanding aerospace activities in the OKC area, Pratt and Whitney announced in July 2019 a multi-million-dollar investment to expand its military aftermarket services in support of the OKC Air Logistics Complex based at Tinker. On Dec. 1, 2020, the company announced the award of a \$642 million contract from the Naval Air Systems Command. Work from the contract will occur in multiple locations, including OKC.

Skydweller Aero, a U.S.-Spanish aerospace company, announced in June 2020 that OKC will be the home of its U.S. corporate headquarters. The company is developing renewably powered aircraft for defense and commercial use. Plans indicate that the rapidly growing multi-national startup will be recruiting aerospace and software engineering talent and expects to have 120 aerospace engineering and field technician jobs in Oklahoma, as well as having a testing and integration facility in Ardmore, Oklahoma.

Receipts to the General Revenue Fund are trending positive over the first four months of fiscal year 2021 as compared with year-to-date estimates. The Office of Management and Enterprise Services reports collections to the fund to be \$101 million, or 4.6%, above the year-to-date estimate through October 2020, and \$258 million, or 12.5%, above prior year collections. In most fiscal years, the General Revenue Fund provides more than 80% of all appropriated revenues for state agencies. However, for fiscal year 2021, the Legislature appropriated \$1.1 billion less from the GRF than the amount certified in June of 2020 by the State Board of Equalization as available for appropriation, primarily using cash and other reserves to craft the FY 2021 budget. GRF appropriations for FY 2021 constitute approximately 67% of total appropriations and are 17% below the amount estimated as available. Because of this appropriation anomaly, the state does not anticipate a GRF revenue failure for FY 2021, but will likely see GRF revenues fall well past the 5% cushion during the second half of the fiscal year – yet still remain sufficient to fulfill agency allocations from the fund.

Comparisons of treasury gross receipts include all collections received through the Oklahoma Tax Commission before refunds and rebates, and include taxes levied by cities and counties which are not state revenues. This report, according to the Office of the State Treasurer, is meant to reflect general state macro-economic activity and present snapshots in time to indicate rising or falling economic conditions. General Revenue Fund collections, as reported by OMES, and other state revenues funding the state budget do not correlate directly to gross receipts.

Oklahoma State Treasurer Randy McDaniel reported in November that October gross receipts from all sources were down by more than \$47 million, or 4.1%, from October of 2019. Combined gross receipts for the past 12 months were \$13.2 billion, off by more than \$500 million, or 3.8%, from the previous 12 months. The report revealed that gross production tax collections from oil and natural gas have been down every month for more than a year. He commented, “When the energy industry is down in Oklahoma, it reduces economic activity across the state, including earned income and consumer spending.”

In October 2019, Moody’s Investors Service affirmed Oklahoma’s Aa2 credit rating and revised the state’s outlook from stable to positive. Moody’s press release stated, “The positive outlook reflects our expectation that strong fiscal management

and a commitment to increasing reserves will continue, in line with the state's goal of strengthening its preparedness for the next cyclical economic downturn. We also expect the state's debt and pension burden will continue to run well below the 50-state median." Oklahoma carries a low tax-supported debt burden overall, with continued declining annual debt service payments. The state constitution requires voter approval of all state general obligation (GO) bonds with the stipulation that they be secured by a specific tax revenue stream. Currently, the state's only GO bonds of this type matured in July of 2018.

In May of 2020, both Fitch and S&P ratings agencies released credit rating reports for Oklahoma affirming the State's GO bond rating of AA. Fitch, as well as Moody's rating service, continue to hold a "stable" outlook for the state. However, S&P revised their outlook to negative from stable. The S&P report stated, "The negative outlook reflects our view that there is at least a one-in-three chance we could lower Oklahoma's rating within the outlook period, as the state is likely to grapple with considerable budget uncertainty due to a steep decline in revenue collections – including a declared revenue failure...for the remainder of fiscal 2020. For fiscal 2021, available revenue is projected to decline 16.6% or \$1.366 billion under the state's worst-case scenario." They continue, "Oklahoma is likely to be more vulnerable to this national economic recession, due to the indirect economic fallout from COVID-19 and the significant supply and demand imbalance in global energy markets. Both events are likely to weigh heavily on Oklahoma's finances relative to other states..." While the report pointed to Oklahoma's general creditworthiness, as reflected in the AA bond rating, it expressed concern over the state's narrowing alternatives to restoring overall financial structural balance.

Although impacted by a weaker market in 2020, state pension plans recently reported steady investment performance. Additionally, funding levels were negatively impacted by legislative changes. Oklahoma has seven pension systems of which the Teachers' Retirement System and the Oklahoma Public Employee Retirement System comprise 80% of total pension fund assets. In the actuarial report issued in October of 2020 for the 2020 fiscal year, the funded ratio for TRS was reported at 67.3%, down from 72.4% in FY 2019. It is the largest state pension system, accounting for just over one-half of all pension assets. The second largest system, OPERS, holds nearly 30% of all assets and ended fiscal year 2020 with a funded ratio of 93.3%, down from 98.6% for fiscal year 2019.

RECOVERY EFFORTS:

Federal response to the pandemic began early in March 2020 with passage of the Coronavirus Preparedness & Response Supplemental Appropriations Act, directing monies to telehealth services, medical surge capacity, research and development efforts for effective therapeutics and a vaccine, as well as direct public health grants specific to COVID-19 response. Congress then enacted the Families First Coronavirus Response Act providing funding for virus testing, paid leave for virus affected workforce, additional food stamp funding, expansion of employment benefits, a temporary increase to the FMAP rate, supplemental monies for WIC assistance, other emergency food assistance, additional senior nutrition, and increased unemployment insurance assistance. Nine days later, on March 27, the CARES Act was signed into law, providing more than \$2 trillion in federal, state, tribal, and local economic relief for the nation.

Through the CARES Act, Oklahoma received \$1.26 billion in Coronavirus Relief Fund monies directed to the state treasury to be administered by the governor; \$47 million to Oklahoma County; \$114.3 million to the City of Oklahoma City; \$113.7 million to the city of Tulsa; \$360 million to public education entities; as well as monies directly distributed to tribal governments. U.S. Treasury guidance advised the state to deliver CRF monies through a reimbursement process for COVID-19-related expenses incurred at state agencies and by county and municipal governments within Oklahoma.

To administer the CRF, Gov. Kevin Stitt established CARES FORWARD, a team of cabinet secretaries and public employees with expertise in finance, federal grants and auditing, led by the state's chief operating officer and the state secretary of budget. The team's name is a reflection of their mission in oversight of the funds:

- **Funding Opportunities** to maximize all federal dollars available for state agencies and local governments to rebuild and recover during this unprecedented time and to maintain the integrity of Oklahoma's \$1.2 billion in Coronavirus Relief Funds for COVID-19-related expenses, emergencies and pandemic preparedness.
- **Rebuilding the Workforce** by following guidance from the U.S. Treasury to distribute grants to assist in rebooting Oklahoma's job creators that were affected by the presence of COVID-19.
- **Accelerating Recovery from Damages** by leveraging a new platform to fulfill reimbursements and get federal funds into communities of need as quickly as possible while minimizing risk by working in coordination with accounting experts to ensure the compliance of CRF distribution and reimbursements.

Of direct amounts provided by the U.S. Department of Education, \$39.9 million was delivered to Oklahoma through the Governor's Emergency Education Relief Fund. These monies provided an extraordinarily flexible "emergency block grant" designed to enable governors to decide how best to meet the needs of students, schools, postsecondary institutions and other education-related organizations. The CARES FORWARD team was not tasked with decisions and distribution of these funds, but will assist in project closeout for the monies.

In compliance with treasury guidelines, the CRF dollars are providing relief to Oklahomans statewide through enhancing and maintaining state agency services and through direct economic programs and grants. Monies have been utilized to augment statewide testing and tracing efforts; support struggling businesses; mitigate evictions and avoid homelessness; strengthen Oklahoma's food supply chain; ensure safety and continuation of childcare services and long-term care facilities; provide personal protection equipment and supplies to all Oklahoma school districts and institutions of higher education; and multiple other programs, as well as making monies available to all cities and counties for COVID-19-related expenses throughout the state.

Highlights of the fiscal year 2020 and fiscal year 2021 executive branch budgets include (expressed in millions):

| | Amount Appropriated | | Percentage of Total Appropriations | | Increase (Decrease) from Prior Year | | Percentage Increase (Decrease) | |
|------------------------------|------------------------|------------------------|--|--------------------|---|------------------------|--------------------------------------|--------------------|
| | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 |
| Department of Education | \$ 3,071 | \$ 2,993 | 39% | 39% | \$ 158 | \$ (78) | 5% | (3%) |
| Regents for Higher Education | 802 | 770 | 10% | 10% | 25 | (32) | 3% | (4%) |
| Career & Technical Education | 143 | 137 | 2% | 2% | 19 | (6) | 15% | (4%) |
| Other Education | 41 | 40 | 1% | 1% | 1 | (1) | 3% | (2%) |
| Total Education | <u>\$ 4,057</u> | <u>\$ 3,940</u> | <u>52%</u> | <u>52%</u> | <u>\$ 203</u> | <u>\$ (117)</u> | <u>5%</u> | <u>(3%)</u> |
| Department of Health | \$ 61 | \$ 52 | 1% | 1% | \$ 6 | \$ (9) | 11% | (15%) |
| Health Care Authority | 1,000 | 975 | 12% | 13% | (132) | (25) | (12%) | (3%) |
| Department of Mental Health | 351 | 335 | 4% | 4% | 14 | (16) | 4% | (5%) |
| Other Health | 112 | 113 | 2% | 1% | 63 | 1 | 129% | 1% |
| Total Health | <u>\$ 1,524</u> | <u>\$ 1,475</u> | <u>19%</u> | <u>19%</u> | <u>\$ (49)</u> | <u>\$ (49)</u> | <u>(3%)</u> | <u>(3%)</u> |
| Department of Human Services | \$ 741 | \$ 698 | 9% | 10% | \$ 12 | \$ (43) | 2% | (6%) |
| Office of Juvenile Affairs | 97 | 93 | 1% | 1% | 4 | (4) | 4% | (4%) |
| Other Human Services | 87 | 82 | 1% | 1% | 13 | (5) | 18% | (6%) |
| Total Human Services | <u>\$ 925</u> | <u>\$ 873</u> | <u>11%</u> | <u>12%</u> | <u>\$ 29</u> | <u>\$ (52)</u> | <u>3%</u> | <u>(6%)</u> |
| Department of Corrections | \$ 556 | \$ 531 | 7% | 7% | \$ 39 | \$ (25) | 8% | (4%) |
| Department of Transportation | 169 | 170 | 2% | 2% | 3 | 1 | 2% | 1% |
| Department of Public Safety | 104 | 95 | 1% | 1% | 6 | (9) | 6% | (9%) |
| Other | 583 | 573 | 8% | 7% | 142 | (10) | 32% | (2%) |
| Total | <u><u>\$ 7,918</u></u> | <u><u>\$ 7,657</u></u> | <u><u>100%</u></u> | <u><u>100%</u></u> | <u><u>\$ 373</u></u> | <u><u>\$ (261)</u></u> | <u><u>5%</u></u> | <u><u>(3%)</u></u> |

FINANCIAL INFORMATION

Governmental Functions

Most financial operations of the state are reported in governmental fund types, which are the general fund and the permanent funds. Following are schedules of revenues and expenditures for these governmental funds. Note that the following tables present data according to GAAP for the fiscal year ended June 30, 2020, while previous tables have presented budgetary data for this and later periods. Transfers are primarily from the general fund to support public institutions of higher education.

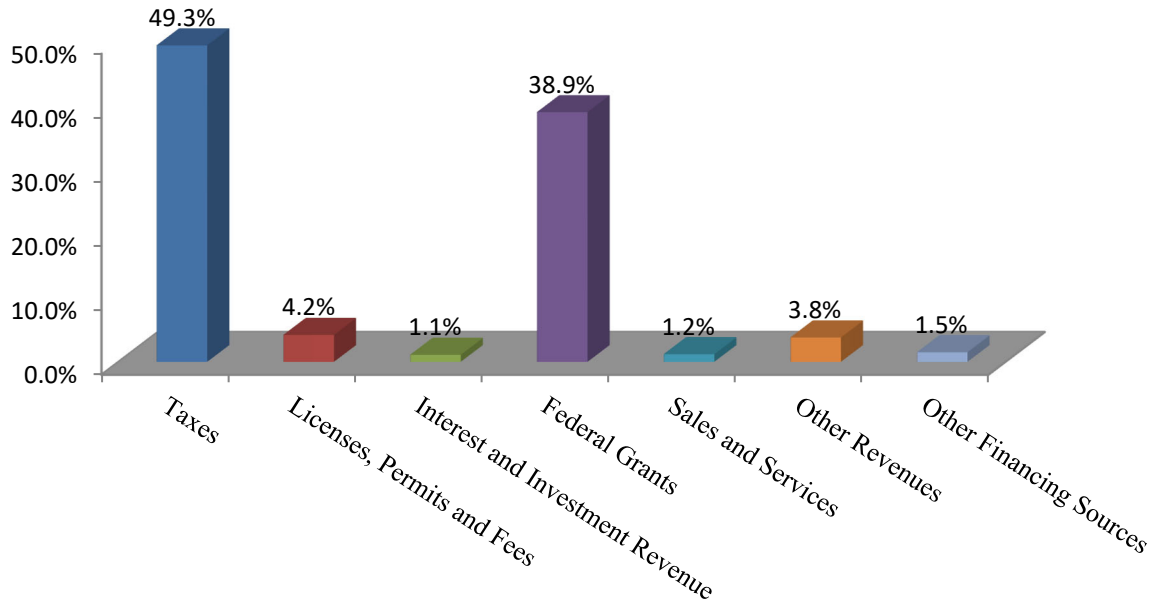
Governmental Funds: Revenues and Other Financing Sources - GAAP Basis
(expressed in millions)

| | 2020 Amount | Percentage of Total | Increase (Decrease) from Prior Year | Percentage Increase (Decrease) |
|--|------------------|---------------------|-------------------------------------|--------------------------------|
| Taxes | \$ 9,773 | 49.3% | \$ (680) | (6.5%) |
| Licenses, permits and fees | 822 | 4.2% | 13 | 1.6% |
| Interest and investment revenue | 222 | 1.1% | (275) | (55.3%) |
| Federal Revenues | 7,695 | 38.9% | 884 | 13.0% |
| Sales and services | 242 | 1.2% | 5 | 2.1% |
| Other revenues | 758 | 3.8% | (219) | (22.4%) |
| Other financing sources: | | | | |
| Transfers | 98 | 0.5% | 7 | 7.7% |
| Issuance of debt | 167 | 0.8% | (101) | (37.7%) |
| Other | 38 | 0.2% | (9) | (19.1%) |
| Total revenues and other financing sources | <u>\$ 19,815</u> | <u>100.0%</u> | <u>\$ (375)</u> | <u>(1.9%)</u> |

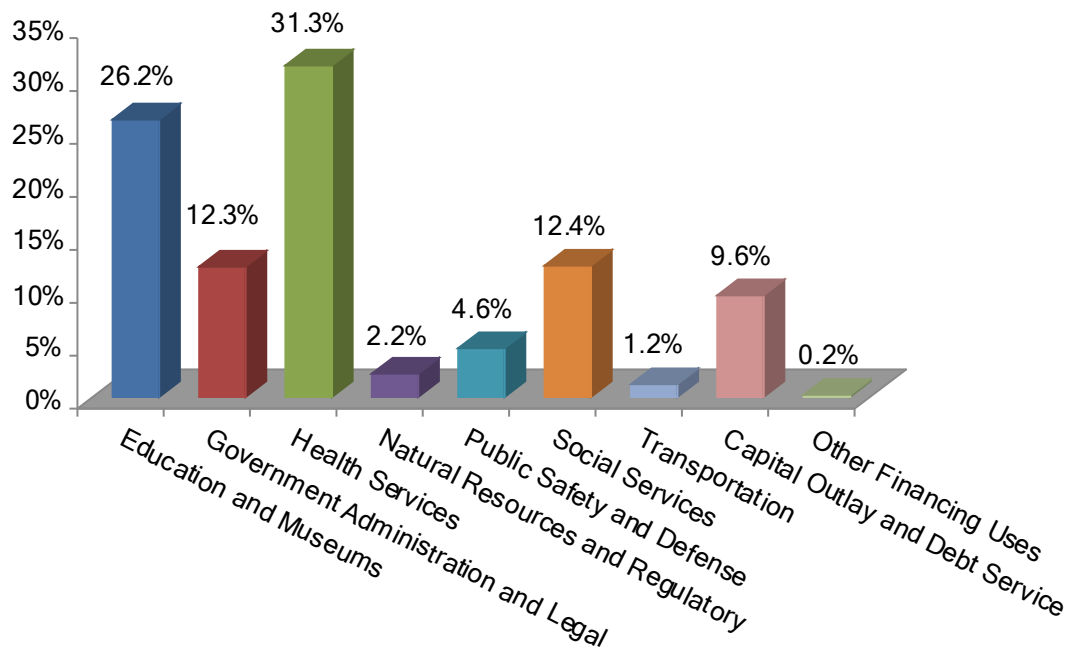
Governmental Funds: Expenditures and Other Financing Uses - GAAP Basis
(expressed in millions)

| | 2020 Amount | Percentage of Total | Increase (Decrease) from Prior Year | Percentage Increase (Decrease) |
|---|------------------|---------------------|-------------------------------------|--------------------------------|
| Education | \$ 5,174 | 26.1% | \$ 375 | 7.8% |
| Government administration | 2,159 | 10.9% | 116 | 5.7% |
| Health services | 6,191 | 31.3% | 236 | 4.0% |
| Legal and judiciary | 270 | 1.4% | 7 | 2.7% |
| Museums | 13 | 0.1% | 0 | 0.0% |
| Natural resources | 299 | 1.5% | (150) | (33.4%) |
| Public safety and defense | 902 | 4.6% | 69 | 8.3% |
| Regulatory services | 147 | 0.7% | (4) | (2.6%) |
| Social services | 2,454 | 12.4% | 286 | 13.2% |
| Transportation | 247 | 1.2% | 14 | 6.0% |
| Capital outlay | 1,620 | 8.2% | 190 | 13.3% |
| Debt service | 277 | 1.4% | 67 | 31.9% |
| Other financing uses: | | | | |
| Transfers | 34 | 0.2% | 11 | 47.8% |
| Total expenditures and other financing uses | <u>\$ 19,787</u> | <u>100.0%</u> | <u>\$ 1,217</u> | <u>6.6%</u> |
| Governmental Funds - | | | | |
| Net increase in fund balance | <u>\$ 28</u> | | | |

**Governmental Fund Revenues and Other
Financing Sources (GAAP Basis) – Fiscal Year 2020**



**Governmental Funds Expenditures and Other
Financing Uses (GAAP Basis) – Fiscal Year 2020**



Revenue Collections and Estimates

As noted in a preceding subsection, the budget is prepared using cash available plus 95 percent of the itemized revenue estimate as approved by the Oklahoma State Board of Equalization. It should be noted that taxes deposited into the budgetary General Revenue Fund, as defined by Oklahoma law, are approximately 75 percent of the total tax revenues of the governmental funds, as defined by GAAP. However, the budgetary General Revenue Fund should not be confused with the general fund as presented in the accompanying GAAP-basis financial statements, as the two terms are not interchangeable. For example, the GAAP-basis general fund includes revenues deposited to the state Transportation Fund, federal grant proceeds, revolving fund revenues, fees and charges as well as other money used in the general operations of government which are not considered in the Board of Equalization's estimates of tax revenues.

During 2020, receipts for four of the five major taxes were less than revenues of the prior year. The taxes combined for \$5.2 billion, or 93.1 percent of total receipts for the same categories in the prior year. The total of major taxes collected decreased \$386.6 million or 6.9 percent from that of the previous year. As compared to fiscal year 2019, collections from income taxes increased by \$157.6 million, or 6.3 percent; sales taxes decreased by \$116.7 million or 5.5 percent; motor vehicle taxes decreased by \$171.4 million, or 76.6 percent; and gross production taxes on gas and oil decreased by \$256.1 million, or 35.3 percent.

Oklahoma has established an enviable record in recent years for its revenue forecasting results. Since enactment of a constitutional amendment in 1985 establishing new revenue estimating procedures, collections have exceeded the estimate in 19 years and dipped below the estimate 16 years. The comparison of estimated revenues to actual collections for fiscal year 2020 is as follows:

Revenue Collections Compared to Itemized Estimate for Fiscal Year 2020
(expressed in millions)

| | Itemized Estimate | Actual Collections | Over (Under) Estimate | Percentage Collected |
|--------------------------|----------------------|-----------------------|--------------------------|-------------------------|
| Individual and Corporate | | | | |
| Income Tax | \$ 2,925.1 | \$ 2,672.4 | \$ (253) | 91.4% |
| Sales Tax | 2,215.6 | 2,019.9 | (196) | 91.2% |
| Motor Vehicle Tax | 25.7 | 52.4 | 27 | 203.9% |
| Gross Production Tax | 779.4 | 469.8 | (310) | 60.3% |
| Subtotal Major Taxes | \$ 5,945.8 | \$ 5,214.5 | \$ (731) | 87.7% |
| Other Sources | 1,043.4 | 1,058.6 | 15 | 101.5% |
| Total | <u>\$ 6,989.2</u> | <u>\$ 6,273.1</u> | <u>\$ (716)</u> | 89.8% |

The 15-year comparative history of estimated to actual collections is shown in the following table:

| Budgetary General Revenue Fund Comparisons (expressed in millions) | | | | | |
|---|----------------------|-----------------------|--------------------------|-------------------------|--|
| Fiscal Year | Itemized Estimate | Actual Collections | Over (Under) Estimate | Percentage Collected | |
| 2006 | \$ 5,149 | \$ 5,715 | \$ 566 | 111.0% | |
| 2007 | 5,708 | 5,966 | 258 | 104.5% | |
| 2008 | 5,845 | 5,981 | 136 | 102.3% | |
| 2009 | 5,981 | 5,544 | (437) | 92.7% | |
| 2010 | 5,415 | 4,622 | (793) | 85.4% | |
| 2011 | 4,889 | 5,138 | 249 | 105.1% | |
| 2012 | 5,236 | 5,564 | 328 | 106.3% | |
| 2013 | 5,601 | 5,604 | 3 | 100.1% | |
| 2014 | 5,889 | 5,627 | (262) | 95.6% | |
| 2015 | 5,857 | 5,727 | (130) | 97.8% | |
| 2016 | 5,746 | 5,205 | (541) | 90.6% | |
| 2017 | 5,220 | 5,044 | (176) | 96.6% | |
| 2018 | 5,473 | 5,854 | 381 | 107.0% | |
| 2019 | 6,505 | 6,860 | 355 | 105.5% | |
| 2020 | 6,989 | 6,273 | (716) | 89.8% | |
| Fifteen-Year Average | \$ 5,700 | \$ 5,648 | \$ (52) | 99.1% | |

The status of three important fund balances affecting the new year's fiscal picture is explained as follows:

Cash-Flow Committed Fund – Each year, 10 percent of the General Revenue Fund's certified appropriation level is set aside to meet anticipated monthly cash flow needs for the new fiscal year. At the close of fiscal year 2020, the amount the state set aside was \$917.1 million.

General Revenue Fund – In fiscal year 2020, there were amendments to the budget that netted an additional \$188.2 million. Carried-over amounts from prior years of \$63.8 million were added to the budget compared to a \$17.0 million carry-over in fiscal year 2019. Carry-over funds reflect the difference between the 95 percent appropriation limit and actual receipts up to 100 percent of the estimate. Funds required to replenish or increase the cash-flow committed fund also come from this source. An additional \$112.0 million was added to fund a portion of the ad valorem reimbursement to schools. The Oklahoma Department of Education was awarded an addition \$9.8 million for credits related to teacher retirement.

Constitutional Reserve "Rainy Day" Fund - At the start of each fiscal year, collections that exceed the estimate for the preceding year are automatically deposited in the "Rainy Day" Fund until the total balance equals 15 percent of the prior year's certified collections for the General Revenue Fund. As a result of different triggers for making the funds available for use, any amounts deposited to the fund are split between unassigned and restricted fund balance. For the fiscal year beginning July 1, 2020, the restricted portion had a balance of \$44.0 million and the unassigned portion had a balance of \$14.7 million, giving the total Constitutional Reserve Fund a balance of \$58.7 million.

FOR THE FUTURE

As Oklahoma's economy continues to emerge from the effects of the COVID-19 pandemic, State government will focus on critical issues to ensure the health and safety of our citizens and to capitalize on potential for growth. Immediate goals will include continued efforts to grow and diversify the state's economy through growing new jobs and creating a more business friendly environment. The state will take steps to increase efficiencies; reduce the cost of recurring expenditures; create a more structurally balanced budget; build financial reserves; and improve the state credit rating.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Oklahoma for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

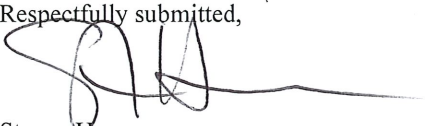
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The State of Oklahoma has received the Certificate of Achievement for each year since 1996. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.


ACKNOWLEDGMENTS

OMES is pleased to recognize and commend the efforts of the numerous individuals across the state that made this CAFR possible. Questions or requests for additional information related to this report can be directed to our office at 405-521-2141.

Respectfully submitted,



Steven Harpe
Director



Lynne Bajema
State Comptroller

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

State of Oklahoma

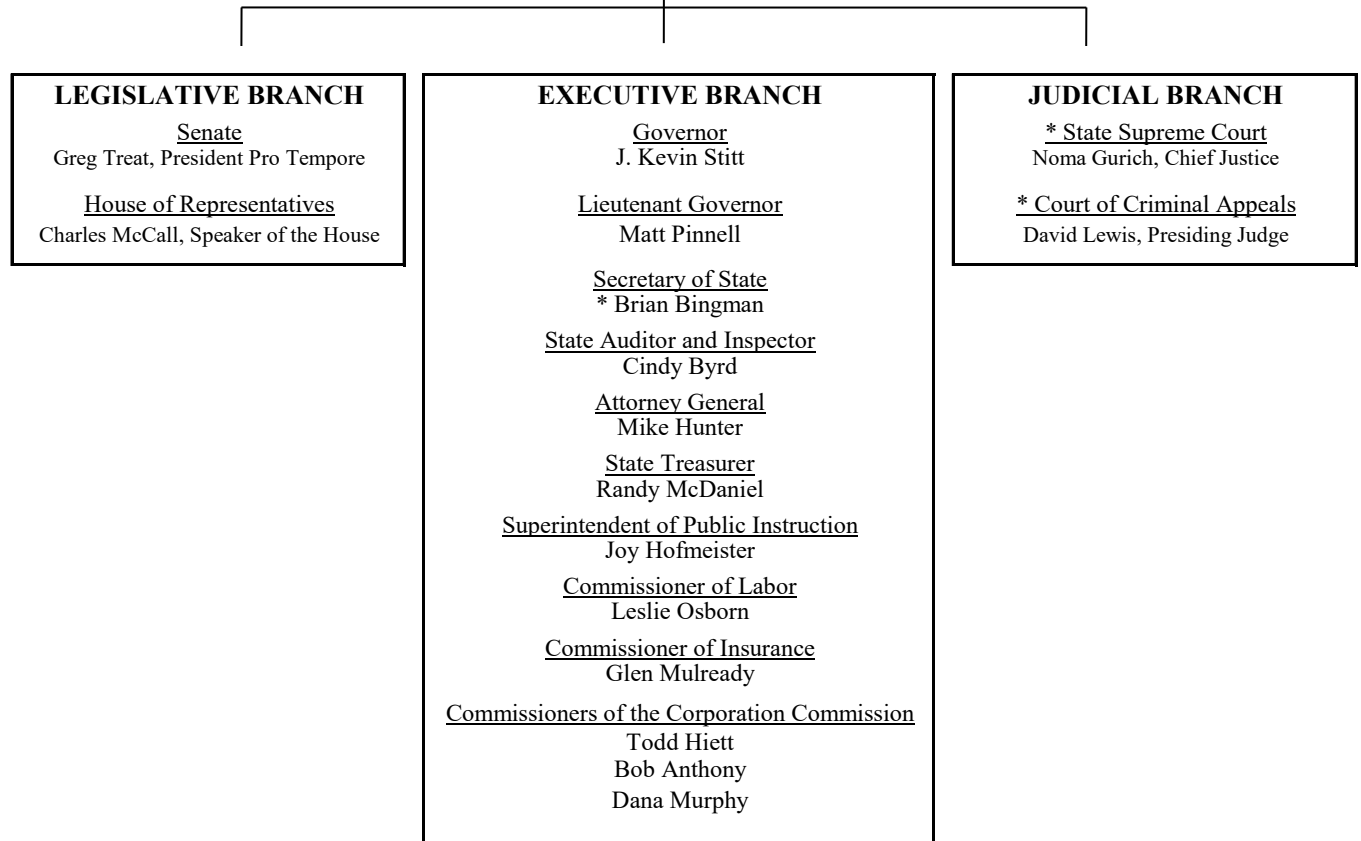
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrell

Executive Director/CEO

Selected Oklahoma State Officials 2020



* Appointed to position

| CABINET DEPARTMENT SECRETARIES | | |
|--------------------------------|-----------------------------|----------------------|
| Agency Accountability | Energy & Environment | Science & Innovation |
| Agriculture | Health & Mental Health | State & Education |
| Budget | Human Services & | Tourism & Branding |
| Commerce & | Early Childhood Initiatives | Transportation |
| Workforce Development | Native American Affairs | Veterans Affairs |
| Digital Transformation | Public Safety | & Military |
| & Administration | | |

The cabinet secretaries are appointed by the governor with the approval of the Senate. Many of the secretaries are also heads of the executive branch agencies. State agencies are assigned to a cabinet department by the governor. The specific agency assignments to each cabinet are shown on the next page. Agency numbers are listed to the left of the agency name.

State Agencies by Cabinet

| | |
|-----|---|
| 305 | Office of the Governor |
| 440 | Office of the Lieutenant Governor |
| | <u>Agency Accountability</u> |
| 300 | Auditor & Inspector * |
| 90 | Office of Mgmt. & Enterprise Services |
| | <u>Agriculture</u> |
| 40 | Agriculture, Department of |
| 39 | Boll Weevil Eradication Org. |
| 645 | Conservation Commission |
| 353 | Horse Racing Commission |
| 790 | Veterinary Medical Examiners Board |
| | <u>Commerce & Workforce Dev.</u> |
| 20 | Accountancy Board |
| 160 | Commerce, Department of |
| 170 | Construction Industries Bd. |
| 900 | Development Finance Authority |
| 290 | Employment Security Commission |
| 922 | Housing Finance Authority |
| 370 | Industrial Finance Authority |
| 385 | Insurance Department * |
| 405 | Labor, Department of |
| 45 | Licensed Architects, Board of Gov. |
| 475 | Motor Vehicle Commission |
| 563 | Private Vocational School, Board of |
| 570 | Prof. Engin. & Land Surveyors Bd. |
| 588 | Real Estate Commission |
| 755 | Prof. Engin. & Land Surveyors Bd. |
| | <u>Digital Transformation & Admin.</u> |
| 22 | Abstractor's Board |
| 65 | Banking Department |
| 91 | Building Bonds Commission |
| 915 | Capital Investment Board |
| 635 | Consumer Credit, Comm. for |
| 296 | Ethics Commission |
| 315 | Firefighters Pension & Retirement |
| 678 | Judicial Complaints, Council on |
| 416 | Law Enforcement Retirement |
| 435 | Lottery Commission |
| 298 | Merit Protection Commission |
| 557 | Police Pension & Retirement System |
| 515 | Public Employees' Retirement System |
| 630 | Securities Commission |
| 675 | Self-Insurance Guaranty Board |
| 695 | Tax Commission |
| 715 | Teachers Retirement System |
| 740 | Treasurer * |
| | <u>Energy and Environment</u> |
| 185 | Corporation Commission * |
| 359 | Energy Resources Board |
| 292 | Dept. of Environmental Quality |
| 980 | Grand River Dam Authority |
| 307 | Interstate Oil Comp. Com. |
| 445 | LPG Board |
| 125 | Mines, Department of |
| 981 | Municipal Power Authority |
| 835 | Water Resources Board |
| 320 | Wildlife Conservation, Dept. of |
| | <u>Health and Mental Health</u> |
| 44 | Anatomical Board |
| 448 | Alcohol and Drug Coun., Bd. of Lic. |
| 148 | Behavioral Health Lic., Board of |
| 145 | Chiropractic Examiners Board |
| 783 | Community Hospitals Authority |
| 190 | Cosmetology and Barbering Board |
| 215 | Dentistry, Board of |
| 285 | Funeral Board |
| 807 | Health Care Authority |
| 340 | Health, Department of |

| | |
|-----|--|
| 509 | Long-Term Care Admin., Bd. of Exam. |
| 450 | Medical Licensure & Supv., Bd. of |
| 452 | Mental Health and Sub. Abuse Svc. |
| 510 | Nursing Board |
| 775 | Oklahoma State Univ. Medical Auth. |
| 520 | Optometry Board |
| 525 | Osteopathic Examiners Board |
| 343 | Perfusionists, State Bd. of Examiners |
| 560 | Pharmacy Board |
| 619 | Physicians Manpower Trng. Comm |
| 140 | Podiatric Medical Examiners, Bd. Of |
| 575 | Psychologists, Bd. of Examiners |
| 632 | Speech Pathology & Audiology Bd. |
| 92 | Tobacco Settlement Endow. Trust Fund |
| 825 | University Hospitals Authority |
| | <u>Human Svc & Early Childhood Init</u> |
| 127 | Children & Youth, Commission |
| 326 | Disability Concerns, Office of |
| 830 | Human Services, Department of |
| 670 | J.D. McCarty Center |
| 400 | Juvenile Affairs, Office of |
| 622 | Licensed Social Workers, Board of |
| 805 | Rehabilitation Services |
| | <u>Native American Affairs</u> |
| 361 | Native American Cultural/Ed. Auth. |
| | <u>Public Safety</u> |
| 30 | Alcohol Beverage Laws Enforcement |
| 772 | Alcohol/Drug Influence, Bd. of Tests |
| 49 | Attorney General * |
| 131 | Corrections Department of |
| 220 | District Attorney's Council |
| 309 | Emergency Management, Dept. of |
| 47 | Indigent Defense System |
| 308 | Investigation, Bureau of |
| 415 | Law Enf. Educ. & Trng., Council on |
| 342 | Medicolegal Investigations, Bd. of |
| 477 | Narcotics & Dang. Drugs, Bureau of |
| 306 | Pardon and Parole Board |
| 585 | Public Safety, Department of |
| 310 | State Fire Marshal, Office of |
| | <u>Science and Technology</u> |
| 628 | Center f/t Adv. of Sci. & Technology |
| 346 | Space Industry Development Auth. |
| | <u>State and Education</u> |
| 800 | Career & Technology Education |
| 605 | Regents for Higher Education |
| 265 | Education, Department of |
| 266 | Educational Television Authority |
| 275 | Educ. Qual. & Account., Comm. for |
| 270 | Election Board |
| 410 | Land Office, Commissioners of the |
| 430 | Library Department |
| 391 | Multiple Injury Trust Fund |
| 629 | School of Science & Mathematics |
| 625 | Secretary of State |
| 618 | Student Loan Authority |
| 803 | Virtual Charter School Board |
| 865 | Workers' Compensation Commission |
| | <u>Colleges and Universities:</u> |
| 100 | Cameron University |
| 108 | Carl Albert State College |
| 165 | Connors State College |
| 230 | East Central University |
| 240 | Eastern Oklahoma State College |
| 420 | Langston University |
| 470 | Murray State College |
| 480 | Northeastern Okla. A & M College |
| 485 | Northeastern State University |
| 490 | Northern Oklahoma College |
| 505 | Northwestern Oklahoma State Univ. |

| | |
|-----|---|
| 530 | Oklahoma Panhandle State Univ. |
| 10 | Oklahoma State University |
| 761 | Oklahoma University Law Center |
| 633 | Oklahoma City Community College |
| 770 | Okla. University Health Science Ctr. |
| 773 | OSU -College of Osteopathic Medicine |
| 14 | OSU -College of Veterinary Medicine |
| 11 | OSU -Experiment Station |
| 12 | OSU -Extension Division |
| 13 | OSU -School of Tech. Training |
| 15 | OSU -Technical Institute of OKC |
| 16 | OSU -Tulsa |
| 771 | OU Health Sci. Ctr. Prof. Prac. Plan |
| 241 | Redlands Community College |
| 610 | Regional University System of Ok |
| 461 | Rogers State University |
| 531 | Rose State College |
| 606 | University Center of Southern Ok |
| 623 | Seminole State College |
| 660 | Southeastern Oklahoma State Univ. |
| 665 | Southwestern Oklahoma State Univ. |
| 750 | Tulsa Community College |
| 758 | University Center at Ponca City |
| 120 | University of Central Oklahoma |
| 760 | University of Oklahoma |
| 761 | University of Oklahoma Law School |
| 765 | University of Oklahoma - Tulsa |
| 150 | Univ. of Science and Arts of Okla. |
| 41 | Western Oklahoma State College |
| | <u>Tourism and Branding</u> |
| 55 | Arts Council |
| 350 | Historical Society |
| 204 | J.M. Davis Memorial Commission |
| 620 | Qtz Mtn. Arts/Conf. Cntr/Nat. Pk. |
| 566 | Tourism & Recreation, Dept. of |
| . | |
| | <u>Transportation</u> |
| 060 | Aeronautics Commission |
| 978 | Turnpike Authority |
| 345 | Transportation, Department of |
| | <u>Veterans Affairs & Military</u> |
| 650 | Veterans Affairs, Department of |

* Agency is headed by a statewide elected official or their controlling board is made up of elected officials. They are assigned to a cabinet department for purposes of coordinating services and programs only.



A new logo sign on 23rd Street alerts drivers to the Capitol exit and Lincoln Boulevard.



INDEPENDENT AUDITOR'S REPORT

TO THE GOVERNOR AND MEMBERS OF THE LEGISLATURE OF THE STATE OF OKLAHOMA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the State of Oklahoma's basic financial statements as listed in the table of contents.

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 of America; 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit:

- the financial statements of the Water Resources Board, the Employees Group Insurance Division of the Office of Management and Enterprise Services, and the Lottery Commission, which represent fifty-nine percent of the assets, forty-five percent of the net position, and thirty-eight percent of the revenues of the proprietary funds;
- the financial statements of the Oklahoma Municipal Power Authority, Oklahoma Housing Finance Agency, Grand River Dam Authority, Oklahoma Turnpike Authority, University of Oklahoma, University of Oklahoma – Foundation, Oklahoma State University, Oklahoma State University – Foundation, the Regents for Higher Education, and University of Oklahoma – Health Sciences Center, which in the aggregate represent eighty-two percent of the assets, eighty-five percent of the net position, and seventy-one percent of the revenues for the aggregate discretely presented component units;
- the financial statements of the Commissioners of the Land Office, the Department of Wildlife Lifetime Licenses, and the Tobacco Settlement Endowment permanent funds, which in the aggregate represent one-hundred percent of the assets, one-hundred percent of the fund balance, and one-hundred percent of the revenues of the permanent funds;
- the financial statements of the Oklahoma Teachers Retirement System, the Oklahoma Public Employees Retirement System, and the Oklahoma Firefighters Pension and Retirement System, which in the aggregate represent eighty-eight percent of the assets, eighty-eight percent of the net position, and ninety percent of the additions of the aggregate remaining fund information;
- the financial statements of the Department of Commerce and the Department of Wildlife, which in the aggregate represent one percent of the assets, two percent of the fund balance, and one percent of the revenues of the general fund.

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the above-mentioned entities, are based solely on the reports of the other auditors. We conducted our audit 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 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 auditor's 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 auditor considers 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 opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Oklahoma, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the Multiple Injury Trust Fund (MITF) had a net deficit or negative net position of approximately \$490,733,000 at December 31, 2019, primarily due to court awards exceeding the apportionment of special tax revenue collected.

As discussed in Note 1, effective May 2020, the State of Oklahoma adopted the provisions of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule-Budget to Actual (Non-GAAP Budgetary Basis) General Fund, the Notes to Required Supplementary Information-Budgetary Reporting, the Pension Data Required by GASB 68, and the OPEB Data required by GASB 75, as listed in the table of contents, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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 opinions on the financial statements that collectively comprise the State of Oklahoma's basic financial statements. The introductory section, combining financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

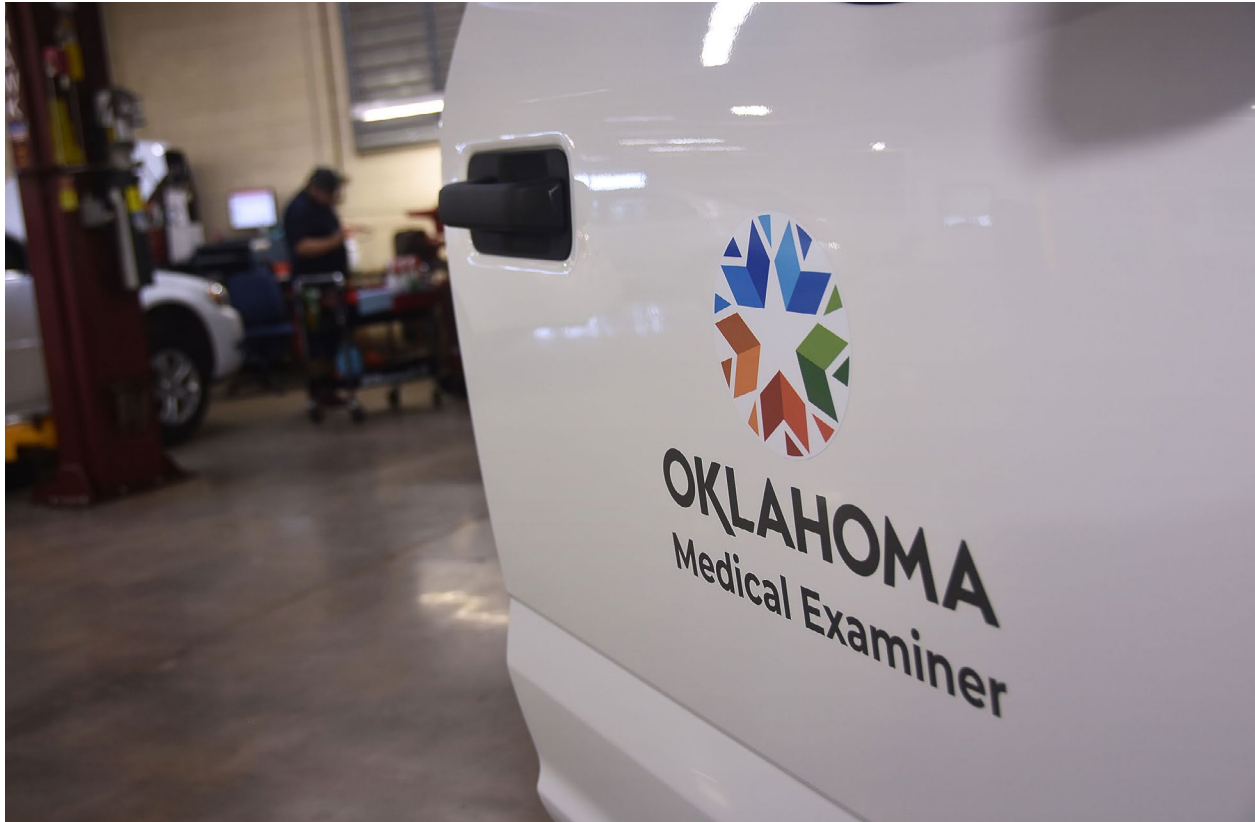
In accordance with *Government Auditing Standards*, we will also issue our report dated January 29, 2021, on our consideration of the State of Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report will be issued under separate cover. 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 State of Oklahoma'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 State of Oklahoma's internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

January 29, 2021

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Above: A newly branded pickup awaits other work in the OMES Fleet Management service garage.

Left: Anthony Deighton finishes installing a logo in the OMES Fleet Management garage.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the State of Oklahoma provides this Management's Discussion and Analysis of the State of Oklahoma's Comprehensive Annual Financial Report (CAFR) for readers of the state's financial statements. This narrative overview and analysis of the financial activities of the State of Oklahoma is for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the additional information that is furnished in the Letter of Transmittal, which can be found preceding this narrative, and with the state's financial statements which follow.

FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT

Government-Wide Highlights:

Net Position - The assets plus deferred outflows of resources of the state exceeded its liabilities and deferred inflows of resources at fiscal year ending June 30, 2020 by \$22.9 billion (presented as "net position"). Of this amount, \$4.9 billion was reported as "unrestricted net position". Unrestricted net position represents the amount available to be used to meet the state's ongoing obligations to citizens and creditors.

Changes in Net Position - The state's total net position increased by \$717.0 million (a 3.2% increase) in fiscal year 2020 after a 10.8% increase during the previous fiscal year. Net position of governmental activities increased by \$596.9 million (a 3.0% increase), while net position of the business-type activities showed an increase of \$120.0 million (a 5.5% increase).

Fund Highlights:

Governmental Funds - Fund Balances - As of the close of fiscal year 2020, the state's governmental funds reported a combined ending fund balance of \$9.3 billion, an increase of \$27.5 million in comparison with the prior year. Of this total amount, \$3.8 billion represents nonspendable fund balance, with \$119.3 million being in the General Fund. Amounts that can be spent include \$776.5 million of restricted fund balance, \$4.6 billion of committed fund balance, \$79.5 million of assigned fund balance, and \$14.7 million of unassigned fund balance. The portion of fund balance which is available is roughly 27.7% of the total governmental expenditures for the year.

Long-term Debt:

The state's total long-term debt obligations showed a net decrease of \$32.3 million (2.2%) in governmental type activities and a net decrease of \$91.4 million (9.0%) in business type activities during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the State of Oklahoma's Basic Financial Statements. The state's basic financial statements include three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains additional Required Supplementary Information (budgetary, pension and other postemployment benefit schedules) and Other Supplementary Information (Combining Financial Statements) in addition to the basic financial statements themselves. These components are described below:

Basic Financial Statements

The basic financial statements include two kinds of financial statements that present different views of the state – the Government-Wide Financial Statements and the Fund Financial Statements and Combining Major Component Unit Financial Statements. These financial statements also include the Notes to the Financial Statements that explain some of the information in the financial statements and provide more detail.

Government-Wide Financial Statements

The Government-Wide Financial Statements provide a broad view of the state's operations in a manner like a private-sector business. The statements provide both short-term and long-term information about the state's financial position, which assists in assessing the state's economic condition at the end of the fiscal year. These are prepared using the flow of

economic resources measurement focus and the accrual basis of accounting. This means they follow methods that are like those used by most businesses. They consider all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The Government-Wide Financial Statements include two statements:

The Statement of Net Position presents all the government's assets and liabilities in addition to deferred inflows and outflows, with the difference between the four reported as "net position". Over time, increases or decreases in the state's net position may serve as a useful indicator of whether the financial position of the state is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the state.

Both above financial statements have separate sections for three different types of state programs or activities. These three types of activities are:

Governmental Activities – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal grants). Most services normally associated with state government fall into this category, including education (support for both common public schools and higher education), government administration, health services, legal and judiciary services, museums, natural resources, public safety and defense, regulatory services, social services, and transportation.

Business-Type Activities – These functions normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. These business-type activities of the state include the operations of the Oklahoma Unemployment Insurance Trust Fund (by the Oklahoma Employment Security Commission), the state's program for making loans to local government units for the acquisition, development, and utilization of storage and control facilities for water and sewage systems (by the Oklahoma Water Resources Board), administering the insurance benefits for state employees and education workers (by the Employees Group Insurance Division of the Office of Management and Enterprise Services), and the Oklahoma Lottery Commission. These four programs operate with minimal assistance from the governmental activities of the state.

Discretely Presented Component Units – These are operations that have certain independent qualities but for which the state has financial accountability. For the most part, these entities operate like private-sector businesses and the business-type activities described above. The state's discretely presented component units are presented in two categories, major and nonmajor. This separation is determined by the relative size of the entities' assets, liabilities, revenues and expenses in relation to the total of all component units.

The state's six discretely presented major component units are:

- Oklahoma Student Loan Authority
- Oklahoma Housing Finance Agency
- Oklahoma Turnpike Authority
- Grand River Dam Authority
- Oklahoma Municipal Power Authority
- Higher Education Component Unit

The state's seven other (or nonmajor) component units are combined into a single column for reporting in the Fund Financial Statements. These nonmajor component units are:

- Oklahoma Educational Television Authority
- Oklahoma Industrial Finance Authority
- Multiple Injury Trust Fund
- University Hospitals Authority
- Oklahoma Development Finance Authority
- Oklahoma Capital Investment Board
- Oklahoma State University Medical Authority

Complete financial statements of the individual component units can be obtained from their respective administrative offices. Addresses and other additional information about the state's component units are presented in the Notes to the Financial Statements.

The Government-Wide Financial Statements can be found immediately following this discussion and analysis.

Fund Financial Statements and Major Component Unit Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The state, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Fund Financial Statements focus on individual parts of the state government, reporting the state's operations in more detail than the Government-Wide Financial Statements. All the funds of the state can be divided into three categories. It is important to note that these fund categories use different accounting approaches and should be interpreted differently. The three categories of funds are:

Governmental Funds Financial Statements – Most of the basic services provided by the state are financed through governmental funds. Governmental funds are essentially used to account for the same functions as governmental activities in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, the Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements. This is known as using the flow of current financial resources measurement focus approach and the modified accrual basis of accounting. These statements provide a detailed short-term view of the state's finances that assist in determining whether there will be adequate financial resources available to meet the current needs of the state.

Because the focus of governmental funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances both provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each Governmental Fund Financial Statement.

The state has four governmental funds. All four governmental funds are considered major funds for financial reporting purposes. These four major funds are – the General Fund, the Commissioners of the Land Office Permanent Fund, the Department of Wildlife Conservation Permanent Fund, and the Tobacco Settlement Endowment Permanent Fund. Each major fund is presented in a separate column in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances.

The basic Governmental Funds Financial Statements can be found immediately following the Government-Wide Financial Statements.

Proprietary Funds Financial Statements – These funds are used to show activities that operate more like those of commercial enterprises. Because these funds charge fees for services provided to outside customers including local governments, they are known as enterprise funds. Proprietary funds provide the same type of information as the Government-Wide Financial Statements, only in more detail. Like the Government-Wide Financial Statements, Proprietary Fund Financial Statements use the accrual basis of accounting. There is no reconciliation needed between the Government-Wide Financial Statements for business-type activities and the Proprietary Fund Financial Statements.

The state has four enterprise funds, with all four being considered major proprietary funds for presentation purposes. As previously mentioned, they are the operations of the Oklahoma Unemployment Insurance Trust Fund (by the Oklahoma Employment Security Commission), the state's program for making loans to local government units for the acquisition, development, and utilization of storage and control facilities for water and sewage systems (by the Oklahoma Water Resources Board), the administration of insurance benefits for state employees by the Employees Group Insurance Division (EGID) of the Office of Management and Enterprise Services, and the Oklahoma Lottery Commission.

The basic Proprietary Funds Financial Statements can be found immediately following the Governmental Fund Financial Statements.

Fiduciary Funds and Similar Component Unit Financial Statements – These funds are used to account for resources held for the benefit of parties outside the state government. Fiduciary funds are not reflected in the Government-Wide Financial Statements because the resources of these funds are not available to support the state’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. They use the accrual basis of accounting.

The state’s fiduciary funds are the Pension Trust Funds, seven separate retirement plans for employees, and the agency funds, which account for the assets held for distribution by the state as an agent for other governmental units, other organizations or individuals. Individual fund detail can be found in the Combining Financial Statements described below.

The basic Fiduciary Funds and Similar Component Units’ Financial Statements can be found immediately following the Proprietary Fund Financial Statements.

Component Unit Financial Statements – As mentioned above, these are operations for which the state has financial accountability, but they have certain independent qualities as well, and they operate similar to private-sector businesses. The Government-Wide Financial Statements present information for the component units in a single column of the Statement of Net Position. Also, some information on the Statement of Activities is aggregated for component units. The Combining Statement of Net Position and Combining Statement of Activities provide detail for each major component unit and the nonmajor component units in aggregate. Individual nonmajor component unit detail can be found in the Combining Financial Statements described below.

The basic Combining Financial Statements for major component units can be found immediately following the Fiduciary Fund and Similar Component Units Financial Statements.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to the Financial Statements can be found immediately following Component Unit Financial Statements.

Required Supplementary Information

The basic financial statements are followed by a section of Required Supplementary Information. This section includes the Budgetary Comparison Schedule – Budget to Actual (Non-GAAP Budgetary Basis), which includes a schedule of reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the General Fund as presented in the Governmental Fund Financial Statements. In addition, schedules required by GASB Statement number 68 (pension) and GASB Statement number 75 (other postemployment benefits) are presented.

Budgetary Detail

The Schedule of Expenditures and Intra-Agency Transfers – Detail Budget to Actual Comparison is presented in this section. It provides detail comparisons of expenditures and intra-agency transfers at the legal level of control. Comparisons can be made between the original budget, final budget, and actual.

Pension Detail

With the implementation of GASB Statement number 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement number 27*, certain information related to Net Pension Liability and funding of pension plans is reported in the Required Supplementary Information section.

Other Postemployment Benefits Detail

With the implementation of GASB Statement number 75, *Accounting and Financial Reporting for Other Postemployment Benefits (OPEB)*, certain information related to Net OPEB Liability and funding of OPEB plans is reported in the Required Supplementary Information section.

Combining Financial Statements

The Combining Financial Statements referred to earlier in connection with fiduciary funds and nonmajor component units are presented following the Required Supplementary Information. The total of the columns of these Combining Financial Statements carry to the applicable fund financial statement.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. The state's combined net position (government and business-type activities) totaled \$22.9 billion at the end of 2020 compared to \$22.2 billion at the end of the previous year.

The largest portion of the state's net position (51.5%) reflects its investment in capital assets such as land, buildings, equipment, and infrastructure (road, bridges, and other immovable assets), less any related outstanding debt used to acquire those assets. The state uses these capital assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the state's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

| State of Oklahoma's Net Position-Primary Government (expressed in thousands) | | | | | | |
|---|-----------------------------|-----------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Current Assets | \$ 9,235,834 | \$ 7,089,359 | \$ 2,218,961 | \$ 1,943,697 | \$ 11,454,795 | \$ 9,033,056 |
| Capital Assets | 12,769,381 | 12,423,542 | 1,118 | 1,543 | 12,770,499 | 12,425,085 |
| Other Assets | 4,267,501 | 4,370,408 | 1,475,967 | 1,480,427 | 5,743,468 | 5,850,835 |
| Total Assets | <u>\$ 26,272,716</u> | <u>\$ 23,883,309</u> | <u>\$ 3,696,046</u> | <u>\$ 3,425,667</u> | <u>\$ 29,968,762</u> | <u>\$ 27,308,976</u> |
| Deferred Outflows | <u>\$ 325,269</u> | <u>\$ 363,927</u> | <u>\$ 747</u> | <u>\$ 1,092</u> | <u>\$ 326,016</u> | <u>\$ 365,019</u> |
| Noncurrent Liabilities | \$ 1,948,384 | \$ 1,950,076 | \$ 843,986 | \$ 957,288 | \$ 2,792,370 | \$ 2,907,364 |
| Other Liabilities | 3,944,374 | 2,131,626 | 540,179 | 297,368 | 4,484,553 | 2,428,994 |
| Total Liabilities | <u>\$ 5,892,758</u> | <u>\$ 4,081,702</u> | <u>\$ 1,384,165</u> | <u>\$ 1,254,656</u> | <u>\$ 7,276,923</u> | <u>\$ 5,336,358</u> |
| Deferred Inflows | <u>\$ 113,692</u> | <u>\$ 170,941</u> | <u>\$ 23,452</u> | <u>\$ 2,955</u> | <u>\$ 137,144</u> | <u>\$ 173,896</u> |
| Net Investment in Capital Assets | \$ 11,790,323 | \$ 11,406,388 | \$ 1,118 | \$ 1,543 | \$ 11,791,441 | \$ 11,407,931 |
| Restricted | 4,595,067 | 5,238,284 | 1,618,334 | 1,554,235 | 6,213,401 | 6,792,519 |
| Unrestricted | <u>4,206,145</u> | <u>3,349,921</u> | <u>669,724</u> | <u>613,370</u> | <u>4,875,869</u> | <u>3,963,291</u> |
| Total Net Position | <u><u>\$ 20,591,535</u></u> | <u><u>\$ 19,994,593</u></u> | <u><u>\$ 2,289,176</u></u> | <u><u>\$ 2,169,148</u></u> | <u><u>\$ 22,880,711</u></u> | <u><u>\$ 22,163,741</u></u> |

A portion of the state's net position (27.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the state's ongoing obligations to citizens and creditors. Internally imposed designations of resources are not presented as restricted net position.

At the end of the current fiscal year, the state can report positive balances in all three categories of net position, both for the whole government, and for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Changes in Net Position

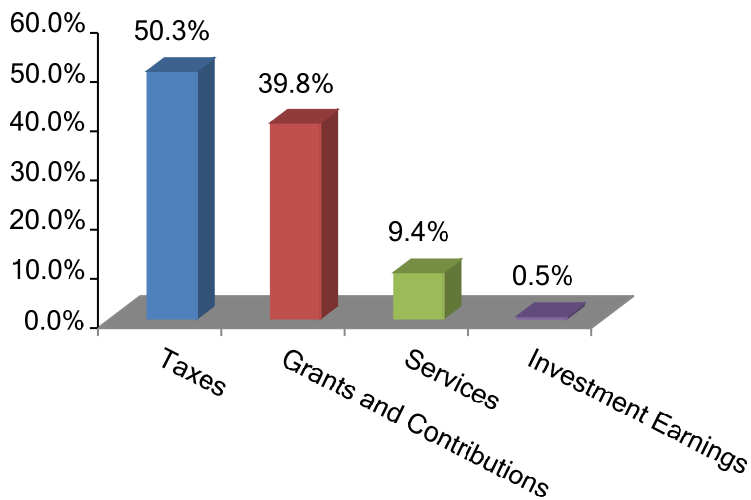
The state's governmental net position increased by \$717.0 million, or 3.2%. Approximately 50.3% of the state's total revenue came from taxes, while 39.8% resulted from grants and contributions including federal aid. Charges for various goods, services and investments provided 9.9% of the total revenues. The state's expenses cover a range of services. The largest expenses were for health services, general education, government administration and social services. In 2020, governmental activity expenses exceeded program revenues, resulting in the use of \$9.5 billion in general revenues, mostly taxes. The business-type activities' program revenues exceeded their expenses for 2020 by \$184.7 million.

State of Oklahoma's Changes in Net Position-Primary Government

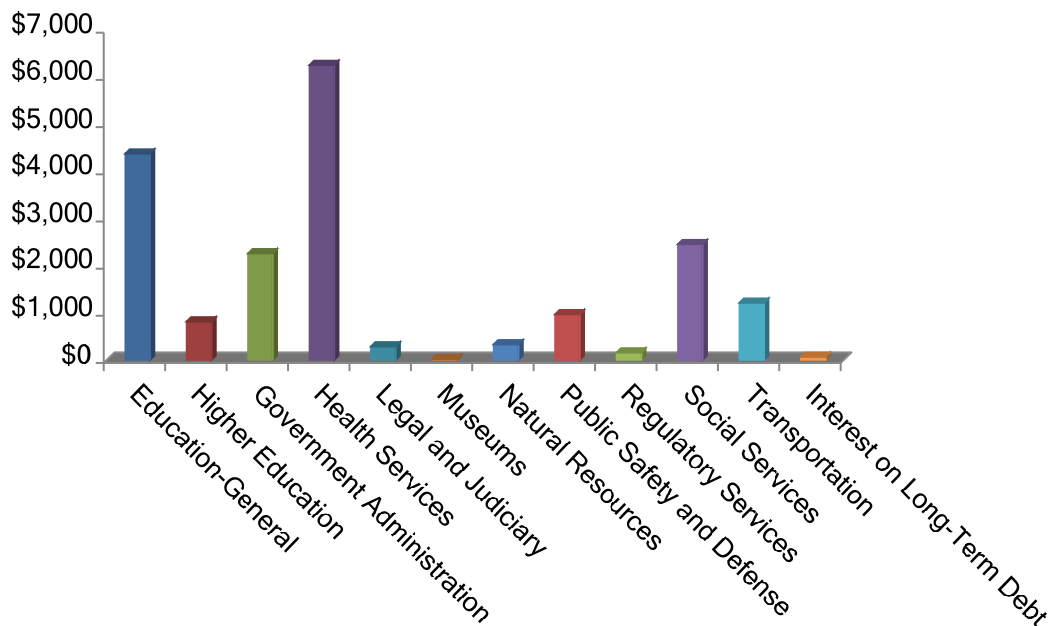
(expressed in thousands)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|---------------|--------------------------|--------------|---------------|---------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 1,845,152 | \$ 2,095,547 | \$ 1,730,291 | \$ 1,702,757 | \$ 3,575,443 | \$ 3,798,304 |
| Operating Grants and Contributions | 7,806,615 | 7,152,628 | 2,102,239 | 16,137 | 9,908,854 | 7,168,765 |
| General Revenues: | | | | | | |
| Income Taxes-Individual | 3,408,615 | 3,543,993 | - | - | 3,408,615 | 3,543,993 |
| Income Taxes-Corporate | 224,123 | 319,021 | - | - | 224,123 | 319,021 |
| Sales Taxes | 2,957,376 | 3,092,047 | - | - | 2,957,376 | 3,092,047 |
| Gross Production Taxes | 626,910 | 1,037,656 | - | - | 626,910 | 1,037,656 |
| Motor Vehicle Taxes | 970,071 | 887,074 | - | - | 970,071 | 887,074 |
| Fuel Taxes | 492,196 | 539,168 | - | - | 492,196 | 539,168 |
| Other Taxes | 1,177,588 | 1,131,875 | - | - | 1,177,588 | 1,131,875 |
| Investment Earnings | 114,855 | 97,978 | - | - | 114,855 | 97,978 |
| Total Revenues | \$ 19,623,501 | \$ 19,896,987 | \$ 3,832,530 | \$ 1,718,894 | \$ 23,456,031 | \$ 21,615,881 |
| Expenses: | | | | | | |
| Education-General | \$ 4,368,484 | \$ 4,009,953 | \$ - | \$ - | \$ 4,368,484 | \$ 4,009,953 |
| Education-Payments to Higher Education | 811,713 | 790,651 | - | - | 811,713 | 790,651 |
| Government Administration | 2,256,075 | 2,192,998 | - | - | 2,256,075 | 2,192,998 |
| Health Services | 6,246,163 | 5,965,766 | - | - | 6,246,163 | 5,965,766 |
| Legal and Judiciary | 281,942 | 254,928 | - | - | 281,942 | 254,928 |
| Museums | 14,492 | 12,914 | - | - | 14,492 | 12,914 |
| Natural Resources | 327,926 | 457,273 | - | - | 327,926 | 457,273 |
| Public Safety and Defense | 963,910 | 885,045 | - | - | 963,910 | 885,045 |
| Regulatory Services | 153,295 | 152,035 | - | - | 153,295 | 152,035 |
| Social Services | 2,451,122 | 2,169,384 | - | - | 2,451,122 | 2,169,384 |
| Transportation | 1,209,426 | 1,122,065 | - | - | 1,209,426 | 1,122,065 |
| Interest on Long-Term Debt | 61,262 | 58,197 | - | - | 61,262 | 58,197 |
| Unemployment Insurance Trust Fund | - | - | 2,323,744 | 225,242 | 2,323,744 | 225,242 |
| State Loan Program to Local Governments | - | - | 46,636 | 41,106 | 46,636 | 41,106 |
| Group Insurance Program | - | - | 1,073,135 | 1,089,343 | 1,073,135 | 1,089,343 |
| Lottery Commission | - | - | 204,300 | 174,641 | 204,300 | 174,641 |
| Total Expenses | \$ 19,145,810 | \$ 18,071,209 | \$ 3,647,815 | \$ 1,530,332 | \$ 22,793,625 | \$ 19,601,541 |
| Increase (Decrease) in Net Position Before Transfers and Contribution to Permanent Funds | \$ 477,691 | \$ 1,825,778 | \$ 184,715 | \$ 188,562 | \$ 662,406 | \$ 2,014,340 |
| Contribution to Permanent Funds | 54,564 | 54,269 | - | - | 54,564 | 54,269 |
| Transfers | 64,687 | 67,556 | (64,687) | (67,556) | - | - |
| Change in Net Position | \$ 596,942 | \$ 1,947,603 | \$ 120,028 | \$ 121,006 | \$ 716,970 | \$ 2,068,609 |
| Net Position, Beginning of Year | 20,008,520 | 18,046,990 | 2,169,148 | 2,048,142 | 22,177,668 | 20,095,132 |
| Adjustments to Beginning Net Position | (13,927) | - | - | - | (13,927) | - |
| Net Position, End of Year | \$ 20,591,535 | \$ 19,994,593 | \$ 2,289,176 | \$ 2,169,148 | \$ 22,880,711 | \$ 22,163,741 |

**Revenues – Governmental Activities
Fiscal Year 2020**



**Expenses – Governmental Activities
Fiscal Year 2020
*(expressed in thousands)***



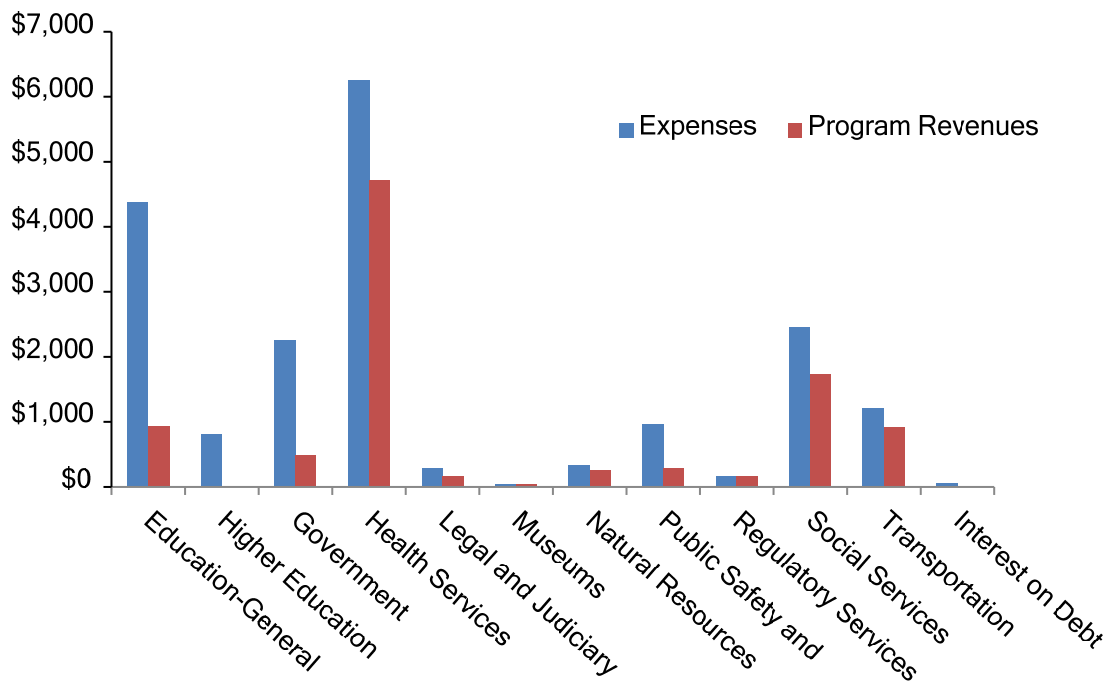
Governmental Activities

Governmental activities increased the state's net position by \$596.9 million. Tax revenues were down in four of the five major types. Total revenues for governmental activities were down by \$273.5 million, or 1.4%, in 2020. The state showed a \$135.4 million decrease in individual income taxes, a \$134.7 million decrease in sales taxes, a \$83.0 million increase in motor vehicle taxes, a \$94.9 million decrease in corporate income taxes, and a \$410.7 million decrease in gross production taxes during 2020. Additionally, there was a \$654.0 million increase in federal grant revenue.

A comparison of the cost of services by function for the state's governmental activities is shown below, along with the revenues used to cover the net expenses of the governmental activities (expressed in thousands):

| | <u>Governmental Activities</u> |
|--|--------------------------------|
| Expenses Net of Program Revenues: | |
| Education-General | \$ (3,432,388) |
| Education-Payment to Higher Education | (811,713) |
| Government Administration | (1,764,802) |
| Health Services | (1,533,745) |
| Legal and Judiciary | (124,240) |
| Museums | (9,570) |
| Natural Resources | (71,974) |
| Public Safety and Defense | (686,017) |
| Regulatory Services | 6,162 |
| Social Services | (714,925) |
| Transportation | (289,569) |
| Interest on Long-Term Debt | (61,262) |
| Total Governmental Activities Expenses | <u>\$ (9,494,043)</u> |
| General Revenues: | |
| Taxes | \$ 9,856,879 |
| Investment Earnings | 114,855 |
| Contributions to Permanent Funds | 54,564 |
| Transfers | 64,687 |
| Total General Revenues | <u>\$ 10,090,985</u> |
| Increase in Governmental Activities Net Position | <u><u>\$ 596,942</u></u> |

Expenses and Program Revenues – Governmental Activities
Fiscal Year 2020
(expressed in thousands)



Business-Type Activities

The business-type activities increased the state's net position by \$120.0 million, a 5.5% increase, to \$2.3 billion. This increase follows an increase of 5.9% in the prior year. The increase primarily resulted from an increase in federal revenue related to temporary assistance for the COVID-19 pandemic to the Oklahoma Unemployment Insurance Trust Fund (OUITF). The OUITF net position increased by \$41.2 million, the Oklahoma Water Resources Board's (OWRB) net position increased by \$24.0 million, EGID of OMES increased by \$55.0 million, and the Oklahoma Lottery Commission had a decrease in net position of \$218.0 thousand.

FINANCIAL ANALYSIS OF THE STATE'S INDIVIDUAL FUNDS

As noted earlier, the state uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the state's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the state's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the state's governmental funds reported combined ending fund balances of \$9.3 billion, an increase of \$27.5 million from the prior year. The largest portion, \$3.8 million (41.1%), of this total amount constitutes nonspendable fund balance, which includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Additionally, \$776.5 million (8.4%) of fund balance is classified as restricted, meaning that the funds can only be used for specific purposes defined by enabling legislation or externally imposed limitations. Amounts that can only be used for specific purposes pursuant to constraints of the government's highest level of decision-making authority are reported as committed fund balance. Committed fund balance represents \$4.6 billion (49.6%) of total fund balance. Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted, nor committed, are reported as assigned fund balance. Assigned fund balance represents \$79.5 million (0.9%) of total fund balance. The remaining funds that are not classified in any of the other four categories represent unassigned fund balance. For the fiscal year ended June 30, 2020, the state has \$14.7 million classified as unassigned fund balance.

The General Fund is the chief operating fund of the state. At the end of the current fiscal year, the total fund balance increased \$115.9 million to \$5.5 billion. This 2.2% increase is primarily related to improved tax collections and increases in operating grant revenue.

As a measure of the Governmental Fund's liquidity, it may be useful to compare the portion of fund balance not classified as nonspendable (spendable) and total fund balance to total fund expenditures. Spendable fund balance represents 27.7% of total Governmental Fund expenditures, while total fund balance represents 47.0% of that same amount.

The Commissioners of the Land Office manages land and cash set aside by the federal government for the use and benefit of public education in Oklahoma to generate maximum earnings for trust beneficiaries. The trust beneficiaries are common education and thirteen Oklahoma colleges and universities. This year total program revenues were \$17.2 million compared to \$239.0 million for the prior year. The change was primarily due to a net decrease in fair value of investments. Distributions to beneficiaries totaled \$122.9 million for fiscal year 2020 with \$30.8 million disbursed to universities and colleges and \$89.4 million disbursed to public schools, and \$2.7 million disbursed for public buildings. This was a decrease of \$6.1 million from the apportionments of fiscal year 2019.

The Department of Wildlife's Lifetime Licenses' fund balance increased by 3.1% to \$93.0 million. This increase occurred due to collections for licenses.

The Tobacco Settlement Endowment Permanent Fund holds certain monies that are received in settlement of claims by the state against tobacco manufacturers. Earnings from these monies are utilized for research, education, prevention and treatment of tobacco related diseases and certain other health programs. This fund reported \$31.8 million net increase in fund balance with \$49.7 million coming from the settlement payment by tobacco manufacturers for 2020. The prior year's payment was about \$52.3 million. The state now has \$1.3 billion in this permanent fund.

Proprietary Funds

The state's Proprietary Fund Financial Statements provide the same type of information found in the Government-Wide Financial Statements for business-type activities. This information is presented on the same basis of accounting but provides more detail.

As discussed in the business-type activities section above, the state's net position increased by \$120.0 million as a result of operations in the proprietary funds. This resulted from a \$41.2 million increase in net position by OUITF, an increase in net position of \$24.0 million by OWRB's program for making loans to local government units for drinking and waste water facilities, an increase of \$55.0 million by EGID for insurance benefit administration, and a decrease in net position of \$218.0 thousand by the Oklahoma Lottery Commission.

OUITF increased in net position primarily as a result of an increase in federal revenue related to temporary assistance for the COVID-19 pandemic.

OWRB increased net position by \$24.0 million which was \$13.8 million less than the \$37.8 million in the prior year. This was primarily due to decrease in non-operating federal grant revenues.

EGID increased net position by \$55.0 million, which was more than the \$10.3 million increase during the prior year. The largest changes were a \$41.1 million increase in net investment income, and a \$9.5 million reduction in the change in premium deficiency reserve.

GENERAL FUND BUDGETARY HIGHLIGHTS

The differences between the original budget and the final amended budget amounted to \$188.2 million with \$63.8 million coming from budget carried over from prior years. To reimburse school districts for ad valorem tax shortfalls related to state property, the Department of Education was transferred \$112.0 million. An additional \$9.8 million was transferred to the same agency for credits from teacher retirement.

The difference between the final budget and the actual collections amounted to \$351.2 million more than the budget. This variance was caused by timing differences between assignment and disbursement of budget amendments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The state's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$26.0 billion, less accumulated depreciation of \$13.2 billion, leaving a net book value of \$12.8 billion. This investment in capital assets includes land, buildings, improvements, equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the state, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items.

The total increase in the state's investment in capital assets for the current fiscal year was about 2.8% in terms of net book value. Actual expenditures to purchase or construct assets that are capitalized were \$992.7 million for the year, a \$124.5 million (14.3%) increase from the prior year. Most of this amount was used to construct or reconstruct roads and bridges. Depreciation charges for the year totaled \$593.2 million. Additional information on the state's capital assets can be found in Note 5 of the Notes to the Financial Statements of this report.

Debt Administration

The authority of the state to incur debt is described in Article X, Section 25, of the Oklahoma Constitution. In 1987, the state created the Council of Bond Oversight. The Council meets to review all proposed debt issuances. The Council must approve each financing plan before obligations are issued. The legislation that created the Council of Bond Oversight also created the position of State Bond Advisor, who advises the Council and must approve the pricing and fees associated with any debt issuance.

The State of Oklahoma's total debt decreased by \$32.3 million, or 2.2%, during the current fiscal year. Business-type activities' debt decreased by \$91.4 million or 9.0%.

Additional information on the state's long-term debt obligations can be found in Notes 9, 10, and 11 of the Notes to the Financial Statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Oklahoma unemployment rate was consistently lower than that for the nation between 1997 and 2019. The national unemployment rate is currently 6.9% while Oklahoma's is at 6.1% for the same time period.

Inflationary trends in the region continue to compare favorably to national indices.

These factors are considered by legislative leaders and management in preparing the state's budget for future years. (See below.)

Budget and Revenue Collections

The State Constitution requires adoption of a balanced budget. The revenue certification provided by the State Board of Equalization is the basis for development of the state's General Revenue Fund (GRF) budget. The GRF is a budgetary cash account included in the state's General Fund.

If new laws or changes in existing laws are passed that affect revenues, the State Board of Equalization meets to certify the effects of these changes on the official estimate. Appropriations in any fiscal year may not exceed 95.0% of the official revenue estimate (plus any cash funds on-hand and available for appropriation).

If collections to a certified cash account are insufficient to cover the appropriations from that account, the Constitution requires that appropriations be reduced proportionately to all agencies receiving an appropriation from that source. OMES has the statutory duty to monitor revenue collections and, if warranted, to make reductions in appropriations to prevent deficit spending.

The Legislature may, in regular or special session, make selective reductions in spending or consider revenue increases.

Fiscal Year 2021

General revenue collections have outpaced estimates over the first four months of the fiscal year. At the end of October 2020, fiscal year 2021 collections were \$2.3 billion above the estimate, and \$258.0 million above prior year collections for the same period.

"While year-to-date collections to the General Revenue Fund remain above initial estimates, it is vital that we continue to remain cautious in our outlook for the remainder of the fiscal year," said OMES Executive Director Steven Harpe. "October was the first month this year to see fewer personal income tax collections brought in than the previous year. This is a strong indication of potentially decreasing personal income tax collections while Oklahoma recovers from high unemployment numbers earlier this year without the injection of federal stimulus and unemployment benefits."

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the State of Oklahoma's finances for all of Oklahoma's citizens, taxpayers, customers, and investors and creditors. This financial report seeks to demonstrate the state's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: State of Oklahoma, Office of Management and Enterprise Services, 2401 N. Lincoln, Suite 212, Oklahoma City, OK 73105 or servicedesk@omes.ok.gov.

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The Oklahoma Tax Commission uses the new state logo on a variety of signs and other items.

Photos courtesy of the Oklahoma Tax Commission.





OMES Director of Internal Training Sophie Preston leads a new employee orientation session in the Will Rogers Building.



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State of Oklahoma
Government-Wide Statement of Net Position
June 30, 2020
(expressed in thousands)

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|---------------|--------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| Assets | | | | |
| Current Assets | | | | |
| Cash/Cash Equivalents | \$ 7,004,812 | \$ 1,565,256 | \$ 8,570,068 | \$ 2,070,378 |
| Investments | 49,655 | 245,959 | 295,614 | 1,357,050 |
| Securities Lending Investments | 341,681 | 0 | 341,681 | 0 |
| Accounts Receivable | 107,831 | 143,813 | 251,644 | 669,990 |
| Interest and Investment Revenue Receivable | 27,006 | 17,293 | 44,299 | 17,028 |
| Federal Grants Receivable | 612,103 | 5,967 | 618,070 | 10,229 |
| Taxes Receivable | 948,652 | 96,189 | 1,044,841 | 0 |
| Leases Receivable | 5,508 | 0 | 5,508 | 0 |
| Leases Receivable - Component Units | 10,405 | 0 | 10,405 | 0 |
| Notes Receivable | 0 | 111,583 | 111,583 | 5,953 |
| Other Receivables | 101 | 0 | 101 | 63,633 |
| Internal Balances | (64) | 64 | 0 | 5 |
| Receivable from External Parties | 41 | 0 | 41 | 0 |
| Due from Component Units | 818 | 1 | 819 | 12,985 |
| Due from Primary Government | 0 | 0 | 0 | 114,035 |
| Inventory | 117,897 | 0 | 117,897 | 93,321 |
| Prepaid Items | 1,564 | 0 | 1,564 | 21,080 |
| Other Current Assets | 7,824 | 32,836 | 40,660 | 12,524 |
| Total Current Assets | \$ 9,235,834 | \$ 2,218,961 | \$ 11,454,795 | \$ 4,448,211 |
| Noncurrent Assets | | | | |
| Cash/Cash Equivalents, Restricted | \$ 73,093 | \$ 26,285 | \$ 99,378 | \$ 856,964 |
| Short Term Investments, Restricted | 3,726,407 | 0 | 3,726,407 | 2,801,885 |
| Long Term Investments | 0 | 4,177 | 4,177 | 1,788,270 |
| Long Term Investments, Restricted | 0 | 58,788 | 58,788 | 0 |
| Leases Receivable | 16,666 | 0 | 16,666 | 0 |
| Leases Receivables - Component Units | 308,179 | 0 | 308,179 | 4,000 |
| Long Term Notes Receivable, Net | 0 | 1,381,484 | 1,381,484 | 30,938 |
| Long Term Notes Receivable, Restricted | 0 | 0 | 0 | 2,236 |
| Net Pension Asset | 38,433 | 0 | 38,433 | 0 |
| Net Other Postemployment Benefit Asset | 29,626 | 126 | 29,752 | 15,521 |
| Long Term Due from Comp Units | 53,093 | 0 | 53,093 | 0 |
| Capital Assets - Depreciable, Net | 10,557,746 | 1,118 | 10,558,864 | 8,311,703 |
| Capital Assets - Land | 1,945,569 | 0 | 1,945,569 | 556,117 |
| Capital Assets - Construction in Progress | 266,066 | 0 | 266,066 | 1,162,666 |
| Other Noncurrent Assets | 0 | 5,107 | 5,107 | 281,054 |
| Other Noncurrent Assets - Restricted | 22,004 | 0 | 22,004 | 36 |
| Total Noncurrent Assets | \$ 17,036,882 | \$ 1,477,085 | \$ 18,513,967 | \$ 15,811,390 |
| Total Assets | \$ 26,272,716 | \$ 3,696,046 | \$ 29,968,762 | \$ 20,259,601 |
| Deferred Outflows | | | | |
| Deferred Outflows from Pensions | \$ 293,256 | \$ 668 | \$ 293,924 | \$ 375,757 |
| Deferred Outflows from OPEB | 32,013 | 79 | 32,092 | 73,428 |
| Lease Restructuring | 0 | 0 | 0 | 17,475 |
| Advance Refunding of Bonds | 0 | 0 | 0 | 132,349 |
| Defeasance of Bonds | 0 | 0 | 0 | 798 |
| Accumulated Decrease in Fair Value of Derivatives | 0 | 0 | 0 | 5,047 |
| Deferred Outflows from Asset Retirement Obligations | 0 | 0 | 0 | 259 |
| Total Deferred Outflows | \$ 325,269 | \$ 747 | \$ 326,016 | \$ 605,113 |

The Notes to the Financial Statements are an integral part of this statement

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|----------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Accounts Payable and Accrued Liabilities | \$ 1,230,456 | \$ 299,614 | \$ 1,530,070 | \$ 474,482 |
| Unearned Revenue | 1,222,822 | 12,341 | 1,235,163 | 172,346 |
| Payable Under Securities Lending Agreements | 341,681 | 0 | 341,681 | 0 |
| Claims and Judgements | 12,180 | 0 | 12,180 | 50,093 |
| Interest Payable | 29,794 | 122,930 | 152,724 | 79,362 |
| Compensated Absences | 75,701 | 303 | 76,004 | 94,674 |
| Tax Refunds Payable | 465,397 | 0 | 465,397 | 0 |
| Due to Others | 250,031 | 0 | 250,031 | 0 |
| Revenue Bonds, net | 103,124 | 76,310 | 179,434 | 180,209 |
| Payable to External Parties | 81,826 | 1,596 | 83,422 | 741 |
| Due to Component Units | 128,254 | 5 | 128,259 | 13,119 |
| Due to Primary Government | 0 | 0 | 0 | 818 |
| Capital Leases | 78 | 0 | 78 | 48,238 |
| Capital Leases - Primary Government | 0 | 0 | 0 | 10,405 |
| Notes Payable | 3,030 | 0 | 3,030 | 23,549 |
| Other Current Liabilities | 0 | 27,080 | 27,080 | 511,721 |
| Total Current Liabilities | <u>\$ 3,944,374</u> | <u>\$ 540,179</u> | <u>\$ 4,484,553</u> | <u>\$ 1,659,757</u> |
| Noncurrent Liabilities | | | | |
| Claims and Judgements | \$ 62,346 | \$ 0 | \$ 62,346 | \$ 454,089 |
| Due to Primary Government | 0 | 0 | 0 | 53,093 |
| Capital Leases | 0 | 0 | 0 | 709,687 |
| Capital Leases-Primary Government | 0 | 0 | 0 | 308,179 |
| Compensated Absences | 100,696 | 838 | 101,534 | 43,441 |
| Net Pension Liability | 320,596 | 565 | 321,161 | 1,679,880 |
| Notes Payable | 56,330 | 0 | 56,330 | 79,658 |
| General Obligation Bonds | 0 | 0 | 0 | 30,000 |
| Revenue Bonds (including Premiums) | 1,258,266 | 827,688 | 2,085,954 | 5,402,630 |
| Net Other Postemployment Benefit Liability | 150,150 | 513 | 150,663 | 584,322 |
| Other Noncurrent Liabilities | 0 | 14,382 | 14,382 | 154,842 |
| Total Noncurrent Liabilities | <u>\$ 1,948,384</u> | <u>\$ 843,986</u> | <u>\$ 2,792,370</u> | <u>\$ 9,499,821</u> |
| Total Liabilities | <u>\$ 5,892,758</u> | <u>\$ 1,384,165</u> | <u>\$ 7,276,923</u> | <u>\$ 11,159,578</u> |
| Deferred Inflows | | | | |
| Restructured Debt | \$ 0 | \$ 23,013 | \$ 23,013 | \$ 9,086 |
| Service Concession Arrangements | 0 | 0 | 0 | 24,405 |
| Derivative Instruments | 0 | 0 | 0 | 237 |
| Deferred Inflows from Pensions | 70,488 | 304 | 70,792 | 239,497 |
| Deferred Inflows from OPEB | 43,204 | 135 | 43,339 | 70,336 |
| Deferred Regulation Inflows | 0 | 0 | 0 | 101,799 |
| Total Deferred Inflows | <u>\$ 113,692</u> | <u>\$ 23,452</u> | <u>\$ 137,144</u> | <u>\$ 445,360</u> |
| Net Position | | | | |
| Net Investment in Capital Assets | \$ 11,790,323 | \$ 1,118 | \$ 11,791,441 | \$ 4,306,551 |
| Restricted for: | | | | |
| Federal Programs | 180,680 | 0 | 180,680 | 0 |
| Debt Service | 551,769 | 348,573 | 900,342 | 413,695 |
| Lottery Benefits | 0 | 10,670 | 10,670 | 0 |
| Educational Systems | 2,397,836 | 0 | 2,397,836 | 0 |
| Stabilization | 44,003 | 0 | 44,003 | 0 |
| Preservation of Wildlife | 92,951 | 0 | 92,951 | 0 |
| Unemployment Benefits | 0 | 1,259,091 | 1,259,091 | 0 |
| Tobacco Cessation and Public Health | | | | |
| Nonexpendable | - 1,206,810 | 0 | - 1,206,810 | 961,740 |
| Expendable | 121,018 | 0 | 121,018 | 3,168,845 |
| Unrestricted | 4,206,145 | 669,724 | 4,875,869 | 408,945 |
| Total Net Position | <u>\$ 20,591,535</u> | <u>\$ 2,289,176</u> | <u>\$ 22,880,711</u> | <u>\$ 9,259,776</u> |

The Notes to the Financial Statements are an integral part of this statement

State of Oklahoma
Government-Wide Statement of Activities
For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

| | | | | Net (Expense) Revenue and Changes in Net Position | | | |
|---|---------------|-------------------------|--|--|-----------------------------|----------------|--------------------|
| | | Program Revenues | | Primary Government | | | Component Units |
| Functions | Expenses | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-Type Activities | Total | |
| Primary Government | | | | | | | |
| Governmental Activities: | | | | | | | |
| Education - General | \$ 4,368,484 | \$ 151,750 | \$ 784,346 | \$ (3,432,388) | | \$ (3,432,388) | |
| Education - Payment to Higher Education | 811,713 | 0 | 0 | (811,713) | | (811,713) | |
| Government Administration | 2,256,075 | 328,246 | 163,027 | (1,764,802) | | (1,764,802) | |
| Health Services | 6,246,163 | 604,394 | 4,108,024 | (1,533,745) | | (1,533,745) | |
| Legal and Judiciary | 281,942 | 110,597 | 47,105 | (124,240) | | (124,240) | |
| Museums | 14,492 | 4,097 | 825 | (9,570) | | (9,570) | |
| Natural Resources | 327,926 | 179,640 | 76,312 | (71,974) | | (71,974) | |
| Public Safety and Defense | 963,910 | 115,686 | 162,207 | (686,017) | | (686,017) | |
| Regulatory Services | 153,295 | 152,117 | 7,340 | 6,162 | | 6,162 | |
| Social Services | 2,451,122 | 62,066 | 1,674,131 | (714,925) | | (714,925) | |
| Transportation | 1,209,426 | 136,559 | 783,298 | (289,569) | | (289,569) | |
| Interest on Long Term Debt | 61,262 | 0 | 0 | (61,262) | | (61,262) | |
| Total Governmental Activities | \$ 19,145,810 | \$ 1,845,152 | \$ 7,806,615 | \$ (9,494,043) | | \$ (9,494,043) | |
| Business-Type Activities: | | | | | | | |
| Employment Security Commission | \$ 2,323,744 | \$ 266,405 | \$ 2,098,535 | | \$ 41,196 | \$ 41,196 | |
| Office of Management and Enterprise Services | 1,073,135 | 1,128,164 | 0 | | 55,029 | 55,029 | |
| Oklahoma Lottery Commission | 204,300 | 268,482 | 0 | | 64,182 | 64,182 | |
| Water Resources Board | 46,636 | 67,240 | 3,704 | | 24,308 | 24,308 | |
| Total Business-Type Activities | \$ 3,647,815 | \$ 1,730,291 | \$ 2,102,239 | | \$ 184,715 | \$ 184,715 | |
| Total Primary Government | \$ 22,793,625 | \$ 3,575,443 | \$ 9,908,854 | \$ (9,494,043) | \$ 184,715 | \$ (9,309,328) | |
| Component Units: | | | | | | | |
| Oklahoma Student Loan Authority | \$ 21,211 | \$ 21,905 | \$ 0 | | | | \$ 694 |
| Oklahoma Housing Finance Agency | 161,487 | 37,084 | 141,747 | | | | 17,344 |
| Oklahoma Turnpike Authority | 288,990 | 379,756 | 0 | | | | 90,766 |
| Grand River Dam Authority | 436,695 | 490,643 | 0 | | | | 53,948 |
| Oklahoma Municipal Power Authority | 186,026 | 190,456 | 0 | | | | 4,430 |
| Higher Education | 4,971,009 | 2,800,666 | 1,893,797 | | | | (276,546) |
| Nonmajor Component Units | 547,496 | 424,076 | 42,204 | | | | (81,216) |
| Total Component Units | \$ 6,612,914 | \$ 4,344,586 | \$ 2,077,748 | | | | \$ (190,580) |
| General Revenues | | | | | | | |
| Taxes: | | | | | | | |
| Income Taxes - Individual | | | | \$ 3,408,615 | \$ 0 | \$ 3,408,615 | \$ 0 |
| Sales Tax | | | | 2,957,376 | 0 | 2,957,376 | 0 |
| Gross Production Taxes | | | | 626,910 | 0 | 626,910 | 0 |
| Income Taxes - Corporate | | | | 224,123 | 0 | 224,123 | 0 |
| Motor Vehicle Taxes | | | | 970,071 | 0 | 970,071 | 0 |
| Fuel Taxes | | | | 492,196 | 0 | 492,196 | 0 |
| Tobacco Taxes | | | | 402,284 | 0 | 402,284 | 0 |
| Other Business Taxes | | | | 271,145 | 0 | 271,145 | 0 |
| Insurance Taxes | | | | 172,260 | 0 | 172,260 | 0 |
| Beverage Taxes | | | | 136,887 | 0 | 136,887 | 0 |
| Other Taxes | | | | 195,012 | 0 | 195,012 | 0 |
| Payments from Primary Government | | | | 0 | 0 | 0 | 936,361 |
| Investment Earnings | | | | 114,855 | 0 | 114,855 | 0 |
| Contributions to Permanent Funds | | | | 54,564 | 0 | 54,564 | 0 |
| Transfers | | | | 64,687 | (64,687) | 0 | 0 |
| Total General Revenues and Transfers | | | | \$ 10,090,985 | \$ (64,687) | \$ 10,026,298 | \$ 936,361 |
| Change in Net Position | | | | \$ 596,942 | \$ 120,028 | \$ 716,970 | \$ 745,781 |
| Net Position - Beginning of Year (as restated) | | | | 19,994,593 | 2,169,148 | 22,163,741 | 8,513,995 |
| Net Position - End of Year | | | | \$ 20,591,535 | \$ 2,289,176 | \$ 22,880,711 | \$ 9,259,776 |

The Notes to the Financial Statements are an integral part of this statement.



Top: John Schumacher checks the quality of an orientation cover at OMES Central Printing.

Below: Some of the items Central Printing has made using the new state logo.



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State of Oklahoma
Balance Sheet
Governmental Funds
June 30, 2020
(expressed in thousands)

| | General | Permanent Funds | | | Total Governmental Funds |
|---|---------------------|--|---|---|--------------------------------|
| | | Commissioners of the Land Office | Department of Wildlife Lifetime Licenses | Tobacco Settlement Endowment Trust | |
| Assets | | | | | |
| Assets | | | | | |
| Cash/Cash Equivalents | \$ 6,961,062 | \$ 80,746 | \$ 5,566 | \$ 30,531 | \$ 7,077,905 |
| Investments | 49,655 | 2,327,427 | 87,184 | 1,311,796 | 3,776,062 |
| Security Lending Investments | 244,786 | 0 | 0 | 96,895 | 341,681 |
| Accounts Receivable | 107,831 | 0 | 0 | 0 | 107,831 |
| Interest and Investment Revenue Receivable | 27,006 | 12,773 | 0 | 3,282 | 43,061 |
| Federal Grants Receivable | 612,103 | 0 | 0 | 0 | 612,103 |
| Taxes Receivable | 948,652 | 0 | 0 | 0 | 948,652 |
| Leases Receivable | 22,174 | 0 | 0 | 0 | 22,174 |
| Leases Receivable - Component Units | 318,584 | 0 | 0 | 0 | 318,584 |
| Other Receivables | 101 | 4,953 | 0 | 996 | 6,050 |
| Due from Other Funds | 65 | 0 | 194 | 0 | 259 |
| Due from Fiduciary Funds | 41 | 0 | 0 | 0 | 41 |
| Due from Component Units | 818 | 0 | 0 | 0 | 818 |
| Due From Component Units - Noncurrent | 53,093 | 0 | 0 | 0 | 53,093 |
| Inventory | 117,897 | 0 | 0 | 0 | 117,897 |
| Prepaid Items | 1,564 | 0 | 0 | 0 | 1,564 |
| Other Assets | 7,538 | 279 | 7 | 0 | 7,824 |
| Total Assets | \$ 9,472,970 | \$ 2,426,178 | \$ 92,951 | \$ 1,443,500 | \$ 13,435,599 |
| Liabilities | | | | | |
| Accounts Payable and Accrued Liabilities | \$ 1,194,565 | \$ 20,813 | \$ 0 | \$ 15,101 | \$ 1,230,479 |
| Payable Under Securities Lending Agreements | 244,786 | 0 | 0 | 96,895 | 341,681 |
| Unearned Revenue | 1,222,819 | 0 | 0 | 0 | 1,222,819 |
| Tax Refunds Payable | 465,397 | 0 | 0 | 0 | 465,397 |
| Due to Other Funds | 260 | 0 | 0 | 63 | 323 |
| Due to Fiduciary Funds | 81,826 | 0 | 0 | 0 | 81,826 |
| Due to Component Units | 124,641 | 0 | 0 | 3,613 | 128,254 |
| Due to Others | 250,031 | 0 | 0 | 0 | 250,031 |
| Total Liabilities | \$ 3,584,325 | \$ 20,813 | \$ 0 | \$ 115,672 | \$ 3,720,810 |
| Deferred Inflows | | | | | |
| Unavailable Revenue | \$ 415,778 | \$ 7,529 | \$ 0 | \$ 0 | \$ 423,307 |
| Total Deferred Inflows | \$ 415,778 | \$ 7,529 | \$ 0 | \$ 0 | \$ 423,307 |
| Fund Balances | | | | | |
| Nonspendable | \$ 119,268 | \$ 2,397,836 | \$ 92,951 | \$ 1,206,810 | \$ 3,816,865 |
| Restricted | 776,452 | 0 | 0 | 0 | 776,452 |
| Committed | 4,562,479 | 0 | 0 | 41,490 | 4,603,969 |
| Assigned | 0 | 0 | 0 | 79,528 | 79,528 |
| Unassigned | 14,668 | 0 | 0 | 0 | 14,668 |
| Total Fund Balances | \$ 5,472,867 | \$ 2,397,836 | \$ 92,951 | \$ 1,327,828 | \$ 9,291,482 |

The Notes to the Financial Statements are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Total Fund Balance - Governmental Funds \$ 9,291,482

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

| | | |
|----------------------------|---------------------|------------|
| Land | \$ 1,945,569 | |
| Buildings and Improvements | 1,702,975 | |
| Equipment | 593,417 | |
| Infrastructure | 21,456,344 | |
| Construction in Progress | 266,066 | |
| Accumulated Depreciation | <u>(13,194,990)</u> | |
| | | 12,769,381 |

Some of the state's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are considered to be unearned. 423,307

The state's portion of the net pension asset (\$38,433), net pension liability (\$320,596), deferred inflows (\$70,488), and deferred outflows (\$293,256) as determined by the actuarial calculations of the pension systems created by statute are long-term in nature and, therefore, not reported in the funds. (59,395)

The state's portion of the net other postemployment benefit asset (\$29,626), net other postemployment benefit liability (\$150,150), deferred inflows (\$43,204), and deferred outflows (\$32,013) as determined by the actuarial calculations of the pension systems created by statute are long-term in nature and, therefore, not reported in the funds. (131,715)

Timing differences caused by the component units with alternative year end dates resulted in differences in due to/from other funds. 20

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:

| | | |
|--|-----------------|-------------|
| Notes Payable | \$ (59,360) | |
| Revenue Bonds | (1,238,205) | |
| Capital Leases and Certificates of Participation | (78) | |
| Bond Issue Premiums | (123,185) | |
| Accrued Interest on Bonds | (29,794) | |
| Compensated Absences | (176,397) | |
| Claims and Judgments | <u>(74,526)</u> | |
| | | (1,701,545) |

Net Position of Governmental Activities \$ 20,591,535

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

| | General | Permanent Funds | | | Total Governmental Funds |
|--|---------------|--|---|------------------------------------|--------------------------------|
| | | Commissioners of the Land Office | Department of Wildlife Lifetime Licenses | Tobacco Settlement Endowment | |
| Revenues | | | | | |
| Taxes | | | | | |
| Income Taxes - Individual | \$ 3,369,765 | \$ 0 | \$ 0 | \$ 0 | \$ 3,369,765 |
| Sales Tax | 2,977,345 | 0 | 0 | 0 | 2,977,345 |
| Gross Production Tax | 620,205 | 0 | 0 | 0 | 620,205 |
| Income Taxes - Corporate | 221,699 | 0 | 0 | 0 | 221,699 |
| Motor Vehicle Taxes | 935,103 | 0 | 0 | 0 | 935,103 |
| Fuel Taxes | 492,155 | 0 | 0 | 0 | 492,155 |
| Tobacco Taxes | 402,268 | 0 | 0 | 0 | 402,268 |
| Other Business Taxes | 268,154 | 0 | 0 | 0 | 268,154 |
| Insurance Taxes | 172,060 | 0 | 0 | 0 | 172,060 |
| Beverage Taxes | 137,382 | 0 | 0 | 0 | 137,382 |
| Other Taxes | 177,193 | 0 | 0 | 0 | 177,193 |
| Licenses, Permits and Fees | 819,357 | 0 | 2,824 | 0 | 822,181 |
| Interest and Investment Revenue | 183,277 | 6,169 | 0 | 32,185 | 221,631 |
| Federal Revenue | 7,695,068 | 0 | 0 | 0 | 7,695,068 |
| Sales and Services | 242,319 | 0 | 0 | 0 | 242,319 |
| Other Grants and Reimbursements | 546,759 | 0 | 0 | 0 | 546,759 |
| Fines and Penalties | 55,568 | 0 | 0 | 0 | 55,568 |
| Other | 88,908 | 11,049 | 0 | 54,564 | 154,521 |
| Total Revenues | \$ 19,404,585 | \$ 17,218 | \$ 2,824 | \$ 86,749 | \$ 19,511,376 |
| Expenditures | | | | | |
| Education | \$ 5,041,110 | \$ 132,846 | \$ 0 | \$ 0 | \$ 5,173,956 |
| Government Administration | 2,114,446 | 0 | 0 | 44,534 | 2,158,980 |
| Health Services | 6,190,644 | 0 | 0 | 0 | 6,190,644 |
| Legal and Judiciary | 270,298 | 0 | 0 | 0 | 270,298 |
| Museums | 12,997 | 0 | 0 | 0 | 12,997 |
| Natural Resources | 298,966 | 0 | 0 | 0 | 298,966 |
| Public Safety and Defense | 901,917 | 0 | 0 | 0 | 901,917 |
| Regulatory Services | 147,474 | 0 | 0 | 0 | 147,474 |
| Social Services | 2,454,286 | 0 | 0 | 0 | 2,454,286 |
| Transportation | 247,456 | 0 | 0 | 0 | 247,456 |
| Capital Outlay | 1,609,621 | 0 | 0 | 10,388 | 1,620,009 |
| Debt Service | | | | | |
| Principal Retirement | 215,446 | 0 | 0 | 0 | 215,446 |
| Interest Fiscal Charges | 61,517 | 0 | 0 | 0 | 61,517 |
| Total Expenditures | \$ 19,566,178 | \$ 132,846 | \$ 0 | \$ 54,922 | \$ 19,753,946 |
| Revenues in Excess of (Less Than) Expenditures | \$ (161,593) | \$ (115,628) | \$ 2,824 | \$ 31,827 | \$ (242,570) |
| Other Financing Sources (Uses) | | | | | |
| Transfers In | \$ 96,017 | \$ 2,438 | \$ 0 | \$ 0 | \$ 98,455 |
| Transfers Out | (23,875) | (9,893) | 0 | 0 | (33,768) |
| Bonds Issued | 167,425 | 0 | 0 | 0 | 167,425 |
| Bond Issue Premiums | 27,651 | 0 | 0 | 0 | 27,651 |
| Sale of Capital Assets | 10,324 | 0 | 0 | 0 | 10,324 |
| Total Other Financing Sources (Uses) | \$ 277,542 | \$ (7,455) | \$ 0 | \$ 0 | \$ 270,087 |
| Net Change in Fund Balances | \$ 115,949 | \$ (123,083) | \$ 2,824 | \$ 31,827 | \$ 27,517 |
| Fund Balances - Beginning of Year (as restated) | 5,356,918 | 2,520,919 | 90,127 | 1,296,001 | 9,263,965 |
| Fund Balances - End of Year | \$ 5,472,867 | \$ 2,397,836 | \$ 92,951 | \$ 1,327,828 | \$ 9,291,482 |

The Notes to the Financial Statements are an integral part of this statement

Reconciliation of the Governmental Funds Schedule of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities

Net Change in Fund Balances - Total Governmental Funds \$ 27,517

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statements of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$957,534) exceeded depreciation (\$592,307) in the current period. 365,227

In the statement of activities, only the gain on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold. (19,388)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 167,220

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which bond proceeds (\$167,425) exceeded payments (\$214,980). 47,555

Bond issuance premiums and discounts are other financing sources or uses to governmental funds, but are deferred liabilities in the statement of net position. This is the amount of bond issue premiums. (27,651)

The amount by which the state's portion of net pension asset (\$6,213) decreased, net pension liability (\$5,333) decreased, deferred inflows from pensions (\$69,390) decreased, and deferred outflows from pensions (\$36,563) decreased compared to the prior fiscal year are long-term in nature and, therefore, not reported in the funds. 31,947

The amount by which the state's portion of net other postemployment benefit asset (\$18,973) increased, net other postemployment benefit liability (\$14,173) decreased, deferred inflows from other postemployment benefits (\$12,141) increased, and deferred outflows from other postemployment benefits (\$1,675) decreased compared to the prior fiscal year are long-term in nature and, therefore, not reported in the funds. 19,330

For assets acquired as capital leases, the amount financed is reported in the governmental funds as a source of financing. However, capital leases are long-term liabilities in the statement of net position. This is the amount by which the payment of principal (\$466) exceeded the addition of new capital leases (\$0). 466

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

| | | | |
|--|----|----------|----------|
| Accretion of bond premiums | \$ | 11,882 | |
| Decrease in entity-wide interest payable | | 255 | |
| Increase in compensated absences | | (17,874) | |
| Amortization of losses on refunded bonds | | (420) | |
| Timing difference of due from/to other | | (8) | |
| Decrease in claims and judgments payable | | (9,116) | |
| | | | (15,281) |

Change in Net Position of Governmental Activities \$ 596,942

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Statement of Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

| | Business-Type Activities - Enterprise Funds | | | | |
|--|--|-----------------------------|--|-----------------------|--------------|
| | Employment Security Commission | Water Resources Board | Office of Management and Enterprise Services | Lottery Commission | Total |
| Assets | | | | | |
| Current Assets | | | | | |
| Cash/Cash Equivalents | \$ 1,380,014 | \$ 70,569 | \$ 83,248 | \$ 31,425 | \$ 1,565,256 |
| Investments | 0 | 0 | 245,959 | 0 | 245,959 |
| Accounts Receivable | 25,248 | 0 | 110,099 | 8,466 | 143,813 |
| Interest and Investment Revenue Receivable | 5,199 | 11,084 | 1,010 | 0 | 17,293 |
| Federal Grants Receivable | 5,612 | 355 | 0 | 0 | 5,967 |
| Taxes Receivable | 96,189 | 0 | 0 | 0 | 96,189 |
| Notes Receivable | 0 | 111,583 | 0 | 0 | 111,583 |
| Due from Component Units | 1 | 0 | 0 | 0 | 1 |
| Due from Other Funds | 0 | 0 | 73 | 0 | 73 |
| Other Current Assets | 0 | 11 | 32,825 | 0 | 32,836 |
| Total Current Assets | \$ 1,512,263 | \$ 193,602 | \$ 473,214 | \$ 39,891 | \$ 2,218,970 |
| Noncurrent Assets | | | | | |
| Cash/Cash Equivalents, Restricted | \$ 0 | \$ 26,285 | \$ 0 | \$ 0 | \$ 26,285 |
| Long Term Investments | 0 | 4,177 | 0 | 0 | 4,177 |
| Long Term Investments, Restricted | 0 | 58,788 | 0 | 0 | 58,788 |
| Long Term Notes Receivable | 0 | 1,381,484 | 0 | 0 | 1,381,484 |
| Net Other Postemployment Benefits | 0 | 0 | 126 | 0 | 126 |
| Capital Assets, Net | 0 | 552 | 374 | 192 | 1,118 |
| Other Noncurrent Assets | 0 | 0 | 0 | 5,107 | 5,107 |
| Total Noncurrent Assets | \$ 0 | \$ 1,471,286 | \$ 500 | \$ 5,299 | \$ 1,477,085 |
| Total Assets | \$ 1,512,263 | \$ 1,664,888 | \$ 473,714 | \$ 45,190 | \$ 3,696,055 |
| Deferred Outflows of Resources | | | | | |
| Deferred Other Postemployment Benefits | \$ 0 | \$ 0 | \$ 79 | \$ 0 | \$ 79 |
| Deferred Pension Plan Outflows | 0 | 0 | 421 | 247 | 668 |
| Total Deferred Outflows | \$ 0 | \$ 0 | \$ 500 | \$ 247 | \$ 747 |
| Liabilities | | | | | |
| Current Liabilities | | | | | |
| Accounts Payable and Accrued Liabilities | \$ 240,999 | \$ 51 | \$ 26,201 | \$ 32,370 | \$ 299,621 |
| Unearned Revenue | 12,173 | 0 | 0 | 168 | 12,341 |
| Interest Payable | 0 | 8,321 | 114,609 | 0 | 122,930 |
| Compensated Absences | 0 | 148 | 0 | 155 | 303 |
| Revenue Bonds, net | 0 | 76,310 | 0 | 0 | 76,310 |
| Due to Fiduciary Funds | 0 | 0 | 0 | 1,596 | 1,596 |
| Due to Component Units | 0 | 0 | 5 | 0 | 5 |
| Due to Other Funds | 0 | 0 | 0 | 2 | 2 |
| Other Current Liabilities | 0 | 1,099 | 25,981 | 0 | 27,080 |
| Total Current Liabilities | \$ 253,172 | \$ 85,929 | \$ 166,796 | \$ 34,291 | \$ 540,188 |
| Noncurrent Liabilities | | | | | |
| Revenue Bonds (including Premiums) | \$ 0 | \$ 827,688 | \$ 0 | \$ 0 | \$ 827,688 |
| Compensated Absences | 0 | 63 | 697 | 78 | 838 |
| Pension Obligation | 0 | 0 | 431 | 134 | 565 |
| Other Postemployment Benefits | 0 | 0 | 513 | 0 | 513 |
| Other Noncurrent Liabilities | 0 | 0 | 14,382 | 0 | 14,382 |
| Total Noncurrent Liabilities | \$ 0 | \$ 827,751 | \$ 16,023 | \$ 212 | \$ 843,986 |
| Total Liabilities | \$ 253,172 | \$ 913,680 | \$ 182,819 | \$ 34,503 | \$ 1,384,174 |
| Deferred Inflows of Resources | | | | | |
| Deferred Inflows from Pensions | \$ 0 | \$ 0 | \$ 232 | \$ 72 | \$ 304 |
| Deferred Inflows from OPEB | 0 | 0 | 135 | 0 | 135 |
| Refinancing of Debt | 0 | 23,013 | 0 | 0 | 23,013 |
| Total Deferred Inflows | \$ 0 | \$ 23,013 | \$ 367 | \$ 72 | \$ 23,452 |
| Net Position | | | | | |
| Invested in Capital Assets | \$ 0 | \$ 552 | \$ 374 | \$ 192 | \$ 1,118 |
| Restricted for: | | | | | |
| Debt Service | 0 | 348,573 | 0 | 0 | 348,573 |
| Lottery Benefits | 0 | 0 | 0 | 10,670 | 10,670 |
| Unemployment Benefits | 1,259,091 | 0 | 0 | 0 | 1,259,091 |
| Unrestricted | 0 | 379,070 | 290,654 | 0 | 669,724 |
| Total Net Position | \$ 1,259,091 | \$ 728,195 | \$ 291,028 | \$ 10,862 | \$ 2,289,176 |

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

| | Business-Type Activities - Enterprise Funds | | | | |
|---|--|-----------------------------|---|-------------------------|----------------------------|
| | Employment Security Commission | Water Resources Board | Office of Management and Enterprise Services | Lottery Commission | Total |
| Operating Revenues | | | | | |
| Sales and Services | \$ 237,300 | \$ 0 | \$ 1,086,401 | \$ 267,763 | \$ 1,591,464 |
| Federal Revenue | 2,098,535 | 3,704 | 0 | 0 | 2,102,239 |
| Interest and Investment Revenue | 0 | 39,241 | 0 | 0 | 39,241 |
| Other | 1 | 1 | 2,985 | 176 | 3,163 |
| Total Operating Revenues | <u>\$ 2,335,836</u> | <u>\$ 42,946</u> | <u>\$ 1,089,386</u> | <u>\$ 267,939</u> | <u>\$ 3,736,107</u> |
| Operating Expenses | | | | | |
| Facilities Operations and Maintenance | \$ 0 | \$ 0 | \$ 0 | \$ 167 | \$ 167 |
| Administration and General | 0 | 14,027 | 47,149 | 6,179 | 67,355 |
| Prizes, Commissions and Other | 0 | 0 | 0 | 197,134 | 197,134 |
| Interest | 0 | 31,342 | 0 | 0 | 31,342 |
| Depreciation | 0 | 172 | 631 | 70 | 873 |
| Benefit Payments and Refunds | 2,323,744 | 0 | 1,025,355 | 0 | 3,349,099 |
| Total Operating Expenses | <u>\$ 2,323,744</u> | <u>\$ 45,541</u> | <u>\$ 1,073,135</u> | <u>\$ 203,550</u> | <u>\$ 3,645,970</u> |
| Operating Income (Loss) | <u>\$ 12,092</u> | <u>\$ (2,595)</u> | <u>\$ 16,251</u> | <u>\$ 64,389</u> | <u>\$ 90,137</u> |
| Nonoperating Revenues (Expense) | | | | | |
| Interest and Investment Revenue | \$ 26,082 | \$ 4,746 | \$ 38,778 | \$ 543 | \$ 70,149 |
| Other Nonoperating Revenues | 3,022 | 4,088 | 0 | 0 | 7,110 |
| Nonoperating Federal Grants | 0 | 19,164 | 0 | 0 | 19,164 |
| Other Nonoperating Expenses | 0 | (1,095) | 0 | (750) | (1,845) |
| Total Nonoperating Revenues (Expense) | <u>\$ 29,104</u> | <u>\$ 26,903</u> | <u>\$ 38,778</u> | <u>\$ (207)</u> | <u>\$ 94,578</u> |
| Income (Loss) Before Transfers | \$ 41,196 | \$ 24,308 | \$ 55,029 | 64,182 | \$ 184,715 |
| Transfers In | 0 | 6,437 | 0 | 0 | 6,437 |
| Transfers Out | 0 | (6,724) | 0 | (64,400) | (71,124) |
| Change in Net Position | <u>\$ 41,196</u> | <u>\$ 24,021</u> | <u>\$ 55,029</u> | <u>\$ (218)</u> | <u>\$ 120,028</u> |
| Total Net Position - Beginning of Year | <u>1,217,895</u> | <u>704,174</u> | <u>235,999</u> | <u>11,080</u> | <u>2,169,148</u> |
| Total Net Position - Ending | <u><u>\$ 1,259,091</u></u> | <u><u>\$ 728,195</u></u> | <u><u>\$ 291,028</u></u> | <u><u>\$ 10,862</u></u> | <u><u>\$ 2,289,176</u></u> |

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

| | Business-Type Activities - Enterprise Funds | | | | |
|---|---|-----------------------------|---|-----------------------|---------------------|
| | Employment Security Commission | Water Resources Board | Office of Management and Enterprise Services | Lottery Commission | Total |
| Cash Flows from Operating Activities | | | | | |
| Receipts from Customers and Users | \$ 228,614 | \$ 0 | \$ 1,335,646 | \$ 249,970 | \$ 1,814,230 |
| Receipts from Federal Grants | 2,096,587 | 4,077 | 0 | 0 | 2,100,664 |
| Payments of Benefits | (2,323,744) | 0 | (1,297,026) | 0 | (3,620,770) |
| Payments to Suppliers | 0 | (2,260) | (43,048) | (17,121) | (62,429) |
| Payments to Employees | 0 | (2,487) | (9,357) | (2,735) | (14,579) |
| Payments to Prize Winners | 0 | 0 | 0 | (165,822) | (165,822) |
| Payments to fund deposit with Multi-State Lottery | 0 | 0 | 0 | (2) | (2) |
| Payments of Operating Interest Expense | 0 | (36,854) | 0 | 0 | (36,854) |
| Collections of Interest on Loans to Governmental Units | 0 | 39,882 | 0 | 0 | 39,882 |
| Net Cash Provided (Used) by Operating Activities | \$ 1,457 | \$ 2,358 | \$ (13,785) | \$ 64,290 | \$ 54,320 |
| Cash Flows from Noncapital Financing Activities | | | | | |
| Federal Grants and Other Contributions | \$ 3,041 | \$ 200,500 | \$ 0 | \$ 0 | \$ 203,541 |
| Transfers In | 0 | 21,141 | 0 | 0 | 21,141 |
| Transfers Out | 0 | (106,557) | 0 | (68,304) | (174,861) |
| Principal Paid on Bonds and Notes Payable | 0 | (174,891) | 0 | 0 | (174,891) |
| Net Cash Provided (Used) by Noncapital Financing Activities | \$ 3,041 | \$ (59,807) | \$ 0 | \$ (68,304) | \$ (125,070) |
| Cash Flows from Capital and Related Financing Activities | | | | | |
| Payments for Acquisition of Capital Assets | \$ 0 | \$ (246) | \$ (39) | \$ (162) | \$ (447) |
| Net Cash Used by Capital and Related Financing Activities | \$ 0 | \$ (246) | \$ (39) | \$ (162) | \$ (447) |
| Cash Flows from Investing Activities | | | | | |
| Interest and Investment Revenue | \$ 27,581 | \$ 5,037 | \$ 4,864 | \$ 565 | \$ 38,047 |
| Proceeds from Sale and Maturity of Investments | 0 | 972 | 142,886 | 0 | 143,858 |
| Payments to Purchase Investments | 0 | 17,842 | (146,758) | 0 | (128,916) |
| Collections of Principal on Loans to Governmental Units | 0 | 202,286 | 0 | 0 | 202,286 |
| Payments to Issue Notes Receivable | 0 | (227,265) | 0 | 0 | (227,265) |
| Net Cash Provided by Investing Activities | \$ 27,581 | \$ (1,128) | \$ 992 | \$ 565 | \$ 28,010 |
| Net Increase in Cash/Cash Equivalents | \$ 32,079 | \$ (58,823) | \$ (12,832) | \$ (3,611) | \$ (43,187) |
| Cash/Cash Equivalents - Beginning of Year | 1,347,935 | 155,677 | 96,080 | 35,036 | 1,634,728 |
| Cash/Cash Equivalents - End of Year | \$ 1,380,014 | \$ 96,854 | \$ 83,248 | \$ 31,425 | \$ 1,591,541 |
| Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities | | | | | |
| Operating Income (Loss) | \$ 12,092 | \$ (2,595) | \$ 16,251 | \$ 64,389 | \$ 90,137 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities | | | | | |
| Depreciation Expense | 0 | 172 | 630 | 70 | 872 |
| Amortization (Accretion) and Other Noncash Expenses | 946 | (3,262) | 0 | 10 | (2,306) |
| Decrease (Increase) in Assets: | | | | | |
| Accounts Receivable | (17,014) | 0 | (7,289) | (1,036) | (25,339) |
| Federal Receivable | (5,587) | 0 | 0 | 0 | (5,587) |
| Interest and Investment Receivable | 0 | 1,013 | 0 | 0 | 1,013 |
| Deposit with Multi-State Lottery | 0 | 0 | 0 | (2) | (2) |
| Other Receivables | 0 | 0 | 340 | 0 | 340 |
| Increase (Decrease) in Liabilities | | | | | |
| Accounts Payable and Accrued Liabilities | 0 | 7 | (18,213) | (19) | (18,225) |
| Interest Payable | 0 | (1,986) | 0 | 0 | (1,986) |
| Prizes Payable | 0 | 0 | 0 | 1,334 | 1,334 |
| Compensated Absences | 0 | 56 | 68 | 0 | 124 |
| Due to other funds | 0 | 0 | 0 | (463) | (463) |
| Unavailable Revenue | 11,020 | 0 | 0 | 33 | 11,053 |
| Other Current Liabilities | 0 | 8,953 | (5,572) | (26) | 3,355 |
| Net Cash Provided (Used) by Operating Activities | \$ 1,457 | \$ 2,358 | \$ (13,785) | \$ 64,290 | \$ 54,320 |

The Notes to the Financial Statements are an integral part of this statement.

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State of Oklahoma
Statement of Fiduciary Net Position
Fiduciary Funds and Similar Component Units
June 30, 2020
(expressed in thousands)

| | Pension Trust Funds | Agency Fund |
|--|------------------------|-------------------|
| Assets | | |
| Cash/Cash Equivalents | \$ 1,089,391 | \$ 399,283 |
| Investments, at fair value | | |
| Equity Securities | 17,549,362 | 0 |
| Governmental Securities | 3,688,877 | 0 |
| Debt Securities | 4,573,008 | 0 |
| Mutual Funds | 3,420,499 | 0 |
| Other Investments | 3,983,477 | 0 |
| Securities Lending Investments | 1,703,525 | 0 |
| Taxes Receivable | 0 | 153,924 |
| Accounts Receivable | 0 | 4,386 |
| Interest and Investment Revenue Receivable | 88,060 | 0 |
| Employer Contributions Receivable | 52,267 | 0 |
| Employee Contributions Receivable | 31,269 | 0 |
| Other Receivables | 34 | 0 |
| Due from Broker | 316,263 | 0 |
| Due from Primary Government | 83,422 | 0 |
| Due from Component Units | 740 | 0 |
| Inventory | 0 | 8,023 |
| Capital Assets, Net | 5,857 | 0 |
| Other Assets | 4,875 | 0 |
| Total Assets | <u>\$ 36,590,926</u> | <u>\$ 565,616</u> |
| Liabilities | | |
| Accounts Payable | \$ 68,058 | \$ 607 |
| Securities Lending Payable | 1,703,525 | 0 |
| Tax Refunds Payable | 0 | 2,168 |
| Due to Brokers | 715,632 | 0 |
| Due to Other Funds | 41 | 0 |
| Due to Others | 0 | 542,490 |
| Unearned Revenue | 0 | 20,351 |
| Benefits in the Process of Payment | 100,756 | 0 |
| Other Liabilities | 8,636 | 0 |
| Total Liabilities | <u>\$ 2,596,648</u> | <u>\$ 565,616</u> |
| Net Position | | |
| Net Position Restricted for Pensions | <u>\$ 33,994,278</u> | |

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Statement of Changes in Fiduciary Net Position
Fiduciary Funds and Similar Component Units
For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

| | <u>Total</u> |
|--|-----------------------------|
| Additions | |
| Contributions | |
| Employer Contributions | \$ 862,222 |
| Employee Contributions | 473,897 |
| Other Contributions | <u>527,635</u> |
| Total Contributions | <u>\$ 1,863,754</u> |
| Investment Income | |
| Net Appreciation in Fair Value of Investments | \$ 284,158 |
| Interest and Investment Revenue | <u>607,342</u> |
| Total Investment Earnings | \$ 891,500 |
| Less Investment Expenses | <u>122,174</u> |
| Net Investment Earnings | <u>\$ 769,326</u> |
| Total Additions | <u>\$ 2,633,080</u> |
| Deductions | |
| Administrative and General Expenses | \$ 16,897 |
| Benefit Payments and Refunds | <u>2,636,069</u> |
| Total Deductions | <u>\$ 2,652,966</u> |
| Net Increase | \$ (19,886) |
| Net Position Reserved for Employees' Pension Benefits | |
| Beginning of Year | <u>34,014,164</u> |
| End of Year | <u><u>\$ 33,994,278</u></u> |

The Notes to the Financial Statements are an integral part of this statement.

Description of Major Component Units

The State of Oklahoma has six major component units which are described below:

OKLAHOMA STUDENT LOAN AUTHORITY

525 Central Park Drive, Suite 600, Oklahoma City, Oklahoma 73105
<https://public.osla.org>

The Authority provides loans to qualified persons at participating educational institutions through the issuance of tax-exempt revenue bonds or other debt obligations.

OKLAHOMA HOUSING FINANCE AGENCY

100 N.W. 63rd Street, Suite 200, Oklahoma City, Oklahoma 73116
<https://www.ok.gov/ohfa>

The Agency is authorized to issue revenue bonds and notes in order to provide funds to promote the development of adequate residential housing and other economic development for the benefit of the State of Oklahoma.

OKLAHOMA TURNPIKE AUTHORITY

P.O. Box 11357, Oklahoma City, Oklahoma 73111
<https://www.pikepass.com>

The Authority is authorized to construct, maintain, repair, and operate turnpike projects at locations authorized by the Legislature and approved by the Department of Transportation. The Authority receives revenues from turnpike tolls and a percentage of the turnpike concessions sales. The Authority issues revenue bonds to finance the cost of turnpike projects.

GRAND RIVER DAM AUTHORITY

P.O. Box 669, Chouteau, Oklahoma 74337
<https://www.grda.com>

The Authority controls the waters of the Grand River system to generate waterpower into electric energy and to promote irrigation, conservation and development of natural resources. The Authority produces and distributes electrical power for sale to customers primarily located in northeastern Oklahoma.

OKLAHOMA MUNICIPAL POWER AUTHORITY

P.O. Box 1960, Edmond, Oklahoma 73083
<http://ompa.com>

The Authority provides a means for the municipal electric systems in the state to jointly plan, finance, acquire, and operate electrical power supply facilities necessary to meet the electrical energy requirements of their consumers. The Authority also sells electric power to its member municipalities.

HIGHER EDUCATION

Higher education is primarily comprised of colleges and universities which are members of the Oklahoma State System of Higher Education. The system includes the following colleges and universities:

COMPREHENSIVE UNIVERSITIES

The University of Oklahoma
Oklahoma State University

OTHER FOUR-YEAR UNIVERSITIES

University of Central Oklahoma
East Central University
Northeastern State University
Northwestern Oklahoma State University
Southeastern Oklahoma State University
Southwestern Oklahoma State University
Cameron University
Langston University
Oklahoma Panhandle State University
Rogers State University
University of Science and Arts of Oklahoma

TWO YEAR COLLEGES

Carl Albert State College
Connors State College
Eastern Oklahoma State College
Redlands Community College
Murray State College
Northeastern Oklahoma A & M College
Northern Oklahoma College
Oklahoma City Community College
Rose State College
Seminole State College
Tulsa Community College
Western Oklahoma State College

Each institution which is a member of the Oklahoma State System of Higher Education (the system) is governed by a Board of Regents. The Boards of Regents consist of five to ten members appointed by the governor, with the advice and consent of the Senate. The colleges and universities are funded through state appropriations, tuition, federal grants, and private donations and grants. Also included in the higher education component unit are the following entities:

Oklahoma State Regents for Higher Education serves as the coordinating board of control for the system.

Regional University System of Oklahoma Regents has legislative powers and duties to manage, supervise, and control operation of the six regional state universities which are the University of Central Oklahoma, East Central University, Northeastern State University, Northwestern Oklahoma State University, Southeastern Oklahoma State University, and Southwestern Oklahoma State University.

University Center of Southern Oklahoma was established to make higher education available to those persons who might otherwise not be able to attend an institution of higher learning in southern Oklahoma. Students enrolled in the program earn credit applicable toward academic degrees and certificates at participating institutions in the system.

University Center at Ponca City was established to make higher education available to those persons who might otherwise not be able to attend an institution of higher learning in northern Oklahoma. Students enrolled in the program earn credit applicable toward academic degrees and certificates at participating institutions in the system.

Rose State College Technical Area Education District, South Oklahoma City Area School District, and Tulsa Community College Area School District #18 were created to provide secondary vocational, technical, and adult education programs for persons within their defined geographical boundaries.

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State of Oklahoma
Combining Statements of Net Position
Major Component Units
June 30, 2020
(expressed in thousands)

| | Oklahoma Student Loan Authority | Oklahoma Housing Finance Agency | Oklahoma Turnpike Authority | Grand River Dam Authority | Oklahoma Municipal Power Authority | Higher Education Component Unit | Nonmajor Component Units Total | All Component Units Total |
|---|---------------------------------------|--|-----------------------------------|---------------------------------|---|--|---|------------------------------------|
| Assets | | | | | | | | |
| Current Assets | | | | | | | | |
| Cash/Cash Equivalents - Unrestricted | \$ 106 | \$ 21,932 | \$ 174,801 | \$ 28,532 | \$ 6,040 | \$ 1,664,899 | \$ 174,068 | \$ 2,070,378 |
| Investments | 18,026 | 7,989 | 11,284 | 92,275 | 12,684 | 1,153,678 | 61,114 | 1,357,050 |
| Accounts Receivable | 0 | 32 | 8,607 | 31,724 | 11,506 | 582,803 | 35,318 | 669,990 |
| Interest and Investment | | | | | | | | |
| Revenue Receivable | 6,694 | 1,255 | 2,196 | 1,834 | 477 | 4,273 | 299 | 17,028 |
| Federal Grants Receivable | 0 | 715 | 0 | 0 | 0 | 9,514 | 0 | 10,229 |
| Notes Receivable | 0 | 0 | 0 | 0 | 258 | 4,849 | 846 | 5,953 |
| Other Receivables | 0 | 0 | 0 | 252 | 0 | 33,456 | 29,925 | 63,633 |
| Due from Component Units | 0 | 0 | 0 | 1,109 | 0 | 11,599 | 277 | 12,985 |
| Due from Primary Government | 0 | 0 | 6,353 | 698 | 0 | 13,266 | 93,723 | 114,040 |
| Inventory | 0 | 0 | 8,526 | 61,934 | 2,814 | 20,047 | 0 | 93,321 |
| Prepaid Items | 0 | 437 | 687 | 4,251 | 0 | 13,123 | 2,582 | 21,080 |
| Other Current Assets | 0 | 0 | 0 | 1,829 | 840 | 4,099 | 5,756 | 12,524 |
| Total Current Assets | <u>\$ 24,826</u> | <u>\$ 32,360</u> | <u>\$ 212,454</u> | <u>\$ 224,438</u> | <u>\$ 34,619</u> | <u>\$ 3,515,606</u> | <u>\$ 403,908</u> | <u>\$ 4,448,211</u> |
| Noncurrent Assets | | | | | | | | |
| Cash/Cash Equivalents - | | | | | | | | |
| Restricted | \$ 0 | \$ 33,364 | \$ 465,434 | \$ 5,037 | \$ 44,039 | \$ 308,902 | \$ 188 | \$ 856,964 |
| Investments - Restricted | 33,830 | 287,154 | 236,632 | 137,815 | 60,142 | 2,045,721 | 591 | 2,801,885 |
| Long Term Investments | | | | | | | | |
| Unrestricted | 163,220 | 47,326 | 0 | 203,562 | 38,233 | 1,322,097 | 13,832 | 1,788,270 |
| Leases Receivables - Component Units | 0 | 4,000 | 0 | 0 | 0 | 0 | 0 | 4,000 |
| Net Other Postemployment Benefit Asset | 0 | 35 | 471 | 0 | 0 | 15,015 | 0 | 15,521 |
| Long Term Notes Receivable, Net | | | | | | | | |
| Unrestricted | 0 | 0 | 0 | 0 | 882 | 30,056 | 0 | 30,938 |
| Restricted | 0 | 0 | 0 | 0 | 0 | 0 | 2,236 | 2,236 |
| Capital Assets | | | | | | | | |
| Depreciable, Net | 406 | 2,480 | 892,278 | 1,183,307 | 444,675 | 5,495,077 | 293,480 | 8,311,703 |
| Land | 0 | 550 | 294,641 | 38,501 | 0 | 218,104 | 4,321 | 556,117 |
| Construction in Progress | 0 | 0 | 888,521 | 30,891 | 3,896 | 221,713 | 17,645 | 1,162,666 |
| Other Noncurrent Assets | | | | | | | | |
| Unrestricted | 488 | 0 | 0 | 3,920 | 109,038 | 125,003 | 42,605 | 281,054 |
| Restricted | 0 | 0 | 0 | 0 | 0 | 0 | 36 | 36 |
| Total Noncurrent Assets | <u>\$ 197,944</u> | <u>\$ 374,909</u> | <u>\$ 2,777,977</u> | <u>\$ 1,603,033</u> | <u>\$ 700,905</u> | <u>\$ 9,781,688</u> | <u>\$ 374,934</u> | <u>\$ 15,811,390</u> |
| Total Assets | <u>\$ 222,770</u> | <u>\$ 407,269</u> | <u>\$ 2,990,431</u> | <u>\$ 1,827,471</u> | <u>\$ 735,524</u> | <u>\$ 13,297,294</u> | <u>\$ 778,842</u> | <u>\$ 20,259,601</u> |
| Deferred Outflow of Resources | | | | | | | | |
| Deferred Outflows from Pensions | \$ 1,559 | \$ 1,017 | \$ 2,043 | \$ 4,287 | \$ 396 | \$ 365,881 | \$ 574 | \$ 375,757 |
| Deferred Outflows from OPEB | 0 | 78 | 248 | 1,051 | 0 | 72,051 | 0 | 73,428 |
| Lease Restructuring | 0 | 0 | 0 | 0 | 0 | 17,475 | 0 | 17,475 |
| Advance Refunding of Bonds | 0 | 0 | 75,773 | 31,080 | 13,929 | 11,567 | 0 | 132,349 |
| Defeasance of Bonds | 0 | 0 | 0 | 0 | 0 | 791 | 7 | 798 |
| Accumulated Decrease in Fair Value of Derivatives | 0 | 6 | 0 | 2,595 | 2,446 | 0 | 0 | 5,047 |
| Asset Retirement Obligations | 0 | 0 | 0 | 0 | 0 | 259 | 0 | 259 |
| Total Deferred Outflows | <u>\$ 1,559</u> | <u>\$ 1,101</u> | <u>\$ 78,064</u> | <u>\$ 39,013</u> | <u>\$ 16,771</u> | <u>\$ 468,024</u> | <u>\$ 581</u> | <u>\$ 605,113</u> |

The Notes to the Financial Statements are an integral part of this statement.

| | Oklahoma Student Loan Authority | Oklahoma Housing Finance Agency | Oklahoma Turnpike Authority | Grand River Dam Authority | Oklahoma Municipal Power Authority | Higher Education Component Unit | Nonmajor Component Units Total | All Component Units Total |
|---|---------------------------------------|--|-----------------------------------|---------------------------------|---|--|---|------------------------------------|
| Liabilities | | | | | | | | |
| Current Liabilities | | | | | | | | |
| Accounts Payable and Accrued Liabilities | \$ 1,048 | \$ 1,304 | \$ 59,722 | \$ 26,425 | \$ 15,711 | \$ 255,329 | \$ 114,943 | \$ 474,482 |
| Unearned Revenue | 0 | 906 | 37,985 | 0 | 0 | 133,335 | 120 | 172,346 |
| Claims and Judgements | 0 | 0 | 0 | 0 | 0 | 1,630 | 48,463 | 50,093 |
| Interest Payable | 781 | 662 | 41,304 | 3,784 | 12,616 | 19,890 | 325 | 79,362 |
| Compensated Absences | 0 | 981 | 2,523 | 3,373 | 0 | 87,369 | 428 | 94,674 |
| Revenue Bonds | 0 | 7,180 | 57,780 | 37,505 | 24,025 | 53,719 | 0 | 180,209 |
| Due to Fiduciary Funds | 0 | 71 | 0 | 574 | 72 | 3 | 21 | 741 |
| Due to Other Component Units | 0 | 0 | 0 | 0 | 1,239 | 11,789 | 91 | 13,119 |
| Due to Primary Government | 0 | 3 | 130 | 162 | 0 | 513 | 10 | 818 |
| Capital Leases | 0 | 0 | 0 | 49 | 0 | 48,089 | 100 | 48,238 |
| Capital Leases - Primary Government | 0 | 0 | 0 | 0 | 0 | 10,405 | 0 | 10,405 |
| Notes Payable | 0 | 0 | 15,000 | 0 | 2,673 | 1,118 | 4,758 | 23,549 |
| Other Current Liabilities | 0 | 0 | 348 | 2,166 | 1,401 | 487,090 | 20,716 | 511,721 |
| Total Current Liabilities | \$ 1,829 | \$ 11,107 | \$ 214,792 | \$ 74,038 | \$ 57,737 | \$ 1,110,279 | \$ 189,975 | \$ 1,659,757 |
| Noncurrent Liabilities | | | | | | | | |
| Claims and Judgements | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 3,118 | \$ 450,971 | \$ 454,089 |
| Due to Primary Government | 0 | 0 | 53,093 | 0 | 0 | 0 | 0 | 53,093 |
| Capital Leases | 0 | 0 | 0 | 0 | 0 | 709,635 | 52 | 709,687 |
| Capital Leases-Primary Government | 0 | 0 | 0 | 0 | 0 | 308,179 | 0 | 308,179 |
| Compensated Absences | 0 | 0 | 0 | 1,672 | 0 | 41,616 | 153 | 43,441 |
| Net Pension Liability | 6,730 | 528 | 1,613 | 5,464 | 475 | 1,664,736 | 334 | 1,679,880 |
| Notes Payable | 33,669 | 0 | 0 | 0 | 28,048 | 11,420 | 6,521 | 79,658 |
| General Obligation Bonds | 0 | 0 | 0 | 0 | 0 | 0 | 30,000 | 30,000 |
| Net Other Postemployment Benefit Liability | 0 | 0 | 2,079 | 16,981 | 0 | 565,262 | 0 | 584,322 |
| Unamortized Premium (Discount) on refunding | (546) | 8,311 | 159,408 | 97,435 | 27,867 | 78,863 | 0 | 371,338 |
| Revenue Bonds | 118,729 | 219,049 | 1,753,160 | 903,860 | 570,955 | 1,455,540 | 9,999 | 5,031,292 |
| Other Noncurrent Liabilities | 412 | 0 | 1,761 | 10,687 | 1,045 | 140,749 | 188 | 154,842 |
| Total Noncurrent Liabilities | \$ 158,994 | \$ 227,888 | \$ 1,971,114 | \$ 1,036,099 | \$ 628,390 | \$ 4,979,118 | \$ 498,218 | \$ 9,499,821 |
| Total Liabilities | \$ 160,823 | \$ 238,995 | \$ 2,185,906 | \$ 1,110,137 | \$ 686,127 | \$ 6,089,397 | \$ 688,193 | \$ 11,159,578 |
| Deferred Inflow of Resources | | | | | | | | |
| Service Concession Arrangements | 0 | 0 | 0 | 0 | 0 | 24,405 | 0 | 24,405 |
| Derivative Instruments | 0 | 0 | 0 | 0 | 0 | 237 | 0 | 237 |
| Deferred pension plan inflows | 619 | 409 | 866 | 1,905 | 255 | 235,264 | 179 | 239,497 |
| Deferred OPEB plan inflows | 0 | 87 | 1,157 | 830 | 0 | 68,262 | 0 | 70,336 |
| Restructured Debt | 0 | 0 | 0 | 0 | 0 | 9,086 | 0 | 9,086 |
| Deferred Regulation inflows | 0 | 0 | 0 | 77,174 | 24,625 | 0 | 0 | 101,799 |
| Total Deferred Inflows | \$ 619 | \$ 496 | \$ 2,023 | \$ 79,909 | \$ 24,880 | \$ 337,254 | \$ 179 | \$ 445,360 |
| Net Position | | | | | | | | |
| Net Investment in Capital Assets | \$ 406 | \$ 3,030 | \$ 402,696 | \$ 281,454 | \$ (27,557) | \$ 3,336,815 | \$ 309,707 | \$ 4,306,551 |
| Restricted for: | | | | | | | | |
| Debt Service | 0 | 86,276 | 194,380 | 21,878 | 37,217 | 73,944 | 0 | 413,695 |
| Other Special Purpose | | | | | | | | |
| Nonexpendable | 0 | 0 | 0 | 0 | 0 | 961,740 | 0 | 961,740 |
| Expendable | 48,516 | 920 | 83,961 | 2,186 | 0 | 3,029,847 | 3,415 | 3,168,845 |
| Unrestricted | 13,965 | 78,653 | 199,529 | 370,920 | 31,628 | (63,679) | (222,071) | 408,945 |
| Total Net Position | \$ 62,887 | \$ 168,879 | \$ 880,566 | \$ 676,438 | \$ 41,288 | \$ 7,338,667 | \$ 91,051 | \$ 9,259,776 |

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Combining Statement of Activities
Major Component Units
For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

| | | Program Revenues | | | General Revenue | | Net Position Beginning of Year | Net Position End of Year |
|------------------------------------|---------------------|-------------------------|--|--------------------------|--|------------------------|--------------------------------------|--------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Net (Expense) Revenue | Payments from Primary Government | Change in Net Asset | | |
| | Expenses | | | | | | | |
| Component Units: | | | | | | | | |
| Oklahoma Student Loan Authority | \$ 21,211 | \$ 21,905 | \$ 0 | \$ 694 | \$ 0 | \$ 694 | \$ 62,193 | \$ 62,887 |
| Housing Finance Agency | 161,487 | 37,084 | 141,747 | 17,344 | 0 | 17,344 | 151,535 | 168,879 |
| Oklahoma Transportation Authority | 288,990 | 379,756 | 0 | 90,766 | 0 | 90,766 | 789,800 | 880,566 |
| Grand River Dam Authority | 436,695 | 490,643 | 0 | 53,948 | 0 | 53,948 | 622,490 | 676,438 |
| Oklahoma Municipal Power Authority | 186,026 | 190,456 | 0 | 4,430 | 0 | 4,430 | 36,858 | 41,288 |
| Higher Education Component Unit | 4,971,009 | 2,800,666 | 1,893,797 | (276,546) | 811,713 | 535,167 | 6,803,500 | 7,338,667 |
| Nonmajor Component Units | 547,496 | 424,076 | 42,204 | (81,216) | 124,648 | 43,432 | 47,619 | 91,051 |
| Total Component Units | <u>\$ 6,612,914</u> | <u>\$ 4,344,586</u> | <u>\$ 2,077,748</u> | <u>\$ (190,580)</u> | <u>\$ 936,361</u> | <u>\$ 745,781</u> | <u>\$ 8,513,995</u> | <u>\$ 9,259,776</u> |

The Notes to the Financial Statements are an integral part of this statement.



Travelers on U.S. Highway 177, top, and Interstate 35, bottom, are welcomed at Oklahoma's north border with signs that have large new state logos.





NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the State of Oklahoma (the state) are prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

In May of 2020, GASB issued Statement number 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in statements and implementation guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The state was required to implement this standard for the fiscal year ended June 30, 2020.

New Accounting Statements Issued, Not Yet Adopted:

GASB Statement number 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists.

GASB Statement number 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on the payment provisions of the contracts. The statement also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The 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.

GASB Statement number 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of the construction period.

GASB Statement number 90, *Majority Equity Interests - An Amendment of GASB Statement numbers 14 and 61*, is to improve consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

GASB Statement number 91, *Conduit Debt Obligations*, is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations and related note disclosures.

GASB Statement number 92, *Omnibus 2020*, is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

GASB Statement number 93, *Replacement of Interbank Offered Rates*, addresses the accounting and financial reporting implications that result from the replacement of an interbank offered rate, most notably the London Interbank Offered Rate or LIBOR. As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021.

GASB Statement number 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements and provides guidance for accounting and financial reporting for availability payment arrangements.

GASB Statement number 96, *Subscription-Based Information Technology Arrangements*, defines a subscription-based information technology arrangement (SBITA), establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability, provides capitalization criteria for outlays other than subscription payments and requires note disclosure regarding a SBITA.

GASB Statement number 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, has several primary objectives. This statement increases consistency and comparability related to the reporting of fiduciary component units, mitigates the costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit plans, and other employee benefit plans, and enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans.

The accompanying financial statements present the financial position of the state and the various funds and fund types, results of operations of the state and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2020, and for the year then ended. The financial statements include the various agencies, boards, commissions, public trusts, authorities and other organizational units governed by the Oklahoma State Legislature and/or Constitutional Officers of the State of Oklahoma.

A. Reporting Entity

The state has considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the state are such that exclusion would cause the state's financial statements to be misleading or incomplete. GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the state to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the state. Local school districts (the state's support of the public education system is reported in the general fund) and other local authorities of various kinds that may meet only one of the criteria for inclusion in this report have not been included.

As required by GAAP, these financial statements present the State of Oklahoma, the primary government, and its component units.

Discretely Presented Component Units

Component units are entities which are legally separate from the state, but are financially accountable to the state, or whose relationships with the state are such that exclusion would cause the state's financial statements to be misleading or incomplete. Separately issued independent audit reports may be obtained from the Office of Management and Enterprise Services, 2401 North Lincoln Blvd., Suite 212, Oklahoma City, Oklahoma 73105. The audit reports may also be obtained from the respective component units at the addresses presented on the description page of the fund financial statements section for the major component units, and the description page in the combining financial statement section of this report for the non-major component units.

The component units' column of the Government-Wide Financial Statements includes the financial data of the following entities:

MAJOR COMPONENT UNITS

Oklahoma Student Loan Authority provides loan funds to qualified persons at participating educational institutions through the issuance of tax-exempt revenue bonds or other debt obligations. The authority is composed of five members appointed by the governor, with the advice and consent of the Senate. The state can impose its will on the authority by its ability to veto or modify the authority's decisions. The authority was audited by other independent auditors for the year ended June 30, 2020, and their report, dated October 20, 2020, and has been previously issued under separate cover.

Oklahoma Housing Finance Agency is authorized to issue revenue bonds and notes in order to provide funds to promote the development of residential housing and other economic development for the benefit of citizens.

In addition, the Agency administers Section 8 Housing Assistance Payments programs for the U.S. Department of Housing and Urban Development. The board of trustees consists of five members appointed by the governor. A resident board member is also appointed by the governor. The state can impose its will on the agency by its ability to veto or modify the agency's decisions. The agency was audited by other independent auditors for the year ended September 30, 2019, and their report, dated January 27, 2020, and has been previously issued under separate cover.

Oklahoma Turnpike Authority constructs, maintains, repairs, and operates turnpike projects at locations authorized by the Legislature and approved by the state Department of Transportation. The authority receives its revenues from turnpike tolls and a percentage of turnpike concession sales. The authority issues revenue bonds to finance turnpike projects. The authority consists of the governor and six members appointed by the governor, with the advice and consent of the Senate. The state can impose its will on the authority by its ability to veto or modify the authority's decisions. The authority was audited by other independent auditors for the year ended December 31, 2019, and their report, dated March 31, 2020, and has been previously issued under separate cover.

Grand River Dam Authority controls the waters of the Grand River system to develop and generate waterpower and electric energy, and to promote irrigation, conservation and development of natural resources. The authority produces and distributes electrical power for sale to customers primarily located in northeastern Oklahoma. The customers consist of rural electric cooperatives, municipalities, industries and off-system sales. The seven-member board of directors consists of the general manager of the Oklahoma Association of Electric Cooperatives, the executive director of the Municipal Electric Systems of Oklahoma, and appointees by the governor, the Speaker of the House of Representatives, and the president pro tempore of the Senate. The state can impose its will on the authority by its ability to veto or modify the authority's decisions. The authority was audited by other independent auditors for the year ended December 31, 2019, and their report, dated March 27, 2020, and has been previously issued under separate cover.

Oklahoma Municipal Power Authority provides a means for the municipal electric systems in the state to jointly plan, finance, acquire, and operate electrical power supply facilities. Facilities are financed through the issuance of revenue bonds, which are approved by the state's Bond Oversight Commission. Exclusion of the component unit would cause the state's financial statements to be misleading or incomplete. The authority was audited by other independent auditors for the year ended December 31, 2019, and their report, dated March 31, 2020, and has been previously issued under separate cover.

Higher Education Component Unit - This component unit is primarily comprised of the 25 colleges and universities that are members of the Oklahoma State System of Higher Education (the system). All the colleges and universities have foundations that receive and hold economic resources for the benefit of their associated entity. These foundations are component units of their respective college or university and are included as part of the higher education component unit. Separately issued independent audit reports for each college, university, foundation, or other included entity may be obtained from the Office of Management and Enterprise Services, 2401 North Lincoln Blvd., Suite 212, Oklahoma City, Oklahoma 73105. Each institution in the system is governed by a board of regents. The boards of regents consist of five to ten members appointed by the governor, with the advice and consent of the Senate. The state can impose its will on each institution by its ability to modify and approve their budget. The colleges and universities are funded through state appropriations, tuition, federal grants, and private donations and grants.

For fiscal year ending June 30, 2020, the foundation for Murray State College received an adverse opinion from its independent auditors. The foundation's financial information included in the higher education component unit is measured as of June 30, 2018.

Also included in the Higher Education Component Unit are the following entities:

- **Oklahoma State Regents for Higher Education** serves as the coordinating board of control for the system. The board of regents for higher education consists of nine members appointed by the governor, with the advice and consent of the Senate. The state can impose its will on the state regents for higher education by its ability to modify and approve their budget.

- **Regional University System of Oklahoma** has legislative powers and duties to manage, supervise, and control operation of the six regional state universities which are the University of Central Oklahoma, East Central University, Northeastern State University, Northwestern Oklahoma State University, Southeastern Oklahoma State University, and Southwestern Oklahoma State University. The board consists of the State Superintendent of Public Instruction and eight members appointed by the governor, with the advice and consent of the Senate. The state can impose its will on the board of regents by its ability to modify and approve their budget. Each of the six regional state universities has one or more foundations that are component units of their respective university and are included in the higher education component unit.
- **University Center of Southern Oklahoma** was established to make higher education available to those persons who might otherwise not be able to attend an institution of higher learning. Students enrolled in the center earn credit applicable toward academic degrees and certificates at participating institutions in the system. Participating Institutions are: East Central University, Murray State College, and Southeastern Oklahoma State University. The center is administered by a board of ten trustees appointed by the governor, with the advice and consent of the Senate. The state can impose its will on the center by its ability to modify and approve their budget.
- **Rose State College Technical Area Education District, South Oklahoma City Area School District, and Tulsa Community College Area School District #18** were created to provide postsecondary vocational, technical, and adult education programs for persons within their defined geographical boundaries. The primary source of operating funds is ad valorem taxes assessed against real property located in their districts. The districts are component units of Rose State College, Oklahoma City Community College, and Tulsa Community College, respectively.
- **University Center at Ponca City** was established to make educational program resources in the Oklahoma State System of Higher Education available to the citizens in northern Oklahoma and the Ponca City community. The Center is administered by a board of trustees consisting of nine members appointed by the governor with the advice and consent of the Senate. The state can impose its will on the Center by its ability to modify and approve their budget.

NON-MAJOR COMPONENT UNITS

Oklahoma Educational Television Authority (OETA) was created to make educational television services available to all Oklahoma citizens on a coordinated statewide basis. The Board of Directors is comprised of thirteen members, seven of which are appointed by the governor, with the advice and consent of the Senate. A financial benefit/burden relationship exists between the state and OETA. OETA also has a non-profit foundation, "Friends of OETA," that was established to receive private donations and contributions for the benefit of OETA. This foundation qualifies as a component unit of OETA and is combined with OETA. OETA was audited by other independent auditors for the year ended June 30, 2020, and their report, dated January 14, 2021, was previously issued under separate cover.

Oklahoma Industrial Finance Authority assists with the state's industrial development by making loans to authorized industrial development agencies or trusts and new or expanding industries within Oklahoma. These loans are secured by first or second mortgages on real estate and equipment. The authority's loans are financed by issuance of general obligation bonds. The Board of Directors is comprised of seven members appointed by the governor, with the advice and consent of the Senate. The state can impose its will on the authority by its ability to veto or modify the authority's decisions. The authority was audited by other independent auditors for the year ended June 30, 2020, and their report, dated October 13, 2020, and has been previously issued under separate cover.

Multiple Injury Trust Fund provides benefits to a worker with a pre-existing disability who suffers a second on-the-job injury. The state can impose its will on the Fund by its ability to remove management (appointees) at will. The fund was audited by other independent auditors for the period ended December 31, 2019, and their report, dated June 15, 2020, and has been previously issued under separate cover.

University Hospitals Authority consists of The University Hospital and Children's Hospital of Oklahoma, and their related clinics and other services. The authority is affiliated with the University of Oklahoma Health Sciences Center whose medical school residents and staff provide patient care, in-service education, and certain administrative duties for the benefit of the authority. The authority is governed by a six-member board

consisting of appointees of the governor, Speaker of the House of Representatives, and the president pro tempore of the Senate, and officials from the state Medicaid program, the University of Oklahoma Health Sciences Center and the authority. A financial benefit/burden relationship exists between the state and the authority. The authority was audited by other independent auditors for the year ended June 30, 2020, and their report, dated October 27, 2020, and has been previously issued under separate cover.

Oklahoma Development Finance Authority provides financing for both public and private entities in the state. The authority obtains funds through the issuance of bonds and notes. Private entities qualifying for financing are generally agricultural, civic, educational, health care, industrial, or manufacturing enterprises. Financing is also provided to governmental agencies and instrumentalities of the state. The governing board, appointed by the governor, with the advice and consent of the Senate, is comprised of seven members: one person selected from each of the six congressional districts of the state as they existed in 1960 and the Director of the Department of Commerce. The state can impose its will on the authority by its ability to veto or modify the authority's decisions. The authority was audited by other independent auditors for the year ended June 30, 2020, and their report, dated October 23, 2020, and has been previously issued under separate cover.

Oklahoma Capital Investment Board assists the state with industrial development by mobilizing equity and near-equity capital making investments for the potential creation of jobs and growth that will diversify and stabilize the economy. The board of directors is comprised of five members appointed by the governor, with the advice and consent of the Senate. The state can impose its will on the board by its ability to veto or modify the board's decisions. The board, in order to mobilize investments, owns the Oklahoma Capital Formation Company LLC (OCFC), a formerly independent corporation. During fiscal year 2006, the board purchased 100% of the ownership of the OCFC. In fiscal year 2007, OCFC changed its corporate structure and name from a corporation to an Oklahoma limited liability company. Operations of the OCFC are included in the financial results of the board. The board was audited by other independent auditors for the year ended June 30, 2020, and their report, dated September 29, 2020, and has been previously issued under separate cover.

Oklahoma State University Medical Authority is affiliated with the Oklahoma State University Center for Health Sciences to provide funding, teaching and training for graduate medical students. It also serves as a site for conducting medical research by faculty and providing patient care. The board is governed by seven members which consists of the following: a member appointed by the governor, with the advice and consent of the Senate, a member appointed by the president pro tempore of the Senate, a member appointed by the Speaker of the House of Representatives, the chief executive officer of the Oklahoma Health Care Authority, or his or her designee, the president of the OSU Center for Health Sciences, chief executive officer of the Oklahoma State University Medical Authority and an appointee of the president of Oklahoma State University. A financial benefit/burden exists between the authority and the state. The authority was audited by other independent auditors for the year ended June 30, 2020, and their report, dated October 22, 2020, and has been issued under separate cover. In October 2013, Oklahoma State University Medical Trust, Oklahoma State University Medical Center Trust, and the authority entered into a Tripartite Agreement and Plan of Merger. Under the terms of the merger agreement the Oklahoma State University Medical Center Trust merged with the Oklahoma State University Medical Trust. Oklahoma State University Medical Trust, the surviving entity, is deemed to be a component unit of the authority due to the common governance.

FIDUCIARY COMPONENT UNITS

Six public employee retirement systems administer pension funds for the state and its political subdivisions. The six public employee retirement systems are subject to state legislative and executive controls and the administrative expenses are subject to legislative budget controls. These legally separate component units, while meeting the definition of a component unit, are presented in the fund financial statements along with other primary government fiduciary funds of the state. They have been omitted from the Government-Wide Financial Statements.

Separately issued independent audit reports are available even though they are excluded from the Government-Wide Financial Statements. They may be obtained from the Office of Management and Enterprise Services, 2401 North Lincoln Blvd., Suite 212, Oklahoma City, Oklahoma 73105, or the respective fiduciary component units at the addresses presented on the description page of the Combining Financial Statement section of this report.

Oklahoma Firefighters Pension and Retirement System provides retirement benefits for municipal firefighters. The system is administered by a board comprised of thirteen members: The president of the Professional Firefighters of Oklahoma (or designee), the president of the Oklahoma State Retired Firefighters Association (or designee), the State Insurance Commissioner (or designee), and the director of the Office of Management and Enterprise Services (or designee), the five members of the board of trustees of the Oklahoma Firefighters Association, and appointees by the Speaker of the House of Representatives, the president pro tempore of the Senate, and the president of the Oklahoma Municipal League. The system was audited by other independent auditors for the year ended June 30, 2020, and their report, dated October 19, 2020, and has been previously issued under separate cover.

Oklahoma Law Enforcement Retirement System provides retirement benefits for qualified law enforcement officers. The system is administered by a board comprised of thirteen members: The Commissioner of Public Safety (or designee), the Director of the Office of Management and Enterprise Services (or designee), members of the Department of Public Safety, the Oklahoma State Bureau of Investigation, the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, and the Alcoholic Beverage Laws Enforcement Commission, and appointees by the governor, the Speaker of the House of Representatives, and the president pro tempore of the Senate. The system was audited by other independent auditors for the year ended June 30, 2020, and their report, dated October 12, 2020, and has been previously issued under separate cover.

Oklahoma Public Employees Retirement System administers the Oklahoma Public Employee Retirement Plan which provides retirement benefits for state, county and local employees. The board is comprised of fourteen members: the State Insurance Commissioner (or designee), and the Director of the Office of Management and Enterprise Services (or designee), a member of the Oklahoma Corporation Commission (or designee) selected by the Oklahoma Corporation Commission, the director of Human Capital Management of the Office of Management and Enterprise Services, a member of the Oklahoma Tax Commission selected by the Tax Commission, the State Treasurer (or designee), three appointees by the governor, one member appointed by the Supreme Court, two members appointed by the Speaker of the House of Representatives, and two members appointed by the president pro tempore of the Senate. The system was audited by other independent auditors for the year ended June 30, 2020, and their report, dated October 5, 2020, and has been previously issued under separate cover.

Uniform Retirement System for Justices and Judges is administered by the Oklahoma Public Employee Retirement System and provides retirement benefits for justices and judges. The board of trustees is comprised of fourteen members: the State Insurance Commissioner (or designee), and the director of the Office of Management and Enterprise Services (or designee), a member of the Oklahoma Corporation Commission (or designee) selected by the Oklahoma Corporation Commission, the director of Human Capital Management of the Office of Management and Enterprise Services, a member of the Oklahoma Tax Commission selected by the Oklahoma Tax Commission, the State Treasurer (or designee), three appointees by the governor, one member appointed by the Supreme Court, two members appointed by the Speaker of the House of Representatives, and two members appointed by the president pro tempore of the Senate. The system was audited by other independent auditors for the year ended June 30, 2020, and their report, dated October 5, 2020, and has been previously issued under separate cover.

Oklahoma Police Pension and Retirement System provides retirement benefits for police officers employed by participating municipalities. The system is administered by a board comprised of thirteen members: seven members elected from the seven board districts, the State Insurance Commissioner (or designee) and the director of the Office of Management and Enterprise Services (or designee), and appointees by the governor, the Speaker of the House of Representatives, the president pro tempore of the Senate, and the president of the Oklahoma Municipal League. The system was audited by other independent auditors for the year ended June 30, 2020, and their report, dated September 10, 2020, and has been previously issued under separate cover.

Teachers' Retirement System of Oklahoma provides retirement allowances and benefits for qualified persons employed by state-supported educational institutions. The system is administered by a board consisting of fifteen members: State Superintendent of Public Instruction (or designee), director of the Office of Management and Enterprise Services (or designee), director of the Oklahoma Department of Career and Technology Education (or designee), State Treasurer (or designee), two appointed by the governor with Senate

approval, four appointed by the governor, two appointed by the president pro tempore of the Senate, two appointed by the speaker of the House of Representatives and one retired educators representative. The system was audited by other independent auditors for the year ended June 30, 2020, and their report, dated October 16, 2020, and has been previously issued under separate cover.

Related Organizations and Related Parties

Organizations, for which a primary government is accountable because the state appoints a voting majority of the board, but is not financially accountable, are considered to be related organizations. The Oklahoma Ordnance Works Authority is a related organization of the state. The state appoints a voting majority of the Trustees of the Oklahoma Ordnance Works Authority but has no further accountability.

B. Government-Wide and Fund Financial Statements

The Government-Wide Financial Statements (the Statement of Net Position and the Statement of Activities) report information for all the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these Government-Wide Financial Statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, segment, or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenues rather than as program revenues. The state does not allocate general government (indirect) expenses to other functions.

Net position is restricted when constraints placed on it is either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the state's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the Government-Wide Financial Statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements – The Government-Wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Interfund services provided and used are not eliminated in the process of consolidation.

Governmental Fund Financial Statements – The Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the state considers revenues to be available if they are collected within sixty days of the end of the current fiscal year end. Principal revenue sources considered susceptible to accrual include federal grants, interest on investments, sales and income taxes, and lease payments receivable. Some revenue items that are considered measurable and available to finance operations during the year from an accounting perspective are not available for expenditure due to the state's present appropriation system. These revenues have been

accrued in accordance with GAAP since they have been earned and are expected to be collected within sixty days of the end of the period. Other revenues are considered measurable and available only when cash is received by the state.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include:

- Employees' vested annual leave is recorded as an expenditure as it is utilized. Unused reimbursable leave following an employee's resignation or retirement that is unpaid at year end is recognized as an expenditure and a liability of the fund.
- Interest on general long-term obligations is recognized when paid.
- Executory purchase orders and contracts are recorded as a commitment of fund balance.
- Debt service expenditures and claims and judgments are recorded only when payment is due.

Proprietary Funds, Fiduciary Funds and Similar Component Units, and Component Unit Financial Statements –

The financial statements of the proprietary funds, fiduciary funds and similar component units, and component units are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the Government-Wide Financial Statements described above.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenues of the state's enterprise funds are requisitioned from the Oklahoma Unemployment Insurance Trust Fund held by the U.S. Treasury for payment of unemployment benefits, monthly premiums for self-funded insurance benefits provided to statutorily defined state employees by the Employees Group Insurance Department, interest revenue charges for loans made to local entities by the Oklahoma Water Resources Board, and the sale of lottery tickets and related chance games by the Lottery Commission. The Oklahoma Water Resources Board reports federal grants as both operating and nonoperating, depending on the types of grants received.

D. Fund Accounting

The financial activities of the state are recorded in individual funds, each of which is deemed to be a separate accounting entity. The state uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The financial activities of the state that are reported in the accompanying financial statements have been classified into the following major governmental and proprietary funds. In addition, a description of the fiduciary and component units follows:

1. Governmental Funds

General Fund - This fund accounts for all activities of the state not specifically required to be accounted for in other funds. Included are transactions for services such as education, general government, health services, legal and judiciary, museums, natural resources, public safety and defense, regulatory services, social services, and transportation. Debt service transactions and related cash balances are reported in the general fund with balances held to service imminent debt activity presented as a component of restricted fund balance.

Commissioners of the Land Office Permanent Fund – This fund accounts for the land and cash granted to the state by the United States Congress for the use and benefit of educational systems in Oklahoma. This fund's assets are held by the state and only the income derived from the principal may be expended for designated operations. The principal must be preserved intact, and all net position for the fund is considered nonexpendable.

Department of Wildlife Conservation Permanent Fund – This fund accounts for monies held in trust for the improvement and preservation of wildlife. The monies have been accumulated from the sale of lifetime hunting and fishing

licenses. This fund's assets are held by the state and only the income derived from the principal may be expended for designated operations. The principal must be preserved intact, and all net position for the fund is considered nonexpendable.

Tobacco Settlement Endowment Permanent Fund – This fund accounts for certain monies transferred from the general fund that were received in settlement of claims by the state against tobacco manufacturers. The earnings from these monies are to be utilized for research, education, prevention and treatment of tobacco related diseases and certain other health programs. The principal must be preserved intact.

2. Proprietary Funds

These funds account for those activities for which the intent of management is to recover, primarily through user charges, the cost of providing goods or services to the general public, or where sound financial management dictates that periodic determinations of results of operations are appropriate.

Employees Group Insurance Division of the Office of Management and Enterprise Services provides group health, life, dental, disability and other insurance benefits to active state employees and local government employees, as well as varying coverages for active education employees and certain participants of the state's retirement systems, survivors, and persons covered by the Consolidated Omnibus Reconciliation Act of 1985. Coverages are funded by monthly premiums paid by employers and employees.

Employment Security Commission Enterprise Fund - This fund accounts for the deposit of monies requisitioned from the Unemployment Insurance Trust Fund held by the U.S. Treasury for payment of unemployment benefits and administrative costs.

Oklahoma Water Resources Board Enterprise Fund - This fund is comprised of Oklahoma Water Resources Board and the Department of Environmental Quality bond issues and revolving loan programs. These programs make loans to local government units for the acquisition, development, and utilization of storage and control facilities for water and sewage systems.

Oklahoma Lottery Commission Enterprise Fund – This fund operates the state-wide lottery program and related chance games, seeking to generate additional revenues for the benefit of the state's educational system.

3. Fiduciary Funds and Similar Component Units

The state presents as fiduciary funds those activities that account for assets held in a trustee capacity or as an agent for individuals, private organizations or other governmental units.

Pension Trust Funds - These funds account for the transactions, assets, liabilities, and net position of the Wildlife Conservation Retirement Plan in the primary government, and six public employee retirement systems that meet the definition of a component unit of the state.

Agency Funds - These funds account for the assets held, primarily taxes collected, for distribution by the state as an agent for other governmental units, other organizations or individuals.

4. Component Units

These entities are legally separate from the state but are considered part of the reporting entity. These funds meet the definition of both a component unit and that of an enterprise fund as previously described. The six public employee retirement systems meet the definition of a component unit but are presented with the other fiduciary funds of the state.

5. Financial Statement Reporting Periods

The accompanying financial statements of the state are presented as of June 30, 2020, and for the year then ended, except for the following funds and entities which were audited by other independent auditors.

| | |
|--------------------------------------|----------|
| Multiple Injury Trust Fund | 12-31-19 |
| Employees Group Insurance Department | 12-31-19 |
| Oklahoma Turnpike Authority | 12-31-19 |
| Grand River Dam Authority | 12-31-19 |
| Oklahoma Municipal Power Authority | 12-31-19 |
| Oklahoma Housing Finance Agency | 09-30-19 |

E. Budgeting and Budgetary Control

The state's annual budget is prepared on the cash basis utilizing encumbrance accounting. Encumbrances represent executed but unperformed purchase orders. In the accompanying financial statements, encumbrances are recorded as expenditures for budgetary purposes if expected to be presented for payment by November 15 following the end of the fiscal year and as a component of either restricted or committed fund balance for GAAP purposes. Since the budgetary basis differs from GAAP, budget and actual amounts in the accompanying Required Supplementary Information – Budgetary Schedules are presented on the budgetary basis. A reconciliation of revenues in excess of (less than) expenditures and other financing sources (uses) on a budgetary basis at June 30, 2020, to revenues in excess of (less than) expenditures and other financing sources (uses) presented in conformity with GAAP is set forth in the Notes to Required Supplementary Information.

The governor prepares and submits to the Legislature at the beginning of each annual legislative session a balanced budget based on budget requests prepared by the various state agencies. The general fund is the only fund for which an annual budget is legally adopted. Budgeted expenditures cannot exceed the amount available for appropriation as certified by the Oklahoma State Board of Equalization. The Legislature may modify the governor's proposed budget as it deems necessary and legally enacts an annual state budget through the passage of appropriation bills. The governor has the power to approve or veto each line item appropriation.

The legal level of budgetary control is maintained at the line item level (i.e., General Operations, Duties, etc.) identified in the appropriation acts. Budgets may be modified subject to statutory limits on transfers. The Director of the Office of Management and Enterprise Services can approve transfers of up to 25% between line items. The Contingency Review Board (a three-member board comprised of the governor, the president pro tempore of the Senate, and the Speaker of the House of Representatives) can approve transfers between line items of up to 40%. All transfers are subject to review by the Joint Legislative Committee on Budget and Program Oversight to determine if the transfer tends to effectuate or subvert the intention and objectives of the Legislature.

Current policy allows agencies to use unexpended monies for one-time purchases or non-recurring expenditures in the next fiscal year. This policy provides an incentive for agency managers to distribute resources efficiently; however, it is subject to annual approval by the Legislature. Unexpended balances not carried forward to the new fiscal year by November 15 may: 1) lapse to unrestricted balances and be available for future appropriation, 2) lapse to restricted balances and be available for future appropriations restricted for specific purposes as defined by statute, or 3) be non-fiscal, and may be spent from one to thirty months from the date of appropriation.

If revenue collections from appropriated funding sources are not sufficient to cover appropriations from the general revenue fund, the Director of the Office of Management and Enterprise Services is required to reduce the budget by the amount of such deficiency as verified by the Oklahoma State Board of Equalization. Any other changes to the budget must be approved by the Legislature. All fiscal year 2020 appropriated line items were within their authorized spending level.

F. Cash and Cash Equivalents

The state uses a pooled cash concept in maintaining its bank accounts. All cash is pooled for operating and investment purposes and each fund has relative equity in the pooled amount. For reporting purposes, cash and related time deposits have been allocated to each fund based on its equity in the pooled amount. Interest earned on investments is allocated to the general fund except for those investments made specifically for the proprietary fund type, fiduciary fund type,

proprietary component units, and higher education component unit, for each of which investment revenue is allocated to the investing fund.

The State Treasurer requires that financial institutions deposit collateral securities to secure the deposits of the state in each such institution. The State Treasurer also promulgates all rules and regulations regarding the amount of collateral securities that must be pledged to secure public deposits.

The Oklahoma Employment Security Commission Trust Fund is maintained to account for the collection of unemployment contributions from employers and the payment of unemployment benefits to eligible claimants. As required by federal law, all resources not necessary for current benefit payments are placed on deposit with the U.S. Treasury. Interest from these resources is retained in the fund.

For purposes of reporting cash flows, cash equivalents are defined as short-term, highly liquid investments with a maturity of three months or less that are readily convertible to cash.

G. Investments

Investments, which may be restricted by law or legal instruments, are under control of either the State Treasurer or other administrative bodies as determined by law.

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:

1. Level 1 – Unadjusted quoted prices in active markets for identical assets
2. Level 2 – Quoted prices for similar assets, or inputs that are observable or other forms of market corroborated inputs
3. Level 3 – Pricing based on best available information, including primarily unobservable inputs and assumptions market participants would use in pricing the asset

H. Receivables

Accounts receivable in all funds report amounts that have arisen in the ordinary course of business and are stated net of allowances for uncollectible amounts.

Governmental fund type receivables consist primarily of amounts due from the federal government. Interest and investment revenue receivable in all funds consist of revenues due on each investment. Taxes receivable in governmental funds represent taxes subject to accrual, primarily income taxes and sales taxes. Lease payments receivable in the general fund consists primarily of capital lease payments due for equipment and railroad lines owned by the Department of Transportation. Collectability of these lease payments is reasonably assured and no allowance for uncollectible amounts has been established.

Taxes receivable in enterprise funds represents unemployment taxes due at year end, net of an allowance for uncollectible amounts. The uncollectible amounts are based on collection experience and a review of the status of existing receivables.

I. Inter/Intrafund Transactions

Interfund Transactions - The state has two types of interfund transactions:

- Services rendered transactions are accounted for as revenues and expenditures or expenses in the funds involved.
- Operating appropriations/subsidies are accounted for as transfers in the funds involved.

Intrafund Transactions - Intrafund transfers, as a result of contracts among departments and/or agencies within the same fund, are considered expenditures by the contractor and revenues by the contracted for budgetary purposes. The Required Supplementary Information – Budgetary Schedules includes these transactions. However, as a general rule recorded intrafund revenues and expenditures have been eliminated in the GAAP-basis Government-Wide Financial Statements. A

portion of motor fuel excise taxes collected on fuels consumed on the state's turnpikes is made available to the Oklahoma Turnpike Authority (OTA) from the Oklahoma Tax Commission. These taxes are apportioned to OTA monthly to fund debt service, but only to the extent amounts are not otherwise available to OTA. If the motor fuel excise taxes apportioned to OTA are not needed in the month of apportionment, the taxes are transferred to the Department of Transportation (DOT). Before these monthly transfers were mandated, a balance owed to DOT had accumulated and at year end this balance is presented as a noncurrent due to other funds on the financial statements of OTA.

J. Inventories and Prepaid Expenses

Inventories of materials and supplies are determined both by physical counts and through perpetual inventory systems. Generally, inventories are valued at cost and predominantly on either the first-in first-out or weighted average basis. Inventories of federal surplus properties are valued at a percentage of federal acquisition cost. General fund inventories are recorded as expenditures when consumed rather than when purchased by recording adjustments to the inventory account on the balance sheet. The general fund inventories on hand at year-end are reflected as a component of nonspendable fund balance on the balance sheet, except for \$193,000 in food commodities which is recorded as inventory and unearned revenue. Upon distribution, the food commodities are recognized as revenues and expenditures of the general fund.

The value of the inventory of food commodities in the general fund is calculated by using a weighted average cost based on the U.S. Department of Agriculture commodity price list at the inventory receipt date. The value of the inventory of food stamps in the general fund is valued at coupon value.

Higher education component unit inventories are stated at the lower of cost or market, with cost being determined on either the first-in first-out or average cost basis.

Prepaid expenses are recorded using the "purchases method," meaning that they are initially recorded as expenditures. At fiscal year-end, significant amounts of prepaid expenditures are shown as a component of nonspendable fund balance, indicating they do not constitute available expendable resources.

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (which are normally immovable and of value only to the state, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns in the Government-Wide Financial Statements. Capital assets are defined by the state as assets which have a cost of \$25,000 or more at the date of acquisition and have an expected useful life of five or more years. Purchased and constructed capital assets are valued at historical cost or estimated historical cost. Donated capital assets are recorded at their fair market value at the date of donation, unless received as part of a service concession arrangement at which point, they would be recorded at acquisition cost.

The estimates of historical costs of buildings and other improvements were based on appraised value, as of August 4, 1994, indexed to the date of acquisition. Infrastructure constructed prior to July 1, 2000, was recorded at estimated historical cost. The estimated historical cost for years 1916-2000 was based on capital outlay expenditures reported by DOT and the Federal Highway Administration, less an amount estimated for the historical cost of the acquisition of land for right-of-way. The costs of normal maintenance and repairs that do not add to the asset's value or materially extend an asset's useful life are not capitalized. Interest incurred during construction of capital facilities is not capitalized.

Capital assets utilized in the governmental funds are recorded as expenditures in the Governmental Fund Financial Statements. Depreciation expense is recorded in the Government-Wide Financial Statements, as well as the proprietary funds and component unit's financial statements. Capital assets, donated works of art, and similar items received in a service concession arrangement are reported at acquisition, rather than fair value.

Capital assets of the primary government and the component units are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress. Generally, estimated useful lives are as follows:

| | |
|----------------------------------|--------------|
| Machinery and Equipment | 3 - 20 years |
| Buildings and Other Improvements | 7 - 60 years |
| Infrastructure | 30 years |

Collections and works of art are not included in capital assets of the primary government on the Government-Wide Statement of Net Position. GASB Statement number 34 does not require capitalization of collections if they meet all of the following criteria; held for public exhibition, education, or research in furtherance of service, rather than financial gain; protected, kept unencumbered, cared for, and preserved; and subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections. The state elected not to capitalize collections and works of art since they meet all of the above conditions.

L. Other Assets

Included in other assets (noncurrent for component units) are costs to be recovered from future revenues. Certain items included in the operating costs of Grand River Dam Authority, an unregulated enterprise, are recovered through rates set by the Board of Directors. Recognition of these costs, primarily depreciation on debt funded capital assets, amortization of debt discount and expense, and amortization of losses on advance refunding of long-term debt, is deferred to the extent that such costs will be included in rates charged in future years. The Oklahoma Municipal Power Authority enters into power sales contracts with participating municipalities that provide for billings to those municipalities for output and services of the projects. Revenues from these contracts provide for payment of current operating and maintenance expenses (excluding depreciation and amortization), as well as payment of scheduled debt principal and interest, and deposits into certain funds as prescribed in the bond resolutions. For financial reporting purposes, Oklahoma Municipal Power Authority currently recognizes depreciation of assets financed by bond principal and amortization expense. The difference between current operating expenses and the amounts currently billed under the terms of the power sales contracts are delayed to future periods in which these amounts will be recovered through revenues.

M. Unearned/Unavailable Revenue

Unearned revenues at the fund level arise when potential revenue does not meet the available criterion for recognition in the current period. Unearned revenues also arise when resources are received by the state before it has a legal claim to them. Also included in unearned revenue at both levels are the undistributed food commodity inventories. In subsequent periods, when the revenue recognition criterion is met, or when the state has a legal claim to the resources, the liability for unearned revenue is removed from the combined statement of net position or statement of fund balance, and revenue is recognized.

During fiscal year 2020, the state received \$1,259,073,000 from the federal government's Coronavirus Relief Fund to distribute for coronavirus relief efforts. Prior to the fiscal year end, \$65,391,000 was disbursed to cities, counties, and state agencies for qualified expenses. These same entities incurred eligible expenses of \$20,415,000 which are considered accounts payable as of fiscal year end 2020 and will be expended in the next fiscal year. The remaining \$1,173,267,000 in undisbursed funds have been classified as unearned revenue. Medical, public health, economic support and other related expenses incurred and reasonably necessary in respect to this national health emergency are eligible for reimbursement.

Available revenue is defined as due (or past due) at June 30 and collected within sixty days thereafter to pay obligations due at June 30. Revenue that is not collected within sixty days of fiscal year end is classified as unavailable and recorded as a deferred inflow on the statement of fund balance.

N. Compensated Absences

Employees earn annual vacation leave at the average rate of 10 hours per month for the first 5 years of service, 12 hours per month for service of 5 to 10 years, 13.33 hours per month for service of 10 to 20 years, and 16.67 hours per month for over 20 years of service. Unused annual leave may be accumulated to a maximum of 240 hours for employees with less than 5 years of continuous service or 480 hours for employees with 5 years or more of continuous service. All accrued annual leave is payable upon termination, resignation, retirement, or death. The Governmental Fund Financial Statements record expenditures when employees are paid for leave. The Government-Wide Financial Statements present the cost of accumulated vacation leave as a liability. The liability is valued based on current rate of pay. There is no liability for unpaid accumulated sick leave since the state does not have a policy to pay this amount when employees separate from service.

O. Risk Management

The Risk Management Division of the Office of Management and Enterprise Services is responsible for the acquisition and administration of all insurance purchased by the state, or administration of any self-insurance plans and programs adopted for use by the state or for certain organizations and bodies outside of state government, at the sole expense of such organizations and bodies.

The Risk Management Division is authorized to settle claims of the state and oversee the dispensation and/or settlement of claims against a state political subdivision. In no event shall self-insurance coverage exceed the limitations on the maximum dollar amount of liability specified by the Oklahoma Governmental Tort Claims Act. The Risk Management Department oversees the collection of liability claims owed to the state incurred as the result of a loss through the wrongful or negligent act of a private person or other entity.

The Risk Management Division is also charged with the responsibility to immediately notify the Attorney General of any claims against the state presented to Risk Management.

P. Federal Grants

In addition to monetary transactions, federal grants also include non-monetary transactions for surplus inventory, supplemental nutrition, food, and other commodities. Surplus inventory is valued at a percentage of government acquisition cost. Supplemental nutrition is valued at the benefit value. Commodities are valued at their federally reported value in the general fund.

Q. Long-Term Obligations

Premiums, Discounts and Issuance Costs – In the Government-Wide Financial Statements, long-term debt and other long-term obligations are presented in the columns for governmental and business-type activities. The same is presented in the Proprietary Fund Financial Statements. Bond and note premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt. Bonds and notes payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported in the period incurred.

In the Governmental Fund Financial Statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures in the period incurred.

Arbitrage Rebate Liability – The enterprise funds and component units account for any arbitrage rebate payable as a liability of the fund.

R. Governmental Fund – Fund Balance

The Governmental Fund Financial Statements present fund balance at the aggregate level of detail within the categories defined by GASB Statement number 54, Fund Balance Reporting and Governmental Fund Type Definitions. Refer to Note 12 for further discussion.

S. Deficit Fund Balance – Multiple Injury Trust Fund

The Multiple Injury Trust Fund (MITF), a component unit, continues to operate in a deficit situation. MITF had total net liabilities (negative net position) of \$490,733,000 at December 31, 2019. Legislation was passed in May 2000 providing new funding for MITF through an assessment on gross premiums on workers compensation policies written by insurance carriers and an assessment on disability awards paid by self-insured employers, and further limits future awards against MITF to claimants that timely filed injury claims that occurred before June 1, 2000, against their employer. These claimants have no time limitation for filing against MITF. No new claims related to injuries subsequent to June 1, 2000, can be filed. Funding is to continue until the Workers' Compensation Commission certifies that there are sufficient funds to satisfy all outstanding obligations of MITF.

T. Pollution Remediation Obligations

During the fiscal year ended June 30, 2020, two agencies incurred expenses of \$832,000 for pollution obligations related to hazardous material on highways and asbestos removal, where clean-up is generally required to comply with federal regulations. This type of remediation is generally a control obligation performed as part of current operations during road construction or building renovation. There was also a liability incurred of \$2,172,000 which is included in accounts payable on the Government-Wide Financial Statements.

Pollution remediation obligation is determined by the agency responsible for performing the remediation. These estimates are subject to revision because of price increases or reductions, changes in technology, or changes in applicable laws or regulations. There are currently no expectations of cost recoveries from ongoing projects.

Note 2. Deposits and Investments

The State Treasurer maintains two investment portfolios. The treasurer's portfolio is used to manage the investments of all state monies that are under the control of the treasurer where earnings accrue to the general fund of the state. The State Agency Portfolio is used for the investment of a limited number of state agencies specifically authorized by statute to direct the activities of certain funds and accounts where the earnings accrue to those funds and accounts. Ancillary to the treasurer's portfolio is an internal investment pool, OK INVEST, for all state funds and agencies that are considered part of the State of Oklahoma. All cash balances held through the State Treasurer for the primary government, component units and fiduciary funds earn a return through the OK INVEST pool program.

In accordance with statutes, the State Treasurer's investment policy allows for investments in the following categories:

| | |
|---|---|
| United States Treasury bills, notes and bonds | Collateralized or insured certificates of deposit |
| United States government agency securities | Negotiable certificates of deposit |
| Investment grade obligations of state and local governments | Prime commercial paper |
| Short-term bond funds | Repurchase agreements |
| Foreign bonds | Money market funds |

The State Treasurer's investment policy attempts to reduce portfolio risk through diversification by security, institution and maturity. Except for U.S. Treasury securities, no more than 50% of the state's total funds available for investment will be invested in a single security or with a single financial institution. In addition, the treasurer's investments will not have an average maturity greater than 4 years unless otherwise specifically designated by the treasurer. The following table outlines the State Treasurer's diversification limits designed to control various types of risk:

State Treasurer Investment Policy Diversification Limits

| Investment Type | Percentage of Total Invested | Percentage of Total by Issuer | Maturity Limit | Rating |
|---|------------------------------|--|----------------|---|
| Treasuries | No Limit | No Limit | 10 Years | Aaa,AAA |
| U.S. Government Agency Securities | 50% | 35% | 10 Years | Aaa,AAA |
| U.S. Government Agency Mortgage Backed Securities | 45% | No Limit | 7 Years | Aaa,AAA |
| Collateralized or Insured Certificates of Deposit | No Limit | \$20 Million | 365 Days | No Limit |
| Negotiable Certificates of Deposit | 7.5% | 2.5% | 180 Days | A-1 & P-1 |
| Commercial Paper | 3% | 2.5% | 180 Days | A-1 & P-1 |
| State and Local Government Obligations | 10% | 5.0% | 30 Years | Securities must not be less than investment grade at purchase |
| Repurchase and Tri-party Repurchase Agreements | 10% | 5% | 14 Days | A-1 minimum rating or equivalent |
| Money Market Mutual Funds | 30% | 10% | N/A | AAAm |
| Foreign Bonds | 2.5% | Must be listed as an industrialized country by the International Monetary Fund | 5 Years | A-/A3 or better |

The primary government's three permanent funds, Commissioners of the Land Office, Department of Wildlife Lifetime Licenses and the Tobacco Settlement Endowment all have investment goals and horizons that differ from the State Treasurer. Accordingly, the investment policies for the permanent funds allow for broader classes of investments as well as extended dates of maturity.

The Employment Security Commission, Water Resources Board, Office of Management and Enterprise Services-Employees Group Insurance Division and Lottery Commission are the four business-type activities within the primary government. These agencies generally have investment policies that correlate to the operations and services that they perform. The Employment Security Commission generally will not invest outside of U.S. government securities and typically maintains deposit balances only. The Water Resources Board, Employees Group Insurance Division and Lottery Commission all operate with longer investment horizons, and as part of normal operations, will attempt to match maturities of investments with the approaching maturity of liabilities.

Due to the nature of the internal investment pool, ownership of investments cannot be assigned to individual funds, including the pension trust funds and component units. The investment pool also holds securities purchased with cash collateral from securities lending, which are not assigned to individual funds. For these reasons, total investments will not agree to the financial statements for the primary government. The following table details the investments held by the primary government at June 30, 2020 (expressed in thousands):

Investments – Primary Government

| Investment Type | Government Administration | Permanent Funds | Business-Type Activities | Total Primary Government |
|--|---------------------------|---------------------|--------------------------|--------------------------|
| POOLED INVESTMENTS | | | | |
| U.S. Agency & Treasury | \$ 7,060,276 | \$ 9,277 | \$ - | \$ 7,069,553 |
| Money Market Mutual Funds | 401,611 | 10,018 | - | 411,629 |
| Securities Lending Collateral Pool | 244,787 | 96,895 | - | 341,682 |
| Mutual Funds | - | 39,126 | - | 39,126 |
| Certificates of Deposit & Commercial Paper | 113,617 | - | - | 113,617 |
| State & Muni Bond Issues | 40,206 | 3,003 | - | 43,209 |
| Foreign Corporate Bonds | 79,936 | - | - | 79,936 |
| NON-POOLED INVESTMENTS | | | | |
| U.S. Agency & Treasury | 339 | 470,427 | 86,525 | 557,291 |
| Domestic Corporate Bonds | - | 850,743 | 66,887 | 917,630 |
| Foreign Corporate Bonds | - | 225,927 | - | 225,927 |
| Domestic Equities | 38,551 | 1,105,968 | 110,874 | 1,255,393 |
| Foreign Equities | - | 434,071 | - | 434,071 |
| Other | - | 577,847 | 70,922 | 648,769 |
| Money Market Mutual Funds | 31,544 | - | - | 31,544 |
| Totals | <u>\$ 8,010,867</u> | <u>\$ 3,823,302</u> | <u>\$ 335,208</u> | <u>\$ 12,169,377</u> |

The primary government categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The primary government uses the market approach for valuation purposes. The following table details the fair value of investments held by the primary government at June 30, 2020 (expressed in thousands):

| Primary Government Fair Value Measurements at Reporting Date Using | | | | |
|--|--------------------------------------|---|---|--|
| | Amounts Measured At Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments Measured by Fair Value | | | | |
| Debt Securities | | | | |
| U.S. Treasury, Agency & Municipal Securities | \$ 7,670,053 | \$ 2,616,591 | \$ 5,053,462 | \$ - |
| Certificates of Deposit & Commercial Paper | 113,617 | 113,617 | - | - |
| U.S. Corporate Debt | 917,630 | - | 917,630 | - |
| Foreign Corporate Bonds | 305,863 | - | 225,927 | 79,936 |
| Equity Securities | | | | |
| U.S. Domestic Equities | 975,648 | 975,581 | 67 | - |
| Foreign Equities | 216,711 | 216,711 | - | - |
| Mutual Funds | 39,126 | 39,126 | - | - |
| Other | 490,858 | 204,556 | 186,552 | 99,750 |
| Total Investments Measured at Fair Value | \$ 10,729,506 | | | |
| Investments Measured at Amortized Cost | \$ 443,173 | | | |
| Investments Measured at Net Asset Value | \$ 655,016 | | | |

Fiduciary Funds and Similar Component Units

The fiduciary funds of the state have investment goals that vary significantly from the primary government. Due to the long-term nature of these funds, investment options are broader, and maturities can be longer than that of the primary government. These funds generally have investment policies allowing for investments in stocks, bonds, fixed income securities and other investment securities including commingled, mutual and index funds. Generally, policies allow for a portion of investments to be held in securities of foreign companies and countries. Policies also allow for portions of the total portfolio to be held in derivatives and derivative like investments such as U.S. Treasury Strips, collateralized mortgage obligations, convertible securities and variable rate instruments.

The fiduciary funds categorize fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The valuation techniques vary based upon investment type and involve a certain degree of expert judgment. The following table details the fair value of investments held by the fiduciary funds at June 30, 2020 (expressed in thousands):

| Pension Trust Funds Fair Value Measurements at Reporting Date Using | | | | |
|---|--------------------------------------|---|---|--|
| | Amounts Measured At Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments Measured by Fair Value | | | | |
| Debt Securities | | | | |
| U.S. Treasury, Agency & Municipal Securities | \$ 3,324,724 | \$ 77,392 | \$ 3,244,525 | \$ 2,807 |
| U.S. Corporate Debt | 4,076,816 | - | 4,058,639 | 18,177 |
| Foreign Corporate Bonds | 496,192 | 186,109 | 112,218 | 197,865 |
| Equity Securities | | | | |
| U.S. Domestic Equities | 14,841,039 | 12,510,417 | 1,968,705 | 361,917 |
| Foreign Equities | 1,933,309 | 1,288,623 | 644,686 | - |
| Other | 480,259 | 11,768 | - | 468,491 |
| Total Investments Measured at Fair Value | \$ 25,152,339 | | | |
| Investments Measured at Net Asset Value | \$ 8,062,884 | | | |

Component Units

The component units of the state have varied investment goals based on the demands of their specific enterprise, and commonly have investment policies that allow for broader asset classes and longer maturities than that of the primary government. Various finance authorities invest in attempt to match targeted returns to the maturity of liabilities. The higher education component unit is comprised of numerous foundations that invest in order to maximize gains for the institutions that they support. These foundations may also hold assets of different classes as part of donor restrictions and covenants. The component units categorize fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The valuation techniques vary based upon investment type and involve a certain degree of expert judgment. The following table details the fair value of investments held by component units at June 30, 2020 (expressed in thousands):

| | Component Units Fair Value Measurements at Reporting Date Using | | | |
|--|---|---|---|--|
| | Amounts Measured At Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments Measured by Fair Value | | | | |
| Debt Securities | | | | |
| U.S. Treasury, Agency & Municipal Securities | \$ 1,103,509 | \$ 823,415 | \$ 280,067 | \$ 27,719 |
| U.S. Corporate Debt | 137,137 | 109,418 | 27,719 | - |
| Foreign Corporate Bonds | 89,149 | 89,149 | - | - |
| Equity Securities | | | | |
| U.S. Domestic Equities | 1,120,798 | 413,935 | 552,198 | 154,665 |
| Foreign Equities | 162,952 | 98,349 | 64,603 | - |
| Other | 1,553,918 | 41,154 | 1,299,700 | 213,064 |
| Total Investments Measured at Fair Value | \$ 4,167,463 | | | |
| Investments Measured at Amortized Cost | \$ 452,806 | | | |
| Investments Measured at Net Asset Value | \$ 1,326,936 | | | |

A. Custodial Credit Risk

Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the state 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, not registered in the name of the state, or held by the counterparty or its trust department but not in the state's name.

Primary Government

The State Treasurer requires that financial institutions deposit collateral securities to secure the deposits of the state in each such institution. The amount of collateral securities to be pledged for the security of public deposits is established by rules promulgated by the State Treasurer. In accordance with the Office of State Treasurer's policies, the collateral securities to be pledged by financial institutions through the Office of the State Treasurer are pledged at market value and must be at 110% of value to collateralize the amount on deposit, less any federal insurance coverage. All investments held by the State Treasurer are insured, registered, or held in the name of the State Treasurer.

As of June 30, 2020, the primary government's bank balances of deposits are fully insured or collateralized with securities held by an agent of the state in the state's name. In addition to these deposits, the state has approximately \$1,388,245,000 on deposit with the U.S. government. These funds represent unemployment insurance taxes collected from Oklahoma employers that are held by the U.S. Treasury. The book value of deposits does not materially differ from the bank balance.

Fiduciary Funds and Similar Component Units

The pension trust funds, fiduciary component units of the state, have investment policies that do not specifically address custodial credit risk of deposits and investments. However, each pension trust fund utilizes multiple investment managers and limits cash and short-term investments to no more than 5% of each investment manager's portfolio. At June 30, 2020, the pension trust funds had deposits and cash equivalents of \$1,089,391,000 of which \$40,391,000 were uninsured and uncollateralized.

Component Units

Generally, the component units of the state have investment policies that do not specifically address or limit custodial credit risk of deposits and investments. All component units typically follow the diversification and securitization of deposit policies defined by the State Treasurer to minimize custodial credit risk.

B. Credit Risk

Fixed-income securities are subject to credit risk. Credit quality rating is one method of assessing the debt instrument issuer's ability to meet its obligation. The state, its fiduciary funds and component units utilize the credit quality ratings issued by Moody's, Standard and Poor's (S&P), or Fitch in determining the risk associated with its fixed-income investments. Obligations of the U.S. government or those explicitly guaranteed by the U.S. government are not considered to have credit risk. Certain debt instruments are commingled investments that do not have an applicable credit risk rating. These investments are presented as not rated in the accompanying tables.

Primary Government

As outlined in an earlier table, the State Treasurer seeks to hold investments with a rating of A or higher as rated by Moody's. Generally, the permanent funds and the business-type activities seek to maintain the same or higher rating. The Water Resources Board, which has a high concentration of investments with one issuer, requires that issuer to maintain an average credit rating of AA or higher. Should this issuer's rating fall below AA, it is required to collateralize the guaranteed investments sufficient to maintain an AA rating on the contracts. At June 30, 2020, the primary government had the following investments subject to credit risk (expressed in thousands):

| Credit Risk - Primary Government | | | | | |
|--|--|---|---------------------------------------|--------------------------------------|--------------|
| Investment Rating Moody's/S&P/Fitch | U.S. Treasury, Agency and Municipal Securities | International Government Securities | U.S. Corporate Debt Instruments | International Debt Instruments | Total |
| Aaa/AAA/AAA | \$ 6,380,907 | \$ - | \$ 58,049 | \$ - | \$ 6,438,956 |
| Aa/AA/AA | 1,673,579 | 1,530 | 45,347 | 1,136 | 1,721,592 |
| A/A/A | 4,908 | 83 | 136,649 | 39,069 | 180,709 |
| Baa/BBB/BBB | 2,478 | 3,145 | 301,135 | 78,758 | 385,516 |
| Ba/BB/BB | - | 1,171 | 169,274 | 66,714 | 237,159 |
| B/B/B | - | 818 | 131,911 | 22,804 | 155,533 |
| Caa/CCC/CCC | - | 209 | 17,147 | 4,098 | 21,454 |
| Ca/CC/CC | - | 278 | 999 | 8 | 1,285 |
| C/C/C | - | - | 228 | - | 228 |
| Not Rated/Not Applicable | 19,809 | - | 88,435 | 86,043 | 194,287 |
| Total | \$ 8,081,681 | \$ 7,234 | \$ 949,174 | \$ 298,630 | \$ 9,336,719 |

Fiduciary Funds and Similar Component Units

The pension trust funds typically hold a significant portion of assets in the form of debt instruments. Each pension trust fund has an investment policy governing their credit risk exposure. Generally, at the time of purchase, investments in domestic fixed-income investments must carry the highest rating either Aaa, (Moody's) or AAA, (S&P, Fitch) as determined by the national rating organizations. International debt instruments must be Baa or BBB at the time of purchase. Overall, each investment policy generally requires that an average credit quality rating of A or higher be maintained for total debt instrument holdings. At June 30, 2020, the pension trust funds had the following credit risk exposure (expressed in thousands):

Credit Risk - Pension Trust Funds

| Investment Rating Moody's/S&P/Fitch | U.S. Treasury, Agency and Municipal Securities | International Government Securities | U.S. Corporate Debt Instruments | International Debt Instruments | Total |
|--|---|--|--|---|---------------------|
| Aaa/AAA/AAA | \$ 2,700,377 | \$ - | \$ 411,333 | \$ - | \$ 3,111,710 |
| Aa/AA/AA | 36,723 | - | 133,697 | - | 170,420 |
| A/A/A | 9,078 | 593 | 649,413 | 85,485 | 744,569 |
| Baa/BBB/BBB | 28,794 | 26,556 | 1,551,648 | - | 1,606,998 |
| Ba/BB/BB | 2,722 | - | 538,660 | 133,915 | 675,297 |
| B/B/B | 3,976 | - | 301,294 | - | 305,270 |
| Caa/CCC/CCC | 897 | - | 102,824 | - | 103,721 |
| Ca/CC/CC | 564 | - | 1,587 | - | 2,151 |
| C/C/C | - | - | 9 | - | 9 |
| D/D/D | - | - | 2,051 | - | 2,051 |
| Not Rated/Not Applicable | 904,847 | - | 384,300 | 250,542 | 1,539,689 |
| Total | \$ 3,687,978 | \$ 27,149 | \$ 4,076,816 | \$ 469,942 | \$ 8,261,885 |

Component Units

The component units usually hold a significant portion of their respective portfolios in debt instruments. Each component unit has an investment policy governing credit risk. As a general rule, the component units have more liberal investment policies than the primary government that allow for greater levels of credit risk regarding debt securities. Foundations within the higher education component unit also hold a significant portion of their total debt portfolio as either bond funds or money market mutual funds. These debt instruments are generally pooled or commingled investments and are not subject to credit risk disclosures. Investments in U.S. government securities are not subject to credit risk. At June 30, 2020, the component units had the following credit risk exposure (expressed in thousands):

Credit Risk - Component Units

| Investment Rating Moody's/S&P/Fitch | U.S. Treasury, Agency and Municipal Securities | International Government Securities | U.S. Corporate Debt Instruments | International Debt Instruments | Total |
|--|---|--|--|---|---------------------|
| Aaa/AAA/AAA | \$ 1,105,602 | \$ - | \$ 65,728 | \$ - | \$ 1,171,330 |
| Aa/AA/AA | - | - | 34,900 | - | 34,900 |
| Ba/BB/BB | - | - | 24,485 | - | 24,485 |
| Not Rated/Not Applicable | 5,611 | - | 465,083 | 89,218 | 559,912 |
| Total | \$ 1,111,213 | \$ - | \$ 590,196 | \$ 89,218 | \$ 1,790,627 |

C. Concentration of Credit Risk

Primary Government

The State Treasurer's investment policy seeks to mitigate concentration of credit risk through targeted diversification limits as outlined earlier in this note. With the exception of U.S. Treasury securities, no more than 50% of the state's total funds available for investment will be invested in a single security type or with a single financial institution. The Water Resources Board, a business-type activity of the primary government, has no policy limiting amounts that may be invested in one issuer.

D. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or deposit. Duration is a measure of a debt instrument's exposure to fair value changes arising from changes in interest rates based on the present value of future cash flows, weighted for those cash flows as a percentage of the investment's full price. Modified duration estimates the sensitivity of a bond's price to interest rate changes. The state, its fiduciary funds, and component units use either duration, modified duration or weighted average years outstanding as the standard measures for assessing interest rate risk. Generally, the longer the duration or years outstanding, the greater sensitivity an investment has to interest rate risk.

Primary Government

As outlined in a previous table, the State Treasurer follows an investment policy seeking to keep the average maturity for its entire portfolio to less than four years. The permanent funds and the business-type activities of the primary government do not have the same liquidity demands as the treasurer, and as a matter of policy are not as restrictive regarding maturities. At June 30, 2020, the primary government had the following investments with maturities (expressed in thousands):

| Interest Rate Risk - Primary Government | | | | | |
|---|--|--------------------------------------|---------------------------------|--------------------------------|--------------|
| Weighted Average Years to Maturity | U.S. Treasury, Agency and Municipal Securities | International Government Instruments | U.S. Corporate Debt Instruments | International Debt Instruments | Total |
| Less than 1 year Weighted Average to Maturity | \$ 339 | \$ - | \$ 419 | \$ - | \$ 758 |
| 1 - 5 years | 7,744,066 | - | 161,836 | 298,630 | 8,204,532 |
| 6 - 10 years | 245,679 | 7,234 | 754,322 | - | 1,007,235 |
| 10 or more years | 25,295 | - | 1,216 | - | 26,511 |
| No Maturity or Not Applicable | 66,302 | - | 31,381 | - | 97,683 |
| Total | \$ 8,081,681 | \$ 7,234 | \$ 949,174 | \$ 298,630 | \$ 9,336,719 |

Fiduciary Funds and Similar Component Units

The pension trust funds generally do not have a formal investment policy on interest rate risk. However, interest rate risk is generally controlled through diversification of portfolio management styles. Each pension trust fund reviews the performance of each investment manager, and monitors the interest rate risk as part of the performance assessment. At June 30, 2020, the pension trust funds had the following exposure to interest rate risk (expressed in thousands):

| Interest Rate Risk - Pension Trust Funds | | | | | |
|---|--|-------------------------------------|---------------------------------|--------------------------------|--------------|
| Weighted Average Years to Maturity | U.S. Treasury, Agency and Municipal Securities | International Government Securities | U.S. Corporate Debt Instruments | International Debt Instruments | Total |
| Less than 1 year Weighted Average to Maturity | \$ 9,733 | \$ - | \$ 1,683 | \$ - | \$ 11,416 |
| 1 - 5 years | 1,140,242 | - | 780,337 | 134,398 | 2,054,977 |
| 6 - 10 years | 424,344 | 27,149 | 2,990,146 | 85,485 | 3,527,124 |
| 10 or more years | 2,102,461 | - | 206,058 | - | 2,308,519 |
| No Maturity or Not Applicable | 11,198 | - | 98,592 | 250,059 | 359,849 |
| Total | \$ 3,687,978 | \$ 27,149 | \$ 4,076,816 | \$ 469,942 | \$ 8,261,885 |

Component Units

The state's component units typically have board approved investment policies designed to manage exposure to fair value losses that arise from interest rate risk. The policies of the various component units can differ significantly since each investment policy is designed to match the portfolio objectives for that component unit. A substantial portion of the component units' holdings in debt instruments is in money market mutual funds and bond mutual funds with demand maturities which are presented below as not having an applicable maturity. On June 30, 2020, the component units had the following interest rate risk exposure (expressed in thousands):

| Interest Rate Risk - Component Units | | | | | |
|---|--|-------------------------------------|---------------------------------|--------------------------------|--------------|
| Weighted Average Years to Maturity | U.S. Treasury, Agency and Municipal Securities | International Government Securities | U.S. Corporate Debt Instruments | International Debt Instruments | Total |
| Less than 1 year Weighted Average to Maturity | \$ 195,776 | \$ - | \$ 22,677 | \$ - | \$ 218,453 |
| 1 - 5 years | 447,099 | - | 45,685 | - | 492,784 |
| 6 - 10 years | 164,099 | - | 49,889 | - | 213,988 |
| 10 or more years | 12,226 | - | 14,006 | - | 26,232 |
| No Maturity or Not Applicable | 292,013 | - | 457,939 | 89,218 | 839,170 |
| Total | \$ 1,111,213 | \$ - | \$ 590,196 | \$ 89,218 | \$ 1,790,627 |

E. Foreign Currency Risk

Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value of a deposit or investment. The state, its fiduciary funds and component units typically make investments in foreign securities to achieve an additional level of diversification within the various portfolios under management. Foreign currencies held as cash and cash equivalents are usually held to limit losses in foreign investments due to fluctuations in currency values.

Primary Government

The general government is not invested in securities that are exposed to foreign currency risk; however, the permanent funds have policies that will typically allow a portion of the total portfolio to be invested in international securities in an effort to improve diversification and total returns. The business-type activity's investing policies do not specifically address foreign investments, and they will typically not hold any international securities. At June 30, 2020, the primary government had the following foreign currency risk (expressed in thousands):

Foreign Currency Risk - Primary Government

| Currency | Equities | Debt Instruments | Cash and Equivalents | Total |
|-------------------------------|-------------------|---------------------|-------------------------|-------------------|
| Argentine peso | \$ - | \$ 855 | \$ 163 | \$ 1,018 |
| Brazilian real | 2,388 | 422 | 24 | 2,834 |
| British pound sterling | 33,616 | 2,867 | 29 | 36,512 |
| Bermudian dollar | 241 | 189 | - | 430 |
| Canadian dollar | 1,884 | 4,183 | 46 | 6,113 |
| Cayman dollar | 15,117 | 797 | - | 15,914 |
| Colombian peso | - | 89 | 1 | 90 |
| Danish krone | 3,765 | - | - | 3,765 |
| Emirati dirham | - | 439 | - | 439 |
| Euro | 58,736 | 6,140 | 94 | 64,970 |
| Ghana cedi | - | 235 | - | 235 |
| Honduran lempira | - | 217 | - | 217 |
| Hong Kong dollar | 8,951 | - | - | 8,951 |
| Indian rupee | 3,693 | - | - | 3,693 |
| Indonesian rupiah | - | 998 | 57 | 1,055 |
| Japanese yen | 14,849 | - | - | 14,849 |
| Korean won | 7,099 | 946 | - | 8,045 |
| Liberian dollar | - | 1,551 | - | 1,551 |
| Mexican nuevo peso | - | 2,310 | 46 | 2,356 |
| Multiple | - | 893 | - | 893 |
| Netherlands Antillean guilder | 9,672 | 1,247 | - | 10,919 |
| New Zealand dollar | 4,100 | - | - | 4,100 |
| Nigerian naira | - | 178 | - | 178 |
| Norwegian krone | 6,799 | - | - | 6,799 |
| Panamanian balboa | - | 401 | - | 401 |
| Peruvian nuevo sol | - | 320 | - | 320 |
| Qatar rial | - | 218 | - | 218 |
| Russian ruble | - | 815 | 17 | 832 |
| Saudi riyal | - | 1,559 | - | 1,559 |
| Singapore dollar | 2,514 | - | - | 2,514 |
| South African rand | - | 748 | 15 | 763 |
| Swiss franc | 34,955 | - | - | 34,955 |
| Thai baht | 8,333 | - | - | 8,333 |
| Virgin Islands, British | - | 261 | - | 261 |
| Totals | <u>\$ 216,712</u> | <u>\$ 28,878</u> | <u>\$ 492</u> | <u>\$ 246,082</u> |

Fiduciary Funds and Similar Component Units

The pension and other employee benefit trust funds generally have investment policies regarding limits on the amount of foreign securities that can be held within their respective portfolios. The trust funds have a significantly longer time frame for achieving their investment goals, and investments in foreign securities offer an additional level of diversification, as well as provide the opportunity for increased returns. Typically, holdings in foreign currencies are used to limit losses on foreign securities due to currency fluctuations. The trust funds had the following foreign currency risk at June 30, 2020, (expressed in thousands):

Foreign Currency Risk - Pension Trust Funds

| Currency | Equities | Debt Instruments | Cash and Equivalents | Total |
|------------------------|--------------|---------------------|-------------------------|--------------|
| Argentine peso | \$ 11,060 | \$ 564 | \$ 662 | \$ 12,286 |
| Australian dollar | 111,818 | - | 136 | 111,954 |
| Bermudian dollar | 3,378 | - | - | 3,378 |
| Brazilian real | 27,300 | - | 4 | 27,304 |
| British pound sterling | 414,348 | 97 | 186 | 414,631 |
| Canadian dollar | 128,054 | (2,181) | 3,993 | 129,866 |
| Chilean peso | - | 214 | - | 214 |
| Chinese yuan | 51,773 | - | 4 | 51,777 |
| Czech koruna | 459 | - | - | 459 |
| Danish krone | 46,484 | - | - | 46,484 |
| Emirati dirham | 1,393 | - | - | 1,393 |
| Euro | 866,449 | 446 | 134 | 867,029 |
| Hong Kong dollar | 312,805 | 87 | 215 | 313,107 |
| Hungarian forint | 2,954 | - | - | 2,954 |
| Indian rupee | 4,478 | - | - | 4,478 |
| Indonesian rupiah | 13,787 | - | - | 13,787 |
| Israeli shekel | 11,034 | - | - | 11,034 |
| Japanese yen | 618,467 | (235) | 1,219 | 619,451 |
| Malaysian ringgit | 5,263 | - | 5 | 5,268 |
| Mexican peso | 18,141 | - | 10 | 18,151 |
| New Israeli shekel | 6,900 | - | - | 6,900 |
| New Taiwan dollar | 129,537 | (43) | - | 129,494 |
| New Turkish lira | - | - | 157 | 157 |
| New Zealand dollar | 3,196 | - | - | 3,196 |
| Norwegian krone | 8,873 | - | 113 | 8,986 |
| Philippines peso | 374 | - | - | 374 |
| Polish zloty | 2,390 | - | - | 2,390 |
| Puerto Rican dollar | 1,381 | - | - | 1,381 |
| Qatari rial | 566 | - | - | 566 |
| Singapore dollar | 31,991 | (379) | 645 | 32,257 |
| South African rand | 14,392 | - | - | 14,392 |
| South Korean won | 95,866 | (68) | - | 95,798 |
| Swedish krona | 92,091 | (316) | 316 | 92,091 |
| Swiss franc | 234,141 | (25) | 20 | 234,136 |
| Thai baht | 11,161 | (661) | - | 10,500 |
| Turkish lira | 6,384 | - | - | 6,384 |
| Totals | \$ 3,288,688 | \$ (2,500) | \$ 7,819 | \$ 3,294,007 |

Securities Lending Definition

In a securities lending transaction, securities are loaned to approved brokers through a securities lending agreement with a simultaneous agreement to return collateral for the same security in the future.

Securities Lending Activity - Primary Government

Oklahoma State Statute Title 62, Section 90, authorizes the Office of the State Treasurer to participate in securities lending transactions. All securities held by Northern Trust, as trustee or custodian, may be lent in the securities lending program unless specifically excluded by the Office of the State Treasurer.

During the fiscal year ended June 30, 2020, securities lending agents lent primarily U.S. government securities. Cash and U.S. government securities were provided as collateral for the securities lent. Generally, collateral must equal at least 100% of the fair value of the securities loaned. At 2020, there were no securities on loan. The collateral balance of \$244,786,000 represents cash collateral that is invested in U.S. government securities and is included as an asset on the balance sheet with an offsetting liability for the return of collateral.

At June 30, 2020, there was no credit risk exposure to borrowers because the amounts the primary government owes the borrowers exceed the amounts the borrowers owe the primary government. Contracts with securities lending agents require them to indemnify the lender if the borrower fails to return the securities or otherwise fails to pay the lender for income while the securities are on loan. There were no losses on security lending transactions, or recoveries from prior period losses, that resulted from the default of a borrower or the lending agent. Because these transactions are terminable at will, their duration generally did not match the duration of the investments made with cash collateral.

The Tobacco Settlement Endowment Trust Fund, a permanent fund, participates in securities lending as defined by its investment policy. During the year, the Tobacco Trust lent U.S. government securities, corporate debt, and domestic and foreign equities. Collateral was provided as cash for securities lent. Collateral must equal at least 102% of the market value of securities lent unless the principal market for the collateral is outside the United States, in which case a margin of 105% must be maintained. At June 30, 2020, the fair value of securities on loan was \$93,999,000. The collateral for securities lent had a market value of \$96,895,000. The investment made with cash collateral had an average maturity of one day and did not match the duration of the security on loan since the loans are terminable at will. There was no credit risk to borrowers.

Securities Lending Activity - Fiduciary Funds and Similar Component Units

The six public employees retirement systems participate in securities lending transactions as provided by their respective investment policies. During the fiscal year ended June 30, 2020, securities lending agents lent primarily U.S. government securities, equity securities, and debt securities. Cash, U.S. government securities, and letters of credit were provided as collateral for the securities lent. Generally, collateral must be provided in the amount of 102% of the fair value of the securities loaned. In certain instances collateral must be provided in the amount of 105% when the principal trading market for the loaned securities is outside the United States. At June 30, 2020, the carrying amount and fair value of securities on loan was approximately \$2,001,519,000. The underlying collateral for these securities had a fair value of approximately \$2,044,301,000. Collateral of securities and letters of credit represented approximately \$340,776,000 of total collateral. These securities and letters of credit cannot be sold or pledged unless the borrower defaults, therefore, the collateral and related liability is not presented on the balance sheet. The remaining collateral represents cash collateral that is invested in short-term investment pools and is included as an asset on the balance sheet with an offsetting liability for the return of the collateral.

At June 30, 2020, there was no credit risk exposure to borrowers because the amounts the fiduciary funds owe the borrowers exceed the amounts the borrowers owe the fiduciary funds. Contracts with securities lending agents require them to indemnify the lender if the borrower fails to return the securities or otherwise fails to pay the lender for income while the securities are on loan. There were no losses on security lending transactions, or recoveries from prior period losses, resulting from the default of a borrower or the lending agent. Investment policies do not require the maturities of investments made with cash collateral to match the maturities of securities lent; however, investment policies may establish minimum levels of liquidity to minimize the interest rate risk associated with not matching the maturity of the investments with the loans. Generally, their duration did not match the duration of the investments made with cash collateral.

Derivative Investments Definition

Derivatives are often complex financial arrangements used to manage specific risks or to act as investments. Derivatives can act as hedges to more effectively manage cash flow or act as investments thereby increasing or decreasing exposure to certain types of investments.

Derivative Investments - Primary Government

Certain state agencies utilize derivative investments as tools to efficiently and effectively manage domestic, international and fixed income investments within their respective portfolios. Investments for the Tobacco Settlement Endowment Trust Fund are reported at fair value based on the cash flows from interest and principal payments. The notional amount, financial statement classification and fair value balance of derivatives outstanding at June 30, 2020, and the change in fair value of such derivatives for the year then ended are as follows (expressed in thousands):

| Permanent Fund | Derivative Instrument | Notional Amount | Fair Value | | Change in Fair Value | |
|--------------------------|------------------------------------|-----------------|----------------|---------|----------------------|----------|
| | | | Classification | Amount | Classification | Amount |
| Tobacco Settlement Trust | Foreign Currency Forward Contracts | \$ (5,867) | Net Receivable | \$ (61) | Investment Income | \$ (811) |

Derivative Investments - Fiduciary Funds and Similar Component Units

Several of the state's public employees retirement systems utilize derivative investments as tools to efficiently and effectively manage domestic, international and fixed income investments within their respective portfolios. The notional amount, financial statement classification and fair value balance of derivatives outstanding at June 30, 2020, and the change in fair value of such derivatives for the year then ended are as follows (expressed in thousands):

| Pension System | Derivative Instrument | Notional Amount | Fair Value | | Change in Fair Value | |
|--|------------------------------------|-----------------|----------------|--------|----------------------|------------|
| | | | Classification | Amount | Classification | Amount |
| Firefighters Pension and Retirement System (OFPRS) | Foreign Currency Forward Contracts | \$ - | Net Payable | \$ - | Investment Income | \$ (4,773) |
| Teachers' Retirement System (TRS) | Foreign Currency Forward Contracts | 70,573 | Investment | 70,515 | Investment Income | (58) |

The OFPRS system uses foreign currency forward contracts primarily to hedge foreign currency exposure. The fair values of all OFPRS derivative instruments are determined from market quotes of the instruments or similar instruments. The receivable is net of gross receivables of \$879,000 and liabilities of \$653,000. The gross receivables are supported by collateral in investments valued at \$879,000 with a credit risk rating of A by S&P and A2 by Moody's. The foreign currency forward contracts for the TRS subject the system to foreign currency risk because the investments are denominated in foreign currencies. The fair values of foreign currency forward contracts for TRS are estimated based on the present value of their estimated cash flows.

Derivative Investments - Component Units

The component units of the state have varied investment goals based on the demands of their specific operations and commonly have investment policies allowing for greater investment diversity and risk. Certain component units and foundations with the higher education component unit will utilize derivative investments on occasion to secure specific returns matched to maturing liabilities to mitigate overall portfolio risk.

Note 3. Accounts Receivable

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables with allowances for uncollectible accounts as of June 30, 2020, including the applicable allowances for uncollectible accounts, are presented below (expressed in thousands):

| | General Fund | Proprietary Fund | Component Units | |
|------------------------------|---------------------|------------------|---------------------|------------------|
| | Accounts Receivable | Taxes Receivable | Accounts Receivable | Notes Receivable |
| Gross Receivables | \$ 163,331 | \$ 166,972 | \$ 1,030,364 | \$ 41,566 |
| Less: | | | | |
| Allowance for Uncollectibles | (55,500) | (70,783) | (360,374) | (2,439) |
| Net Receivables | <u>\$ 107,831</u> | <u>\$ 96,189</u> | <u>\$ 669,990</u> | <u>\$ 39,127</u> |

Note 4. Interfund Accounts and Transfers

A. Due from Other Funds/Due to Other Funds

A summary of interfund obligations at June 30, 2020, is shown below (expressed in thousands):

| | Due From Other Funds | | | | | Due To Other Funds | | | | |
|--|-----------------------------|-----------------|------------------|--------------------------|--------------------------------|---------------------------|--------------------------|------------------|------------------------|------------------------------|
| | General Fund | Permanent Funds | Enterprise Funds | Due From Fiduciary Funds | Due From Other Component Units | General Fund | Wildlife Permanent Funds | Enterprise Funds | Due To Fiduciary Funds | Due To Component Units |
| Governmental Funds | | | | | | | | | | |
| General Fund | \$ 0 | \$ 63 | \$ 2 | \$ 41 | \$ 53,911 | \$ 0 | \$ 194 | \$ 66 | \$ 81,826 | \$ 124,641 |
| Dept of Wildlife Conservation Permanent Fund | 194 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tobacco Settlement Permanent Fund | 0 | 0 | 0 | 0 | 0 | 63 | 0 | 0 | 0 | 3,613 |
| Total Governmental Funds | <u>\$ 194</u> | <u>\$ 63</u> | <u>\$ 2</u> | <u>\$ 41</u> | <u>\$ 53,911</u> | <u>\$ 63</u> | <u>\$ 194</u> | <u>\$ 66</u> | <u>\$ 81,826</u> | <u>\$ 128,254</u> |
| Enterprise Funds | | | | | | | | | | |
| Office of Management and Enterprise Services | \$ 73 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 5 |
| Oklahoma Employment Security Commission | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| Oklahoma Lottery Commission | 0 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 1,596 | 0 |
| Total Enterprise Funds | <u>\$ 73</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 1</u> | <u>\$ 2</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 1,596</u> | <u>\$ 5</u> |
| Fiduciary Funds | | | | | | | | | | |
| Pension Trust Funds: | | | | | | | | | | |
| Firefighters Pension and Retirement System | \$ 20,146 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 5 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Oklahoma Law Enforcement Retirement System | 4,664 | 0 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 0 |
| Oklahoma Public Employees Retirement System | 10,081 | 0 | 0 | 0 | 740 | 10 | 0 | 0 | 0 | 0 |
| Judges and Justices Retirement System | 780 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Oklahoma Police Pension and Retirement | 7,835 | 0 | 0 | 0 | 0 | 5 | 0 | 0 | 0 | 0 |
| Teachers' Retirement System of Oklahoma | 38,320 | 0 | 1,596 | 0 | 0 | 18 | 0 | 0 | 0 | 0 |
| Total Fiduciary Funds | <u>\$ 81,826</u> | <u>\$ 0</u> | <u>\$ 1,596</u> | <u>\$ 0</u> | <u>\$ 740</u> | <u>\$ 41</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| | | | | | | | | | | |
| | Due From Primary Government | | | | | Due To Primary Government | | | | |
| | General Fund | Permanent Funds | Enterprise Funds | Due From Fiduciary Funds | Due From Other Component Units | General Fund | Permanent Funds | Enterprise Funds | Due To Fiduciary Funds | Due To Other Component Units |
| Major Component Units: | | | | | | | | | | |
| Oklahoma Housing Finance Agency | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 3 | \$ 0 | \$ 0 | \$ 71 | \$ 0 |
| Oklahoma Turnpike Authority | 6,353 | 0 | 0 | 0 | 0 | 53,223 | 0 | 0 | 0 | 0 |
| Grand River Dam Authority | 698 | 0 | 0 | 0 | 1,109 | 162 | 0 | 0 | 574 | 0 |
| Oklahoma Municipal Power Authority | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 72 | 1,239 |
| Higher Education | 9,648 | 3,613 | 5 | 0 | 11,599 | 513 | 0 | 0 | 3 | 11,789 |
| Nonmajor Component Units: | | | | | | | | | | |
| Oklahoma Education Television Authority | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 2 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Multiple Injury Trust Fund | 11,575 | 0 | 0 | 0 | 0 | 8 | 0 | 0 | 0 | 0 |
| University Hospitals Authority | 82,121 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 21 | 91 |
| Oklahoma Development Finance Authority | 27 | 0 | 0 | 0 | 277 | 0 | 0 | 0 | 0 | 0 |
| Total Component Units | <u>\$ 110,422</u> | <u>\$ 3,613</u> | <u>\$ 5</u> | <u>\$ 0</u> | <u>\$ 12,985</u> | <u>\$ 53,911</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 741</u> | <u>\$ 13,119</u> |

A reconciliation of interfund receivables and interfund payables at June 30, 2020, follows. Timing differences occur between agencies with a June 30 year end and the component units with years ending September 30 or December 31.

| | | | |
|---|-------------------|--|-------------------|
| Total Due from Other Funds: | | Total Due to Other Funds: | |
| Wildlife Lifetime Licenses | \$ 194 | Tobacco Settlement Endowment | \$ 63 |
| Enterprise Funds | 73 | Enterprise Funds | 2 |
| Fiduciary Funds | 81,826 | Fiduciary Funds | 41 |
| Component Unit Funds | 110,422 | Component Unit Funds | 53,911 |
| General Fund Due From Permanent Funds | 63 | General Fund Due to Permanent Funds | 194 |
| Component Units Due From Permanent Funds | 3,613 | | |
| | | Due to Enterprise Funds | |
| Due from Enterprise Funds | | General Fund | 66 |
| General Fund | 2 | | |
| Fiduciary Funds | 1,596 | Due to Fiduciary Funds | |
| Component Unit Funds | 5 | General Fund | 81,826 |
| | | Proprietary Funds | 1,596 |
| Due from Fiduciary Funds | | Component Unit Funds | 741 |
| General Fund | 41 | | |
| | | Due to Component Units | |
| Due from Component Units | | General Fund | 124,641 |
| General Fund | 53,911 | Permanent Funds | 3,613 |
| Enterprise Funds | 1 | Proprietary Funds | 5 |
| Fiduciary Funds | 740 | Component Unit Funds | 13,119 |
| Other Component Unit Funds | 12,985 | | |
| Total Interfund Receivables per Financial Statements | \$ 265,472 | Total Interfund Payables per Financial Statements | \$ 279,818 |
| | | Timing Differences, Fiscal Year Ending | |
| | | December 31, 2019: Component Units | (14,346) |
| | | Total Interfund Payables | \$ 265,472 |

The general fund due from Other Funds includes \$53,509,000 from Oklahoma Turnpike Authority (\$53,093,000 at December 31, 2019) for a portion of motor fuel excise taxes collected on fuels consumed on turnpikes. The balance accumulates and is payable when certain Oklahoma Turnpike Authority revenue bonds payable have been paid in full. The Wildlife Lifetime Licenses Permanent Fund is due \$194,000 from the general fund for legislative mandated transfer of earnings on certain funds.

Remaining interfund balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded, and payment between funds are made.

B. Notes Payable and Capital Leases

The higher education component unit has entered into capital lease agreements with the general fund's Oklahoma Capital Improvement Authority to lease various facilities, equipment and improvements. The capital lease outstanding balances are \$318,584,000.

C. Interfund Transfers

A summary of interfund transfers for the fiscal year ended June 30, 2020, follows (expressed in thousands):

| Transfers From (Out) | Transfers To (In) | For (Purpose) | Amount |
|--------------------------------|--------------------------------|---|-----------|
| Governmental Funds: | | | |
| General Fund | Oklahoma Water Resources Board | Payment for administrative costs | \$ 6,437 |
| | | Total transfers out of the General Fund | \$ 6,437 |
| Proprietary Funds: | | | |
| Oklahoma Water Resources Board | General Fund | Restricted investment revenue | \$ 6,724 |
| Oklahoma Lottery Commission | General Fund | Transfer for expendible earnings | 64,400 |
| | | Total transfers in to the General Fund | \$ 71,124 |
| | | Net transfers In/Out - General Fund | \$ 64,687 |

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2020, was as follows (expressed in thousands):

Primary Government

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|-----------------------------|--------------------------|---------------------------|-----------------------------|
| Governmental activities: | | | | |
| Capital assets, nondepreciable | | | | |
| Land | \$ 1,894,003 | \$ 52,650 | \$ (1,084) | \$ 1,945,569 |
| Construction in progress | 228,123 | 72,664 | (34,721) | 266,066 |
| Total capital assets, nondepreciable | <u>\$ 2,122,126</u> | <u>\$ 125,314</u> | <u>\$ (35,805)</u> | <u>\$ 2,211,635</u> |
| Capital assets, depreciable: | | | | |
| Buildings and improvements | \$ 1,682,798 | \$ 21,551 | \$ (1,374) | \$ 1,702,975 |
| Equipment | 574,879 | 34,996 | (16,458) | 593,417 |
| Infrastructure | 20,682,908 | 810,394 | (36,958) | 21,456,344 |
| Total capital assets, depreciable | <u>\$ 22,940,585</u> | <u>\$ 866,941</u> | <u>\$ (54,790)</u> | <u>\$ 23,752,736</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | \$ (816,479) | \$ (32,321) | \$ 821 | \$ (847,979) |
| Equipment | (438,113) | (33,139) | 14,722 | (456,530) |
| Infrastructure | (11,384,577) | (526,847) | 20,943 | (11,890,481) |
| Total accumulated depreciation | <u>\$ (12,639,169)</u> | <u>\$ (592,307)</u> | <u>\$ 36,486</u> | <u>\$ (13,194,990)</u> |
| Total capital assets, depreciable, net | <u>\$ 10,301,416</u> | <u>\$ 274,634</u> | <u>\$ (18,304)</u> | <u>\$ 10,557,746</u> |
| Governmental activities capital assets, net | <u><u>\$ 12,423,542</u></u> | <u><u>\$ 399,948</u></u> | <u><u>\$ (54,109)</u></u> | <u><u>\$ 12,769,381</u></u> |
| Business-type activities: | | | | |
| Capital assets, depreciable: | | | | |
| Equipment | \$ 6,966 | \$ 447 | \$ 127 | \$ 7,286 |
| Total capital assets, depreciable | <u>\$ 6,966</u> | <u>\$ 447</u> | <u>\$ 127</u> | <u>\$ 7,286</u> |
| Less accumulated depreciation for: | | | | |
| Equipment | \$ (5,423) | \$ (872) | \$ (127) | \$ (6,168) |
| Total accumulated depreciation | <u>\$ (5,423)</u> | <u>\$ (872)</u> | <u>\$ (127)</u> | <u>\$ (6,168)</u> |
| Business-type activities capital assets, net | <u><u>\$ 1,543</u></u> | <u><u>\$ (425)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 1,118</u></u> |

Current period depreciation expense was charged to functions of the primary government as follows (expressed in thousands):

| | |
|---|-------------------|
| Government Activities: | |
| Education | \$ 1,155 |
| General government | 11,017 |
| Health services | 7,461 |
| Legal and judiciary | 450 |
| Museums | 138 |
| Natural resources | 11,022 |
| Public safety and defense | 19,584 |
| Regulatory services | 147 |
| Social services | 3,173 |
| Transportation | 538,160 |
| Total depreciation expense - Governmental Activities | <u>\$ 592,307</u> |
| Business-type Activities: | |
| Government administration | \$ 700 |
| Natural resources | 172 |
| Total depreciation expense - Business-type Activities | <u>\$ 872</u> |

Component Units

Capital asset activity for the year ended June 30, 2020, (December 31, 2019, or September 30, 2019, for those entities identified in Item D of Note 1) was as follows (expressed in thousands):

| | Beginning Balance | Additions | Retirements | Ending Balance |
|--|-----------------------|---------------------|---------------------|-----------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 528,771 | \$ 30,344 | \$ (2,998) | \$ 556,117 |
| Construction in progress | 849,800 | 588,092 | (275,226) | 1,162,666 |
| Total capital assets, not being depreciated | <u>\$ 1,378,571</u> | <u>\$ 618,436</u> | <u>\$ (278,224)</u> | <u>\$ 1,718,783</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | \$ 11,079,911 | \$ 472,785 | \$ (22,193) | \$ 11,530,503 |
| Equipment | 1,863,748 | 94,447 | (34,033) | 1,924,162 |
| Infrastructure | 2,901,392 | 84,343 | (2,349) | 2,983,386 |
| Total capital assets, being depreciated | <u>\$ 15,845,051</u> | <u>\$ 651,575</u> | <u>\$ (58,575)</u> | <u>\$ 16,438,051</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | \$ (4,425,350) | \$ (314,586) | \$ 21,763 | \$ (4,718,173) |
| Equipment | (1,365,692) | (90,366) | 25,076 | (1,430,982) |
| Infrastructure | (1,879,550) | (99,992) | 2,349 | (1,977,193) |
| Total accumulated depreciation | <u>\$ (7,670,592)</u> | <u>\$ (504,944)</u> | <u>\$ 49,188</u> | <u>\$ (8,126,348)</u> |
| Total capital assets, being depreciated, net | <u>\$ 8,174,459</u> | <u>\$ 146,631</u> | <u>\$ (9,387)</u> | <u>\$ 8,311,703</u> |
| Capital assets, net | <u>\$ 9,553,030</u> | <u>\$ 765,067</u> | <u>\$ (287,611)</u> | <u>\$ 10,030,486</u> |

Note 6. Risk Management and Insurance

It is the policy of the state to cover the risk of losses to which it may be exposed through risk management activities. In general, the state is self-insured for health care claims (except for employee participation in certain health maintenance organizations), workers' compensation, and second injury workers' compensation. The state is also self-insured against tort and auto liability and property losses, with commercial insurance policies for losses that fall outside of coverage limits or are in excess of the self-insured retention.

Coverage for health care claims and workers' compensation is provided by two entities of the state. The Employees Group Insurance Division (EGID), a division of the Office of Management and Enterprise Services (OMES), manages a legal trust which provides group health, life, dental, and disability benefits to the state's employees and certain other eligible participants. Effective January 1, 2015, the Risk Management Division (RMD), part of Capital Assets Management, a division of OMES, was authorized to handle Workers' Compensation for all state agencies when House Bill 2009 was signed into law during 2014. RMD Consolidated Workers' Compensation Program began operating on July 1, 2015.

Coverage for second injury workers' compensation is provided by a discretely presented component unit. The Multiple Injury Trust Fund (MITF) was created to encourage the hiring of individuals with a pre-existing disability and to protect those employers from liability for the pre-existing disability. MITF records a liability for outstanding court awards only as those amounts are awarded by the Workers' Compensation Court of Existing Claims for permanent total disability awards. There is no provision for incurred but not reported claims or claims pending Workers' Compensation Court of Existing Claims determination. Claims and judgments which were due and owing at December 31, 2019, have been charged to operations for the year ended December 31, 2019. At year end, the MITF loss liability exceeded net position. MITF was indebted to claimants for court awarded judgments. Only those judgments currently payable in arrears bear interest. The rate, set by the state, is the Treasury bill rate plus 4% to be updated annually.

Coverage for liability and property losses is provided by RMD. RMD administers a self-insurance program to protect the state, its agencies, colleges, and universities against tort and auto liability claims. Coverage and limits under this program correspond directly with the Oklahoma Governmental Tort Claims Act. RMD purchases commercial liability insurance for losses that fall outside of the Oklahoma Governmental Tort Claims Act. RMD also provides a property insurance program for all agencies, colleges, and universities through a combination of a high self-insured retention and commercial insurance policies in excess of the self-insured retention. Coverage limits are \$1 billion for each occurrence subject to coverage terms and conditions. Commercial insurance is purchased to protect the state's fine arts and physical damage to its automobiles. Additionally, RMD purchases a government crime policy, i.e., employee dishonesty policy.

The amount of settlements from commercial insurance did not exceed insurance coverage in any of the past three fiscal years.

Except for MITF, estimates relating to incurred but not reported claims, as well as other probable and estimable losses, are included in accrued liabilities for each fund. None of the funds have included non-incremental claims adjustment expense as part of accrued liabilities. Because actual claims liabilities are impacted by complex factors including inflation, changes in legal doctrines, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, and other economic and social factors.

The general fund self-insurance loss liability for RMD represents an estimate of amounts to be paid from economic financial resources.

The following table presents the changes in claims liability balances (both current and noncurrent) during the current fiscal year ended June 30, 2020, (December 31, 2019, for EGID and MITF) and the prior fiscal year, (expressed in thousands):

| | Beginning Balance | Plus: Current Year Claims and Changes in Estimates | Less: Claim Payments | Ending Balance | Noncurrent Liability | Current Liability |
|--|----------------------|---|----------------------------|-------------------|-------------------------|----------------------|
| Current Fiscal Year | | | | | | |
| General Fund - | | | | | | |
| Office of Management and Enterprise Services (RMD) | \$ 65,410 | \$ 18,356 | \$ (12,180) | \$ 71,586 | \$ 59,406 | \$ 12,180 |
| Proprietary Fund - | | | | | | |
| Office of Management and Enterprise Services (EGID) | \$ 146,442 | \$ 1,025,558 | \$ (1,043,009) | \$ 128,991 | \$ 14,382 | \$ 114,609 |
| Component Unit - * | | | | | | |
| Multiple Injury Trust Fund | \$ 495,499 | \$ 54,149 | \$ (50,214) | \$ 499,434 | \$ 450,971 | \$ 48,463 |

* The higher education component unit's claims and judgments (\$3,118 – noncurrent) are for accrued liabilities not related to risk management.

| | Beginning Balance | Plus: Current Year Claims and Changes in Estimates | Less: Claim Payments | Ending Balance | Noncurrent Liability | Current Liability |
|--|----------------------|---|----------------------------|-------------------|-------------------------|----------------------|
| Prior Fiscal Year | | | | | | |
| General Fund - | | | | | | |
| Office of Management and Enterprise Services (RMD) | \$ 70,685 | \$ 17,764 | \$ (23,039) | \$ 65,410 | \$ 42,371 | \$ 23,039 |
| Proprietary Fund - | | | | | | |
| Office of Management and Enterprise Services (EGID) | \$ 120,449 | \$ 1,031,515 | \$ (1,005,522) | \$ 146,442 | \$ 8,418 | \$ 138,024 |
| Component Unit - | | | | | | |
| Multiple Injury Trust Fund | \$ 471,363 | \$ 69,155 | \$ (45,019) | \$ 495,499 | \$ 449,510 | \$ 45,989 |

Public Entity Risk Pool – Employees Group Insurance Division

The state operates EGID, a public entity risk pool.

A. Description of Plan

EGID provides group health, dental, life, and disability benefits to active state employees and local government employees, as well as varying coverages for active education employees and certain participants of the state's retirement systems, survivors, and persons covered by the Consolidated Omnibus Budget Reconciliation Act of 1985. Disability coverage is available only to active state employees. EGID is self-insured and provides participants with the option of electing coverage from certain health maintenance organizations. Premium rates for the various groups are established separately.

The coverages are funded by monthly premiums paid by individuals, the state, local governments, educational employers, and retirement systems. A participant may extend coverage to dependents for an additional monthly premium based on the coverage requested. Of the 223,000 primary participants and dependents, approximately 25,000 primary participants and 13,000 dependents are covered by health maintenance organizations. These counts relate to health coverage only.

All state agencies are required to participate in EGID. Eligible local governments may elect to participate in EGID (321 local governments actually participate). Any education entity or local government which elects to withdraw from EGID may do so with 30 days written notice and must withdraw both its active and inactive participants.

A summary of available coverages and eligible groups, along with the number of health care participants follows:

| | State Employee | Local Government Employee | Education Employee | Teachers' Retirement System | OPERS | COBRA |
|---------------------------|-------------------|---------------------------------|-----------------------|-----------------------------------|--------|-------|
| Health | X | X | X | X | X | X |
| Dental | X | X | X | X | X | X |
| Life | X | X | X | X | X | |
| Disability | X | | | | | |
| Medicare Supplement | | X | | X | X | X |
| Health Care Participants: | | | | | | |
| Primary | 24,000 | 8,000 | 57,000 | ----- | 36,000 | ----- |
| Dependents | | | 60,000 | ----- | | ----- |

B. Unpaid Claims Liabilities

EGID establishes policy and contract claim reserves based on the estimated ultimate cost of settling claims that have been reported but not settled, and of claims that have been incurred but not yet reported. Disability reserves are also established based on the estimated ultimate cost of settling claims of participants currently receiving benefits and for disability claims incurred but not yet reported to EGID.

The reserves are determined using EGID's historical benefit payment experience. The length of time for which costs must be estimated depends on the coverages involved. Although such estimates are EGID's best estimates of the incurred claims to be paid, due to the complex nature of the factors involved in the calculation, the actual results may be more or less than the estimate. The claim liabilities are recomputed on a periodic basis using actuarial and statistical techniques which consider the effects of general economic conditions, such as inflation, and other factors of past experience, such as changes in participant counts. Adjustments to claim liabilities are recorded in the periods in which they are made. Premium deficiency reserves are required to be recorded when the anticipated costs of settling claims for the following fiscal year are in excess of the anticipated premium receipts for the following year. Anticipated investment income is considered in determining whether a premium deficiency exists.

C. Reconciliation of Claims Liabilities

The schedule below presents the changes in policy and contract claim reserves and disability reserves for the three types of coverages: health and dental, life, and disability (expressed in thousands):

| | Health and Dental | Life | Disability | Total |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| | Fiscal Year 12/31/2019 | Fiscal Year 12/31/2019 | Fiscal Year 12/31/2019 | Fiscal Year 12/31/2019 |
| Reserves at beginning of period | \$ 128,447 | \$ 6,672 | \$ 11,323 | \$ 146,442 |
| Incurring claims: | | | | |
| Provision for insured events of current period | \$ 987,538 | \$ 30,307 | \$ 3,558 | \$ 1,021,403 |
| Changes in provisions for insured events of prior periods | (1,432) | 8,388 | (2,801) | 4,155 |
| Total incurred claims | \$ 986,106 | \$ 38,695 | \$ 757 | \$ 1,025,558 |
| Payments: | | | | |
| Claims attributable to insured events of current period | \$ 889,424 | \$ 26,187 | \$ 580 | \$ 916,191 |
| Claims attributable to insured events of prior periods | 119,979 | 4,749 | 2,090 | 126,818 |
| Total payments | \$ 1,009,403 | \$ 30,936 | \$ 2,670 | \$ 1,043,009 |
| Reserves at end of period | \$ 105,150 | \$ 14,431 | \$ 9,410 | \$ 128,991 |

D. Revenue and Claims Development Information

The separately issued audited financial statements for EGID include Required Supplementary Information regarding revenue and claims development.

Note 7. Operating Lease Commitments

The state has commitments with non-state entities to lease certain buildings and equipment. Future minimum rental commitments for equipment operating leases as of June 30, 2020, are as follows (expressed in thousands):

| | General Fund | Fiduciary Funds | Component Units |
|--|-----------------|-----------------|------------------|
| 2021 | \$ 3,407 | \$ 95 | \$ 20,031 |
| 2022 | 1,379 | - | 136 |
| 2023 | 1,010 | - | 73 |
| 2024 | 111 | - | 51 |
| 2025 | 111 | - | 1,085 |
| 2026-2030 | 297 | - | 247 |
| 2031-2035 | 334 | - | - |
| 2036-2040 | 376 | - | - |
| 2041-2045 | 90 | - | - |
| Total | <u>\$ 7,115</u> | <u>\$ 95</u> | <u>\$ 21,623</u> |
| Operating lease commitments for building rental for year ended June 30, 2020 | \$ 22,082 | \$ 460 | \$ 1,153 |
| Rent expenditures/expenses for operating leases for year ended June 30, 2020 | \$ 25,188 | \$ 644 | \$ 22,786 |

Operating leases with an agreement of less than one year or a value less than \$10,000 are not included in the general fund total due to state-wide accounting policy.

Note 8. Lessor Agreements

Primary Government

Direct Financing Leases

The Department of Transportation maintains leases classified as direct financing leases. The state leases heavy equipment and machinery to counties within the state. The lease terms are determined by the depreciation schedules published by the American Association of State Highway Transportation Officials. All new county equipment leases were charged an interest amount equivalent to 3% of the equipment cost. Title to this equipment passes to the counties at the end of the lease term. The Department of Transportation also leases railroad lines within the state to various railroad companies with the longest lease term ending in 2026. No interest or executory costs are charged, and the leases include bargain purchase options. The unguaranteed residual values of the machinery, equipment, and railroad lines are not estimated by the state. Contingent rentals are not a part of any lease and uncollectible amounts are not expected. The total minimum lease payments to be received by the Department of Transportation in future years are approximately \$22,983,000 which is also the net investment in direct financing leases at June 30, 2020. The following schedule represents minimum lease payments receivable for direct financing leases for each of the five succeeding fiscal years (expressed in thousands):

| | 2021 | 2022 | 2023 | 2024 | 2025 | Thereafter | Total |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| Department of Transportation | \$ 5,323 | \$ 4,638 | \$ 4,024 | \$ 3,386 | \$ 2,478 | \$ 3,061 | \$ 22,910 |
| Oklahoma Capital Improvement Authority | 10,405 | 26,275 | 27,570 | 28,510 | 29,825 | 196,000 | 318,585 |
| Total | <u>\$ 15,728</u> | <u>\$ 30,913</u> | <u>\$ 31,594</u> | <u>\$ 31,896</u> | <u>\$ 32,303</u> | <u>\$ 199,061</u> | <u>\$ 341,495</u> |

The Oklahoma Capital Improvement Authority has capital lease agreements with the higher education component unit for the lease of various facilities, equipment and improvements. At June 30, 2020, the total minimum lease payments to be received by the Oklahoma Capital Improvement Authority from the higher education component unit are \$318,585,000. These lease agreements end in fiscal year 2035.

Operating Leases

The state has operating leases maintained by various state agencies consisting primarily of state land leased to non-state entities, as well as a small amount of state-owned buildings which are also leased to non-state entities. Due to the passage of time, the state's historical cost of the leased land is not reasonably determinable. The leased buildings consist of sub-leased office space under an operating lease. Since the state does not have a cost basis in the building, no depreciation expense is recognized. The primary government's total operating leases receivable recognized in the current fiscal year is approximately \$112,000. Minimum future rentals receivable from these operating leases is presented in the following schedule (expressed in thousands):

| <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>Total</u> |
|-------------|-------------|-------------|-------------|-------------|--------------|
| \$ 1,627 | \$ 225 | \$ 176 | \$ 146 | \$ 130 | \$ 2,304 |

In addition, the leasing operations of the Commissioners of the Land Office consist of leasing approximately 740,000 acres of land principally for agricultural purposes. The lease terms are generally for five-year periods with one-fifth of the leases expiring each year. The lease year is on a calendar year basis with rents prepaid one year in advance. The rental amount is determined based on the maximum amount bid by the lessee. The following schedule presents minimum future rentals receivable from the noncancelable leasing of these lands (expressed in thousands):

| <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>Total</u> |
|-------------|-------------|-------------|-------------|-------------|--------------|
| \$ 12,900 | \$ 9,639 | \$ 6,183 | \$ 2,903 | \$ 116 | \$ 31,741 |

The Oklahoma Department of Tourism and Recreation has various contracts with concessionaires to provide patron services within state parks. Contract expiration terms vary, as well as renewal options. The Oklahoma Department of Tourism and Recreation receives concession revenue that is generally based on sales volume. The following schedule presents estimated minimum future concession revenue from these contracts (expressed in thousands):

| <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>Total</u> |
|-------------|-------------|-------------|-------------|-------------|--------------|
| \$ 1,200 | \$ 1,200 | \$ 1,200 | \$ 1,200 | \$ 1,200 | \$ 6,000 |

Component Units

The Oklahoma Municipal Power Authority (OMPA) executed a power purchase agreement with FPL Energy Oklahoma Wind, LLC (FPLE Oklahoma), for the development of a wind generation facility in northwestern Oklahoma. Under the agreement, FPLE Oklahoma was responsible for acquiring, constructing and installing the wind project. OMPA issued taxable limited obligation notes which were payable solely from lease payments made by FPLE Oklahoma. OMPA used the proceeds of the notes to finance the acquisition of the wind project and has leased the wind project to FPLE Oklahoma under a long-term capital lease agreement for an amount sufficient to pay the debt service on the notes. The power purchase agreement has a term of approximately 25 years and power is sold on a take and pay basis. FPLE Oklahoma retains the operational risk related to the wind project. The following schedule lists the components of the lease agreement as of December 31, 2019 (expressed in thousands):

| | |
|---|------------------|
| Total minimum lease payments to be received | \$ 40,651 |
| Less: Amounts representing interest included in | |
| total minimum lease payments | <u>(9,929)</u> |
| Net investment in direct financing leases | <u>\$ 30,722</u> |

Operating Leases

The Oklahoma Educational Television Authority leases excess capacity on various channels to a wireless communications provider. The leases will expire in February 2047. Oklahoma Development Finance Authority leases a portion of its office space with a private company. The lease is in effect through February 2021. The Oklahoma Turnpike Authority (OTA) has various noncancelable contracts with concessionaires to provide patron services on the state's turnpike system. The contracts are generally for five-year terms, with two five-year renewal options. OTA receives concession revenue that includes minimum rentals plus contingent rentals based on sales volume. OTA also leases antenna space under noncancelable contracts with a 20-year term. Higher education institutions have entered into various agreements for land and building space leases. The leases expire between 2024 and 2068. The following schedule presents minimum future rentals receivable from these contracts (expressed in thousands):

| | 2021 | 2022 | 2023 | 2024 | 2025 | Thereafter | Total |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
| Oklahoma Educational Television Authority | \$ 204 | \$ 204 | \$ 204 | \$ 204 | \$ 204 | \$ 4,607 | \$ 5,627 |
| Oklahoma Development Finance Authority | 6 | - | - | - | - | - | 6 |
| Oklahoma Turnpike Authority | 1,027 | 1,049 | 1,055 | 1,056 | 1,059 | 10,081 | 15,327 |
| Higher Education | <u>5,823</u> | <u>1,969</u> | <u>1,095</u> | <u>942</u> | <u>839</u> | <u>20,022</u> | <u>30,690</u> |
| Total | <u>\$ 7,060</u> | <u>\$ 3,222</u> | <u>\$ 2,354</u> | <u>\$ 2,202</u> | <u>\$ 2,102</u> | <u>\$ 34,710</u> | <u>\$ 51,650</u> |

The cost, carrying amount and accumulated depreciation of the Oklahoma Turnpike Authority leased property for the year ended December 31, 2019, is \$42,500,000, \$28,500,000 and \$14,000,000, respectively. The cost and carrying amount of the higher education institutions leased property for the year ended June 30, 2020 (expressed in thousands):

| | |
|--------------------------------|------------------|
| Land | \$ 596 |
| Buildings | <u>33,501</u> |
| Cost | \$ 34,097 |
| Less: Accumulated Depreciation | <u>(5,312)</u> |
| Net Leased Property | <u>\$ 28,785</u> |

Note 9. Long-Term Obligations As Related to Governmental Activities

Long-term obligations at June 30, 2020, and changes for the fiscal year then ended (expressed in thousands):

| | Issue Date | Interest Rates | Maturity Through | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|---------------|-------------------|---------------------|----------------------|-------------------|-------------------|---------------------|------------------------|
| Revenue Bonds Payable from Lease Rentals: | | | | | | | | |
| OCIA Series 2009A | 2009 | 1.00%-4.20% | 2025 | \$ 1,760 | \$ - | \$ 1,760 | \$ - | \$ - |
| OCIA Series 2009B | 2010 | 5.04%-5.34% | 2025 | 68,830 | - | 10,550 | 58,280 | 10,895 |
| OCIA Series 2010, Refunding\Revenue | 2011 | 1.77%-5.61% | 2031 | 99,335 | - | 6,205 | 93,130 | 6,500 |
| OCIA Series 2010A DOT | 2011 | 2.00%-5.00% | 2021 | 27,965 | - | 13,680 | 14,285 | 14,285 |
| OCIA Series 2010B DOT | 2011 | 4.24%-4.79% | 2026 | 92,075 | - | 92,075 | - | - |
| OCIA Series 2012 DOT | 2012 | 2.00%-2.54% | 2026 | 34,605 | - | 4,305 | 30,300 | 4,480 |
| OCIA Series 2013A | 2013 | 2.00%-4.00% | 2025 | 11,355 | - | 2,325 | 9,030 | 2,385 |
| OCIA Series 2014A | 2014 | 2.00%-5.00% | 2031 | 198,360 | - | 3,605 | 194,755 | 3,465 |
| OCIA Series 2014B | 2015 | 2.00%-5.00% | 2025 | 10,853 | - | 9,754 | 1,099 | 202 |
| OCIA Series 2014C | 2015 | 2.00%-5.00% | 2035 | 74,025 | - | 3,260 | 70,765 | 3,425 |
| OCIA Series 2015A | 2015 | 2.00%-5.00% | 2025 | 21,785 | - | 3,275 | 18,510 | 3,425 |
| OCIA Series 2015B | 2016 | 3.00%-5.00% | 2027 | 32,800 | - | 3,535 | 29,265 | 3,650 |
| OCIA Series 2016 DOT | 2017 | 2.00%-5.00% | 2035 | 170,000 | - | 7,430 | 162,570 | 7,735 |
| OCIA Series 2017A, Refunding\Revenue | 2017 | 2.00%-4.00% | 2030 | 20,095 | - | 2,255 | 17,840 | 2,300 |
| OCIA Series 2017B | 2017 | 2.00%-5.00% | 2026 | 59,385 | - | 7,005 | 52,380 | 7,245 |
| OCIA Series 2017C | 2018 | 2.00%-5.00% | 2051 | 27,215 | - | - | 27,215 | 500 |
| OCIA Series 2018A | 2019 | 3.00%-4.00% | 2049 | 9,000 | - | 150 | 8,850 | 180 |
| OCIA Series 2018B | 2019 | 3.71%-4.35% | 2049 | 25,205 | - | - | 25,205 | - |
| OCIA Series 2018C | 2019 | 3.00%-5.00% | 2039 | 65,105 | - | 1,420 | 63,685 | 2,170 |
| OCIA Series 2018D | 2019 | 2.00%-5.00% | 2039 | 113,035 | - | - | 113,035 | 3,855 |
| OCIA Series 2019A | 2019 | 2.00%-5.00% | 2035 | 13,765 | - | - | 13,765 | 1,810 |
| OCIA Series 2019B | 2019 | 3.00%-5.00% | 2046 | 41,995 | - | - | 41,995 | 860 |
| OCIA Series 2019C | 2020 | 2.00%-5.00% | 2040 | - | 59,895 | - | 59,895 | 1,845 |
| OCIA Series 2020A | 2020 | 5.00%-5.00% | 2026 | - | 82,360 | - | 82,360 | - |
| Dept of Corrections 2013, Central OK (ODFA) | 2013 | 1.40%-5.00% | 2023 | 8,859 | - | 2,213 | 6,646 | 2,295 |
| Dept of Corrections 2016A, Central OK (ODFA) | 2017 | 2.00%-3.00% | 2027 | 1,890 | - | 250 | 1,640 | 255 |
| DHS-2008 (ODFA) | 2008 | 3.25%-4.15% | 2023 | 7,355 | - | 1,730 | 5,625 | 1,800 |
| DHS-2012 (ODFA) | 2012 | 4.00%-5.00% | 2022 | 4,595 | - | 1,600 | 2,995 | 1,680 |
| Law Enforcement Education/Train (ODFA) | 2013 | 2.38%-5.00% | 2025 | 10,152 | - | 1,123 | 9,029 | 1,160 |
| OMES 2009 (ODFA) | 2009 | 2.50%-5.00% | 2020 | 32,215 | - | 32,215 | - | - |
| OMES 2019A (ODFA) | 2019 | 3.00%-5.00% | 2035 | - | 25,170 | 1,115 | 24,055 | 1,250 |
| Total | | | | <u>\$ 1,283,614</u> | <u>\$ 167,425</u> | <u>\$ 212,835</u> | <u>\$ 1,238,204</u> | <u>\$ 89,652</u> |
| Notes Payable from Grant Revenue: | | | | | | | | |
| ODOT 2018A, Grant Anticipation | 2018 | 3.00%-5.00% | 2034 | \$ 61,505 | \$ - | \$ 2,145 | \$ 59,360 | \$ 3,030 |
| Total | | | | <u>\$ 61,505</u> | <u>\$ -</u> | <u>\$ 2,145</u> | <u>\$ 59,360</u> | <u>\$ 3,030</u> |
| Capital Leases | | | | \$ 544 | \$ - | \$ 466 | \$ 78 | \$ 78 |
| Compensated Absences | | | | 158,523 | 93,575 | 75,701 | 176,397 | 75,701 |
| Net Pension Liability | | | | 325,929 | - | 5,333 | 320,596 | - |
| Bond Issue Premiums | | | | 107,417 | 27,651 | 11,882 | 123,186 | 13,472 |
| Claims and Judgments Payable | | | | 65,410 | 21,296 | 12,180 | 74,526 | 12,180 |
| Other Postemployment Benefits | | | | 164,323 | - | 14,173 | 150,150 | - |
| Total Long-Term Obligations | | | | <u>\$ 2,167,265</u> | <u>\$ 309,947</u> | <u>\$ 334,715</u> | <u>\$ 2,142,497</u> | <u>\$ 194,113</u> |

The following table presents annual debt service requirements for those long-term obligations outstanding at June 30, 2020, which have scheduled debt service amounts (expressed in thousands):

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026- 2030 | 2031- 2035 | 2036- 2040 | 2041- 2045 | 2046- 2050 | 2049- 2053 | Total |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|-----------------|---------------------|
| Revenue Bonds: | | | | | | | | | | | | |
| OCIA Series 2009B | \$ 13,671 | \$ 13,464 | \$ 13,246 | \$ 13,018 | \$ 12,782 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 66,181 |
| OCIA Series 2010, Refunding\Revenue | 11,332 | 11,311 | 11,303 | 11,292 | 11,282 | 56,159 | 11,180 | - | - | - | - | 123,859 |
| OCIA Series 2010A DOT | 14,622 | - | - | - | - | - | - | - | - | - | - | 14,622 |
| OCIA Series 2012 DOT | 5,812 | 5,810 | 5,810 | 5,811 | 5,807 | 5,808 | - | - | - | - | - | 34,858 |
| OCIA Series 2013A | 2,653 | 2,236 | 2,234 | 1,413 | 1,178 | - | - | - | - | - | - | 9,714 |
| OCIA Series 2014A | 12,568 | 12,036 | 26,985 | 26,988 | 26,683 | 126,021 | 23,650 | - | - | - | - | 254,931 |
| OCIA Series 2014B | 229 | 232 | 243 | 244 | 245 | - | - | - | - | - | - | 1,193 |
| OCIA Series 2014C | 6,373 | 6,370 | 6,382 | 6,387 | 6,356 | 31,814 | 31,676 | - | - | - | - | 95,358 |
| OCIA Series 2015A | 4,228 | 4,230 | 4,233 | 4,229 | 4,230 | - | - | - | - | - | - | 21,150 |
| OCIA Series 2015B | 4,944 | 4,944 | 4,934 | 4,924 | 4,922 | 9,832 | - | - | - | - | - | 34,500 |
| OCIA Series 2016 DOT | 14,903 | 14,902 | 14,900 | 14,903 | 14,899 | 74,512 | 74,516 | - | - | - | - | 223,535 |
| OCIA Series 2017A, Refunding\Revenue | 2,872 | 2,872 | 2,870 | 2,853 | 2,856 | 5,907 | - | - | - | - | - | 20,230 |
| OCIA Series 2017B | 9,599 | 9,600 | 9,596 | 9,599 | 9,598 | 13,830 | - | - | - | - | - | 61,822 |
| OCIA Series 2017C | 1,585 | 1,584 | 1,581 | 1,583 | 1,582 | 7,896 | 7,872 | 7,855 | 7,833 | 7,797 | 1,554 | 48,722 |
| OCIA Series 2018A | 515 | 515 | 519 | 518 | 517 | 2,574 | 2,563 | 2,559 | 2,555 | 2,041 | - | 14,876 |
| OCIA Series 2018B | 1,067 | 1,067 | 1,068 | 1,068 | 1,068 | 6,869 | 9,139 | 9,114 | 9,090 | 7,239 | - | 46,789 |
| OCIA Series 2018C | 5,227 | 5,228 | 5,225 | 5,227 | 5,229 | 26,127 | 26,132 | 20,902 | - | - | - | 99,297 |
| OCIA Series 2018D | 9,004 | 9,006 | 9,002 | 9,005 | 9,006 | 45,026 | 45,023 | 36,024 | - | - | - | 171,096 |
| OCIA Series 2019A | 2,541 | 2,533 | 2,539 | 2,539 | 2,539 | 2,100 | 2,102 | - | - | - | - | 16,893 |
| OCIA Series 2019B | 2,678 | 2,677 | 2,676 | 2,678 | 2,679 | 13,389 | 13,382 | 13,389 | 13,394 | 2,678 | - | 69,620 |
| OCIA Series 2019C | 4,502 | 4,531 | 4,530 | 4,570 | 4,574 | 22,843 | 22,792 | 22,824 | - | - | - | 91,166 |
| OCIA Series 2020A | 3,077 | 16,461 | 17,423 | 17,390 | 17,357 | 25,297 | - | - | - | - | - | 97,005 |
| Corrections 2013, Central OK (ODFA) | 2,653 | 2,648 | 2,069 | - | - | - | - | - | - | - | - | 7,370 |
| Corrections 2016A, Central OK (ODFA) | 297 | 295 | 297 | 294 | 301 | 292 | - | - | - | - | - | 1,776 |
| DHS-2008 | 2,030 | 2,033 | 2,031 | - | - | - | - | - | - | - | - | 6,094 |
| DHS-2012A | 1,794 | 1,345 | - | - | - | - | - | - | - | - | - | 3,139 |
| Law Enforcement Education/Train (ODFA) | 1,465 | 1,462 | 1,462 | 1,466 | 1,464 | 2,803 | - | - | - | - | - | 10,122 |
| OMES 2019A (ODFA) | 2,360 | 2,362 | 2,363 | 2,360 | 2,364 | 11,803 | 9,439 | - | - | - | - | 33,051 |
| | <u>\$ 144,601</u> | <u>\$ 141,754</u> | <u>\$ 155,521</u> | <u>\$ 150,359</u> | <u>\$ 149,518</u> | <u>\$ 490,902</u> | <u>\$ 279,466</u> | <u>\$ 112,667</u> | <u>\$ 32,872</u> | <u>\$ 19,755</u> | <u>\$ 1,554</u> | <u>\$ 1,678,969</u> |
| Less: Interest | 54,949 | 52,203 | 47,721 | 42,510 | 37,361 | 123,637 | 53,459 | 20,020 | 6,957 | 1,909 | 39 | 440,765 |
| Total Principal | <u>\$ 89,652</u> | <u>\$ 89,551</u> | <u>\$ 107,800</u> | <u>\$ 107,849</u> | <u>\$ 112,157</u> | <u>\$ 367,265</u> | <u>\$ 226,007</u> | <u>\$ 92,647</u> | <u>\$ 25,915</u> | <u>\$ 17,846</u> | <u>\$ 1,515</u> | <u>\$ 1,238,204</u> |
| Notes Payable: | | | | | | | | | | | | |
| ODOT 2018A, Grant Anticipation | \$ 5,922 | \$ 5,917 | \$ 5,914 | \$ 5,908 | \$ 5,903 | \$ 29,451 | \$ 23,456 | \$ - | \$ - | \$ - | \$ - | \$ 82,471 |
| Less: Interest | 2,892 | 2,737 | 2,574 | 2,403 | 2,223 | 8,091 | 2,191 | - | - | - | - | 23,111 |
| Total Principal | <u>\$ 3,030</u> | <u>\$ 3,180</u> | <u>\$ 3,340</u> | <u>\$ 3,505</u> | <u>\$ 3,680</u> | <u>\$ 21,360</u> | <u>\$ 21,265</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 59,360</u> |
| Capital Leases | \$ 85 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 85 |
| Less: Interest | 1 | - | - | - | - | - | - | - | - | - | - | 1 |
| Less: Executory Cost | 6 | - | - | - | - | - | - | - | - | - | - | 6 |
| Total Principal | <u>\$ 78</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 78</u> |
| Total | <u>\$ 92,760</u> | <u>\$ 92,731</u> | <u>\$ 111,140</u> | <u>\$ 111,354</u> | <u>\$ 115,837</u> | <u>\$ 388,625</u> | <u>\$ 247,272</u> | <u>\$ 92,647</u> | <u>\$ 25,915</u> | <u>\$ 17,846</u> | <u>\$ 1,515</u> | <u>\$ 1,297,642</u> |
| Compensated Absences | | | | | | | | | | | | 176,397 |
| Net Pension Liability | | | | | | | | | | | | 320,596 |
| Bond Issue Premiums | | | | | | | | | | | | 123,186 |
| Claims and Judgments Payable | | | | | | | | | | | | 74,526 |
| Other Postemployment Benefits | | | | | | | | | | | | 150,150 |
| Total Long-Term Obligations | | | | | | | | | | | | <u>\$ 2,142,497</u> |

A. Revenue Bonds

The Oklahoma Capitol Improvement Authority (OCIA) has twenty-two outstanding series of building bonds to construct and equip state office buildings and prisons. Principal and interest payments on these bond issues are paid from rents collected from the various state and federal agencies that occupy the buildings constructed with the bond proceeds.

The sale of OCIA series 2019C bonds for \$59,895,000 was issued to acquire real property, together, with improvements thereon, and personal property to construct improvements to real property and provide funding for repairs, refurbishments to real property of the State Capitol building and associated furniture, fixtures, and equipment.

The sale of OCIA series 2020A bonds for \$82,360,000 was issued to currently refund the outstanding amount of OCIA's State Highway Capital Improvement Revenue Bonds, Series 2010B, for Oklahoma Department of Transportation. The 2020A bonds have a true interest cost of 0.9% and achieved gross debt service savings of \$6,121,000 and net present value debt service savings of \$5,871,000 or 6.4% of the refunded bonds.

The OCIA series 2018A bonds issued in the amount of \$9,000,000 to provide office space for the Oklahoma Department of Tourism and Recreation were defeased pursuant to Senate Bill 1262. The total cost of funding the defeasance escrow was \$10,434,000. Contributions were made from the 2018A Construction Fund and Bond Sinking Fund in the amount of \$9,694,000 and cash transfer from the Department of Tourism and Recreation to provide the remaining \$740,000.

The Oklahoma Development Finance Authority issued lease revenue bonds to provide lease financing for Department of Corrections, Department of Human Services, Council for Law Enforcement Education and Training, and Office of Management and Enterprise Services. The actual lease payments are made to a trustee who is responsible for payments to individual investors.

The sale of Oklahoma Development Finance Authority 2019A bonds for \$25,170,000 was issued to refund the Series 2009 bonds which was used to construct a new information technology building by the Office of Management and Enterprise Services. The refunding achieved gross debt service savings of \$8,652,000 and net present value debt service savings of \$5,771,000 or 18.75% of the refunded bonds.

B. Notes Payable

The Oklahoma Department of Transportation issued several series of Grant Anticipation Notes for the purpose of financing certain qualified federal aid transportation projects in the state. The notes are secured by federal revenue received from the Federal Highway Administration and have a final maturity in 2034. Total revenue received from the Federal Highway Administration in fiscal year 2020 was \$747,655,000 with a portion of that amount, \$82,471,000, reserved as security for the notes. Current year note obligations for principal and interest totaled \$5,922,000.

C. Capital Leases

The state entered into agreements to lease equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. Capital lease obligations are reported for those leases where the fair market value of the leased asset at inception of the lease is \$25,000 or more.

Leased equipment under capital leases in capital assets at June 30, 2020, includes the following (expressed in thousands):

| | <u>Buildings</u> | <u>Equipment</u> | <u>Total</u> |
|--------------------------------|------------------|------------------|-----------------|
| Cost | \$ 5,793 | \$ 487 | \$ 6,280 |
| Less: Accumulated depreciation | <u>(3,042)</u> | <u>(377)</u> | <u>(3,419)</u> |
| Total | <u>\$ 2,751</u> | <u>\$ 110</u> | <u>\$ 2,861</u> |

For fiscal year 2020, \$366,000 was recognized as depreciation expense for leased assets.

D. Other Liabilities

Compensated absences are liquidated by the general fund and do not have scheduled future debt service requirements beyond one year. The pension obligation is for the Oklahoma Law Enforcement Retirement System, Oklahoma Public Employees Retirement System, Oklahoma Police Pension and Retirement System, Oklahoma Teachers Retirement System and Oklahoma Wildlife Conservation Retirement Plan. These plans provide retirement, disability, and death benefits to the plan members and their beneficiaries. These pension obligations do not have scheduled future debt service requirements. The Oklahoma Wildlife Conservation Retirement Plan obligation will be liquidated by the general fund. The pension liability for all other plans will be liquidated by the respective pensions.

E. Authorized Unissued Bonds

During 2018, the legislature authorized OCIA to issue \$58,555,000 for the Department of Health to construct a new state health laboratory. During 2018, the legislature authorized OCIA to issue \$35,000,000 for the Oklahoma Department of Veterans Affairs to construct new long-term care facilities. During 2020, the legislature authorized OCIA to issue \$17,500,000 for the Conservation Commission to build a high hazard dam; Department of Transportation \$200,000,000 to finance an eight-year construction work plan; Department of Human Services \$16,000,000 to finance facility renovation and Department of Tourism and Recreation \$48,600,000 to finance construction and repair of state park facilities.

Note 10. Long-Term Obligations As Related to Business-Type Activities

The Oklahoma Water Resources Board along with the Department of Environmental Quality has issued 40 series of revenue bonds. These bonds provide resources to implement statewide financial assistance programs. These programs make loans to local government units for the acquisition, development, and utilization of storage and control facilities for water and sewage systems. Three of the revenue bonds have a variable or floating rate and are also subject to mandatory sinking fund redemption. The remaining revenue bonds are held at a fixed rate.

Long-term obligations at June 30, 2020, and changes for the fiscal year then ended are as follows (expressed in thousands):

| | Issue Dates | Interest Rates | Maturity Through | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due Within One Year |
|---------------------------------------|----------------|-------------------|---------------------|----------------------|------------|------------|-------------------|-----------------------------------|
| Revenue Bonds Payable from User Fees: | | | | | | | | |
| 2001-2020 Issues | 2001-2020 | 0.19%- 5.25% | 2049 | \$ 941,351 | \$ 180,055 | \$ 268,657 | \$ 852,749 | \$ 76,310 |
| Adjusted for: Bond Premiums/Discounts | | | | 61,064 | - | 9,815 | 51,249 | - |
| Revenue Bonds Payable (Net) | | | | \$ 1,002,415 | \$ 180,055 | \$ 278,472 | \$ 903,998 | \$ 76,310 |
| Other Noncurrent Liabilities | | | | \$ 8,418 | \$ 7,063 | \$ - | \$ 15,481 | \$ 1,099 |
| Net Pension Liability | | | | 838 | - | 273 | 565 | - |
| Other Postemployment Benefits | | | | 493 | 20 | - | 513 | - |
| Compensated Absences | | | | 1,005 | 915 | 779 | 1,141 | 303 |
| Total Long-Term Obligations | | | | \$ 1,013,169 | \$ 188,053 | \$ 279,524 | \$ 921,698 | \$ 77,712 |

The following table presents annual debt service requirements for those long-term obligations outstanding at June 30, 2020, which have scheduled debt service amounts (expressed in thousands):

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 - 2030 | 2031 - 2035 | 2036 - 2040 | 2041 - 2045 | 2046 - 2050 | Total |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|------------------|------------------|-------------------|
| Revenue Bonds: | | | | | | | | | | | |
| 2001-2020 Issues | \$ 109,184 | \$ 88,307 | \$ 87,702 | \$ 73,436 | \$ 68,750 | \$ 305,139 | \$ 222,291 | \$ 131,703 | \$ 70,141 | \$ 39,897 | \$ 1,196,550 |
| Less: Interest | 32,874 | 30,383 | 28,213 | 26,027 | 24,336 | 96,534 | 58,411 | 30,726 | 13,240 | 3,057 | 343,801 |
| Principal | <u>\$ 76,310</u> | <u>\$ 57,924</u> | <u>\$ 59,489</u> | <u>\$ 47,409</u> | <u>\$ 44,414</u> | <u>\$ 208,605</u> | <u>\$ 163,880</u> | <u>\$ 100,977</u> | <u>\$ 56,901</u> | <u>\$ 36,840</u> | \$ 852,749 |
| Adjusted for: | | | | | | | | | | | |
| Bond Premium/Discounts | | | | | | | | | | | 51,249 |
| Other Noncurrent Liabilities | | | | | | | | | | | 15,481 |
| Net Pension Liability | | | | | | | | | | | 565 |
| Other Postemployment Benefits | | | | | | | | | | | 513 |
| Compensated Absences | | | | | | | | | | | 1,141 |
| Total Long-Term Obligations | | | | | | | | | | | <u>\$ 921,698</u> |

Several of the bonds bear interest at variable rates, initially set at 0.87% to 5.25% and are periodically adjusted, pursuant to the provisions of the bond indentures, to a maximum rate of 12% per year. Variable rates are reset semiannually by the remarketing agent. The interest rate on the bonds was 2.0% at June 30, 2020. At the option of the Oklahoma Water Resources Board and subject to applicable provisions of the bond indenture, which require, among other things, that all bonds be successfully remarketed, the variable interest rate may be converted to a term rate that would stay fixed until maturity.

Note 11. Long-Term Obligations As Related to Component Units

Long-term obligations at June 30, 2020 (September 30, 2019, for Oklahoma Housing Finance Agency and December 31, 2019, for Oklahoma Turnpike Authority, Grand River Dam Authority and Municipal Power Authority), and changes for the fiscal year then ended are as follows (expressed in thousands):

| | Issue Dates | Interest Rates | Maturity Through | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due Within One Year |
|--|----------------|-------------------|---------------------|----------------------------|----------------------------|----------------------------|----------------------------|-----------------------------------|
| General Obligation Bonds Payable from User Fees: | | | | | | | | |
| Industrial Finance Authority | 2001 | 1.65%-2.50% | 2027 | \$ 30,000 | \$ - | \$ - | \$ 30,000 | \$ - |
| Total General Obligation Bonds Payable | | | | <u>\$ 30,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 30,000</u> | <u>\$ -</u> |
| Revenue Bonds Payable from User Fees: | | | | | | | | |
| Student Loan Authority | 2010-2013 | 0.70% - 1.60% | 2040 | \$ 145,091 | \$ - | \$ 26,362 | \$ 118,729 | \$ - |
| Development Finance Auth. | 1996 | 2.60% | 2031 | 9,999 | - | - | 9,999 | - |
| Housing Finance Agency | 1991-2019 | 1.15% - 7.35% | 2050 | 145,495 | 111,065 | 30,331 | 226,229 | 7,180 |
| Turnpike Authority | 2011-2018 | 0.20% - 5.00% | 2048 | 1,867,585 | - | 56,645 | 1,810,940 | 57,780 |
| Grand River Dam Authority | 2010-2017 | 1.80% - 7.16% | 2040 | 967,570 | - | 26,205 | 941,365 | 37,505 |
| Municipal Power Authority | 1992-2019 | 1.61% - 6.44% | 2047 | 622,345 | 59,105 | 86,470 | 594,980 | 24,025 |
| Higher Education | 1993-2020 | 0.40% - 7.00% | 2050 | 1,528,236 | 355,985 | 374,962 | 1,509,259 | 53,719 |
| Total Before Discounts/Deferrals | | | | <u>\$ 5,286,321</u> | <u>\$ 526,155</u> | <u>\$ 600,975</u> | <u>\$ 5,211,501</u> | |
| Adjusted for: Bond (Discount) Premiums | | | | <u>358,669</u> | <u>47,404</u> | <u>34,735</u> | <u>371,338</u> | |
| Total Revenue Bonds Payable | | | | | | | | |
| Net of Bond (Discounts) Premiums | | | | <u>\$ 5,644,990</u> | <u>\$ 573,559</u> | <u>\$ 635,710</u> | <u>\$ 5,582,839</u> | <u>\$ 180,209</u> |
| Notes Payable: | | | | | | | | |
| Multiple Injury Trust Fund | 2000-2001 | 7.00% | 2023 | \$ 9,001 | \$ - | \$ 2,355 | \$ 6,646 | \$ 2,525 |
| Housing Finance Agency | 2019 | 2.20% | 2020 | 10,500 | 98,100 | 108,600 | - | - |
| Oklahoma Turnpike Authority | 2020 | 2.63% | 2021 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| Student Loan Authority | 2016-2017 | 0.80%-0.90% | 2032 | 42,432 | - | 8,763 | 33,669 | - |
| OSU Medical Authority | 2014 | 4.12% | 2021 | 6,763 | - | 2,130 | 4,633 | 2,233 |
| Municipal Power Authority | 2003 | 6.00% | 2028 | 33,243 | - | 2,522 | 30,721 | 2,673 |
| Higher Education | 2001-2020 | 1.00%-6.00% | 2046 | 13,302 | 273 | 1,037 | 12,538 | 1,118 |
| Total | | | | <u>\$ 130,241</u> | <u>\$ 113,373</u> | <u>\$ 140,407</u> | <u>\$ 103,207</u> | <u>\$ 23,549</u> |
| Capital Leases: | | | | | | | | |
| Grand River Dam Authority | | | | \$ 143 | \$ - | \$ 94 | \$ 49 | \$ 49 |
| OSU Medical Authority | | | | 314 | 108 | 270 | 152 | 100 |
| Higher Education | | | | <u>1,142,730</u> | <u>59,829</u> | <u>126,251</u> | <u>1,076,308</u> | <u>58,494</u> |
| Total | | | | <u>\$ 1,143,187</u> | <u>\$ 59,937</u> | <u>\$ 126,615</u> | <u>\$ 1,076,509</u> | <u>\$ 58,643</u> |
| Claims and Judgments | | | | \$ 501,154 | \$ 54,872 | \$ 51,844 | \$ 504,182 | \$ 50,093 |
| Due to Primary Government | | | | 54,402 | - | 1,309 | 53,093 | - |
| Compensated Absences | | | | 130,643 | 100,267 | 92,795 | 138,115 | 94,674 |
| Net Pension Liability | | | | 1,592,010 | 109,607 | 21,737 | 1,679,880 | - |
| Other Postemployment Benefits | | | | 557,516 | 40,905 | 14,099 | 584,322 | - |
| Other Noncurrent Liabilities | | | | <u>1,002,818</u> | <u>776,120</u> | <u>860,667</u> | <u>918,271</u> | <u>763,505</u> |
| Total Long-Term Obligations | | | | <u><u>\$10,786,961</u></u> | <u><u>\$ 1,828,640</u></u> | <u><u>\$ 1,945,183</u></u> | <u><u>\$10,670,418</u></u> | <u><u>\$ 1,170,673</u></u> |

The following table presents annual debt service requirements for those long-term obligations outstanding at June 30, 2020 (September 30, 2019, for Oklahoma Housing Finance Agency and December 31, 2019, for Oklahoma Transportation Authority, Grand River Dam Authority and Oklahoma Municipal Power Authority), which have scheduled debt service amounts (expressed in thousands):

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026-2030 | 2031-2035 | 2036-2040 | 2041-2045 | 2046-2050 | Total |
|---|------------|------------|------------|------------|------------|--------------|--------------|--------------|------------|------------|---------------|
| General Obligation Bonds: | | | | | | | | | | | |
| Industrial Finance Authority | \$ 580 | \$ 10,455 | \$ 330 | \$ 330 | \$ 10,206 | \$ 10,248 | \$ - | \$ - | \$ - | \$ - | \$ 32,149 |
| Less: Interest | 580 | 455 | 330 | 330 | 206 | 248 | - | - | - | - | 2,149 |
| Total Principal | \$ - | \$ 10,000 | \$ - | \$ - | \$ 10,000 | \$ 10,000 | \$ - | \$ - | \$ - | \$ - | \$ 30,000 |
| Revenue Bonds: | | | | | | | | | | | |
| Student Loan Authority | \$ 1,453 | \$ 1,453 | \$ 1,453 | \$ 1,453 | \$ 1,455 | \$ 7,267 | \$ 44,108 | \$ 85,574 | \$ - | \$ - | \$ 144,216 |
| Development Finance Auth. | 260 | 260 | 260 | 260 | 260 | 1,300 | 10,259 | - | - | - | 12,859 |
| Housing Finance Agency | 10,752 | 13,967 | 13,934 | 15,646 | 17,584 | 70,051 | 65,085 | 61,140 | 42,683 | 24,221 | 335,063 |
| Turnpike Authority | 140,108 | 138,069 | 138,283 | 137,531 | 137,377 | 658,634 | 480,144 | 435,348 | 435,346 | 348,281 | 3,049,121 |
| Grand River Dam Authority | 82,053 | 82,047 | 82,687 | 82,130 | 86,081 | 405,863 | 359,613 | 203,163 | 16,554 | - | 1,400,191 |
| Municipal Power Authority | 47,761 | 46,985 | 47,058 | 47,170 | 41,815 | 193,054 | 153,463 | 146,214 | 150,968 | 90,600 | 965,088 |
| Higher Education | 111,384 | 111,333 | 119,090 | 120,991 | 126,906 | 554,467 | 468,963 | 371,274 | 204,068 | 36,142 | 2,226,207 |
| | \$ 393,771 | \$ 394,114 | \$ 402,765 | \$ 405,181 | \$ 411,478 | \$ 1,890,636 | \$ 1,581,635 | \$ 1,302,713 | \$ 849,619 | \$ 499,244 | \$ 8,132,745 |
| Less: Interest | 213,562 | 214,521 | 206,685 | 198,037 | 189,214 | 790,713 | 544,437 | 346,153 | 173,582 | 44,316 | 2,921,244 |
| Total Principal | \$ 180,209 | \$ 179,593 | \$ 196,080 | \$ 207,144 | \$ 222,264 | \$ 1,099,923 | \$ 1,037,198 | \$ 956,560 | \$ 676,037 | \$ 454,928 | \$ 5,211,501 |
| Notes Payable: | | | | | | | | | | | |
| Multiple Injury Trust Fund | \$ 2,925 | \$ 2,925 | \$ 1,451 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 7,301 |
| Housing Finance Agency | - | - | - | - | - | - | - | - | - | - | - |
| Oklahoma Turnpike Authority | 15,395 | - | - | - | - | - | - | - | - | - | 15,395 |
| Student Loan Authority | 285 | 285 | 285 | 285 | 285 | 6,746 | 28,565 | - | - | - | 36,736 |
| OSU Medical Authority | 2,424 | 2,499 | - | - | - | - | - | - | - | - | 4,923 |
| Municipal Power Authority | 4,516 | 4,517 | 4,517 | 4,517 | 4,517 | 18,066 | - | - | - | - | 40,650 |
| Higher Education | 1,783 | 2,842 | 2,555 | 2,440 | 2,327 | 1,390 | 1,098 | 950 | 800 | 147 | 16,332 |
| | \$ 27,328 | \$ 13,068 | \$ 8,808 | \$ 7,242 | \$ 7,129 | \$ 26,202 | \$ 29,663 | \$ 950 | \$ 800 | \$ 147 | \$ 121,337 |
| Less: Interest | 3,779 | 2,895 | 2,323 | 1,985 | 1,674 | 4,235 | 843 | 270 | 120 | 6 | 18,130 |
| Total Principal | \$ 23,549 | \$ 10,173 | \$ 6,485 | \$ 5,257 | \$ 5,455 | \$ 21,967 | \$ 28,820 | \$ 680 | \$ 680 | \$ 141 | \$ 103,207 |
| Capital Leases: | | | | | | | | | | | |
| Grand River Dam Authority | \$ 57 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 57 |
| OSU Medical Authority | 103 | 40 | 14 | - | - | - | - | - | - | - | 157 |
| Higher Education | 102,590 | 105,451 | 111,535 | 108,704 | 103,562 | 474,943 | 250,607 | 132,073 | 101,146 | 11,396 | 1,502,007 |
| | \$ 102,750 | \$ 105,491 | \$ 111,549 | \$ 108,704 | \$ 103,562 | \$ 474,943 | \$ 250,607 | \$ 132,073 | \$ 101,146 | \$ 11,396 | \$ 1,502,221 |
| Less: Interest | 44,107 | 41,951 | 39,589 | 37,036 | 33,369 | 125,392 | 59,812 | 31,632 | 12,270 | 554 | 425,712 |
| Total Principal | \$ 58,643 | \$ 63,540 | \$ 71,960 | \$ 71,668 | \$ 70,193 | \$ 349,551 | \$ 190,795 | \$ 100,441 | \$ 88,876 | \$ 10,842 | \$ 1,076,509 |
| Total | \$ 262,401 | \$ 263,306 | \$ 274,525 | \$ 284,069 | \$ 307,912 | \$ 1,481,441 | \$ 1,256,813 | \$ 1,057,681 | \$ 765,593 | \$ 465,911 | \$ 6,421,217 |
| Adjusted for: Net Discounts and Deferred Debits on Refundings | | | | | | | | | | | 371,338 |
| Long-Term Obligations without scheduled debt service: | | | | | | | | | | | |
| Claims and Judgments | | | | | | | | | | | 504,182 |
| Due to Primary Government | | | | | | | | | | | 53,093 |
| Compensated Absences | | | | | | | | | | | 138,115 |
| Net Pension Liability | | | | | | | | | | | 1,679,880 |
| Other Postemployment Benefits | | | | | | | | | | | 584,322 |
| Other Noncurrent Liabilities | | | | | | | | | | | 918,271 |
| Total Long-Term Obligations | | | | | | | | | | | \$ 10,670,418 |

A. General Obligation Bonds

Oklahoma Industrial Finance Authority has three series of general obligation bonds outstanding. These bonds are issued for the funding of industrial finance loans to encourage business development within the state. All revenues arising from the net proceeds from repayment of industrial finance loans and interest received thereon are pledged under these bond issues. In addition, these general obligation bonds are backed by the full faith and credit of the state.

B. Revenue Bonds

The Oklahoma Student Loan Authority has issued four series of revenue bonds with outstanding balances. The bonds were issued for the purpose of funding student loans. All bonds payable are primarily secured by the student loans receivable,

related accrued interest and by the amounts on deposit in the accounts established under the respective bond resolution. Variable interest rates are adjusted periodically based on prevailing market rates of various instruments as prescribed in bond indentures. At June 30, 2020, the variable interest rates ranged from 0.7% to 1.6%.

The Oklahoma Development Finance Authority has issued revenue bonds to fund loans to various investment enterprises in connection with the Quality Jobs Investment Program. The bonds are payable solely from and secured by the revenues and funds in the Quality Jobs Investment Program and a Credit Enhancement Reserve Fund guarantee insurance policy. The interest rates are variable and equal to the Oklahoma Industrial Finance Authority's cost of funds on its outstanding variable rate bond issues. The interest rate at June 30, 2020, was 2.6%.

The Oklahoma Housing Finance Agency has issued nine series of revenue bonds with outstanding balances at year end. The net proceeds of these bonds are used to provide financing for qualifying residences, provide interim and permanent financing for multifamily construction projects, and establish debt service reserves as required by the various trust indentures.

The Oklahoma Turnpike Authority has eight series of revenue bonds outstanding with an original issue amount of \$2,192,365,000. The bonds are issued for the purpose of financing capital improvements and new projects relating to the state's turnpike system and are financed primarily by tolls assessed on users of the turnpikes.

The Grand River Dam Authority has seven series of revenue bonds outstanding with an original issue amount of \$1,201,655,000. Oklahoma statutes have authorized Grand River Dam Authority to issue revenue bonds with the aggregate outstanding indebtedness not to exceed \$1,410,000,000.

The Oklahoma Municipal Power Authority (OMPA) has ten series of revenue bonds outstanding. The bonds were issued to finance portions of OMPA's acquisition and construction activities. The bonds are payable from and collateralized by a pledge of and security interest in the proceeds of the sale of the bonds, the revenues of OMPA, and assets in the funds established by the respective bond resolutions. Neither the State of Oklahoma nor any political subdivision thereof is obligated to pay principal or interest on the bonds. OMPA does not have any taxing authority. Certain series of the bonds have a variable interest rate which is established either by auction or a weekly index. The maximum rate is 14%.

Eight of the state's colleges and universities within the higher education component unit have authorized and issued 59 series of revenue bonds with an original issue amount of \$2,740,085,000. These bonds were issued for the construction of student housing and other facilities. Student fees, revenues produced by the constructed facilities, and other revenues collateralize the revenue bonds.

C. Defeased Bonds

In prior years, component units have defeased bonds by placing assets in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the assets of the trusts and the liabilities for the defeased bonds are not included in the accompanying financial statements. OMPA had defeased bonds outstanding at December 31, 2019, totaling \$26,740,000.

D. Notes Payable

The Multiple Injury Trust Fund (MITF) component unit reports a note payable to CompSource Oklahoma of \$6,646,000 as permitted by statute. Included in this note payable is a \$6,000,000 advance on a line of credit. The note and line of credit bear interest at a 7% rate and are payable over 30 years in quarterly installments. The note and line of credit are collateralized by MITF revenues and any equity or other interests available to MITF.

Notes for the Oklahoma Student Loan Authority are issued to fund student loans and are primarily secured by the student loans receivable, related accrued interest and by the amounts on deposit in the accounts established under the respective financing agreements. Variable interest rates are adjusted periodically based on prevailing market rates of various instruments as prescribed in lending agreements. At year end the variable interest rates ranged from 0.8% to 0.9%.

OMPA has issued \$57,739,000 in a taxable limited obligation note. The note is payable solely from lease payments made by FPL Energy Oklahoma Wind, LLC, with no recourse to OMPA. The note bears an interest rate of 6%, and annual principal and interest payments are due through December 31, 2028.

The higher education component unit entered into various notes payable agreements. Lease payments, a pledge of “Section Thirteen Fund State Educational Institutions” monies, the equipment purchased, and the facilities constructed are pledged as collateral on the notes.

E. Capital Leases

The higher education component unit has entered into agreements with unrelated parties as well as agreements with the Oklahoma Capital Improvement Authority (OCIA) to lease various facilities, equipment and improvements. In fiscal year 1999, the higher education component unit signed capital lease agreements with OCIA totaling \$49,178,000 and additional agreements totaling \$515,350,000 during fiscal year 2006. In fiscal year 2011, additional agreements with OCIA totaling \$249,440,000 were added. In fiscal year 2014, lease agreements for \$177,055,000 were added. During fiscal year 2015, lease agreements for \$95,713,000 were added. The outstanding principal balance for the OCIA leases at June 30, 2020, is \$318,584,000. Only the principal balance of the leases is recognized since it is equivalent to the value of the items leased. The OCIA agreements are aggregated with the other capital lease obligations on the statement of net position for year end.

Oklahoma State University Medical Authority has capital leases totaling \$152,000 for equipment through fiscal year 2021.

Leased assets under capital leases in capital assets at June 30, 2020, included the following (expressed in thousands):

| | Construction In Progress | Buildings | Equipment | Total |
|--------------------------------|-----------------------------|-------------------|-------------------|-------------------|
| Cost | \$ 23,136 | \$ 481,815 | \$ 538,947 | \$ 1,043,898 |
| Less: Accumulated depreciation | - | (117,775) | (189,760) | (307,535) |
| Total | <u>\$ 23,136</u> | <u>\$ 364,040</u> | <u>\$ 349,187</u> | <u>\$ 736,363</u> |

F. Other Liabilities

Claims and judgments, due to primary government, compensated absences, and other noncurrent liabilities of each component unit, as presented in the financial statements, will be liquidated by the reporting component unit. Other noncurrent liabilities include unearned revenue and other miscellaneous liability amounts. These liabilities do not have scheduled future debt service requirements beyond one year.

G. Authorized Unissued Bonds

By statute, Oklahoma Industrial Finance Authority has authority to issue general obligation bonds not to exceed \$90,000,000 plus the balance in its bond redemption account. This results in \$60,000,000 of authorized but unissued general obligation bonds.

Oklahoma state statutes have authorized the Grand River Dam Authority to issue revenue bonds from time to time with the aggregate outstanding indebtedness not to exceed \$1,410,000,000. As of December 31, 2019 the Grand River Dam Authority was authorized to issue an additional \$468,635,000 of revenue bonds.

Note 12. Net Position/Fund Balance

Beginning Net Position and Other Restatements

Primary Government

Beginning committed fund balance related to the general fund on the Statement of Revenues, Expenditures and Changes in Fund Balances decreased \$18,533,000 at July 1, 2019, due to corrections of accounting errors.

Beginning net position related to governmental activities on the Statement of Activities was restated due to corrections of accounting errors which resulted in a decrease of \$13,927,000 at July 1, 2019.

Component Units

Beginning net position for component units was restated due to corrections to accounting errors (decrease of \$12,348,000) and cumulative change in accounting principle (adoption of GASB Statement number 84 resulting in an increase of \$1,713,000). The net effect of the restatements decreased beginning net position by \$10,635,000 as of July 1, 2019.

Governmental Fund Balance

The Governmental Fund Financial Statements present fund balance at the aggregate level of detail within the categories defined by GASB Statement number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The table below represents the detailed amount of fund balance available to each functional level of government within those categories. This table also contains a separate detailed categorization for the state's Constitutional Reserve or "Rainy Day" fund (CRF) if a balance is available at the end of fiscal year (expressed in thousands):

| | General | Permanent Funds | | | Total Governmental Funds |
|--------------------------------------|---------------------|-------------------------------------|--|------------------------------------|--------------------------------|
| | | Commissioners of the Land Office | Department of Wildlife Lifetime Licenses | Tobacco Settlement Endowment | |
| Nonspendable | | | | | |
| Inventories | \$ 118,949 | \$ - | \$ - | \$ - | \$ 118,949 |
| Prepays | 319 | - | - | - | 319 |
| Permanent Fund Principal | - | 2,397,836 | 92,951 | 1,206,810 | 3,697,597 |
| Restricted | | | | | |
| Education | 21,308 | - | - | - | 21,308 |
| Government Administration | 486,771 | - | - | - | 486,771 |
| Health Services | 79,103 | - | - | - | 79,103 |
| Legal and Judiciary | 28,190 | - | - | - | 28,190 |
| Museums | 921 | - | - | - | 921 |
| Natural Resources | 9,824 | - | - | - | 9,824 |
| Safety and Defense | 6,096 | - | - | - | 6,096 |
| Regulatory Services | 4,759 | - | - | - | 4,759 |
| Social Services | 24,018 | - | - | - | 24,018 |
| Transportation | 71,459 | - | - | - | 71,459 |
| Stabilization Fund | 44,003 | - | - | - | 44,003 |
| Committed | | | | | |
| Education | 91,678 | - | - | - | 91,678 |
| Government Administration | 2,549,460 | - | - | 41,490 | 2,590,950 |
| Health Services | 150,342 | - | - | - | 150,342 |
| Legal and Judiciary | 48,820 | - | - | - | 48,820 |
| Museums | 6,694 | - | - | - | 6,694 |
| Natural Resources | 186,492 | - | - | - | 186,492 |
| Safety and Defense | 195,691 | - | - | - | 195,691 |
| Regulatory Services | 171,464 | - | - | - | 171,464 |
| Social Services | 238,125 | - | - | - | 238,125 |
| Transportation | 923,713 | - | - | - | 923,713 |
| Assigned | - | - | - | 79,528 | 79,528 |
| Unassigned | | | | | |
| Constitutional Reserve ("Rainy Day") | 14,668 | - | - | - | 14,668 |
| Total Fund Balances | <u>\$ 5,472,867</u> | <u>\$ 2,397,836</u> | <u>\$ 92,951</u> | <u>\$ 1,327,828</u> | <u>\$ 9,291,482</u> |

Nonspendable fund balance represents amounts that are not in spendable form. These amounts are not expected to be converted to cash. The state's primary forms of nonspendable fund balance are inventories and prepaid items such as rent or postage. Nonspendable fund balance also includes principal amounts within each respective permanent fund that is legally required to be maintained into perpetuity.

Restricted fund balance represents amounts that have constraints upon their use through either outside creditors, grantors, contributors or other governments as well as those amounts restricted through constitutional provisions or enabling

legislation that can be legally enforced by parties outside the government. The state's general fund restricted fund balance is primarily comprised of amounts yet to be expended under federal grant awards, imminent payments on outstanding bond issues, long-term receivables that must be used for debt repayment, and 75% of any available balance in the CRF. The Commissioners of the Land Office Permanent Fund is restricted for educational systems. Fund balance as restricted by the various constraints in the general fund for the fiscal year ended June 30, 2020, were as follows (expressed in thousands):

| | General Fund - Restricted | | | |
|--------------------------------------|---------------------------|-------------------|----------------------------|----------------------------|
| | For Debt Service Only | Federal Cash | By Enabling Legislation | Restricted Fund Balance |
| Restricted | | | | |
| Education | \$ - | \$ 21,308 | \$ - | \$ 21,308 |
| Government Administration | 468,768 | 18,003 | - | 486,771 |
| Health Services | 191 | 78,912 | - | 79,103 |
| Legal and Judiciary | - | 28,190 | - | 28,190 |
| Museums | - | 921 | - | 921 |
| Natural Resources | 4,234 | 5,590 | - | 9,824 |
| Safety and Defense | 163 | 5,933 | - | 6,096 |
| Regulatory Services | 4,633 | 126 | - | 4,759 |
| Social Services | 2,586 | 21,432 | - | 24,018 |
| Transportation | 71,194 | 265 | - | 71,459 |
| Constitutional Reserve ("Rainy Day") | - | - | 44,003 | 44,003 |
| Total Restricted Fund Balance | <u>\$ 551,769</u> | <u>\$ 180,680</u> | <u>\$ 44,003</u> | <u>\$ 776,452</u> |

Committed fund balance is presented for each respective function of government as directed by the state's highest level of decision-making authority. Along with ratification by the governor, the Senate and the House of Representatives write, prepare and approve legislative bills to allocate the state's available resources each fiscal year. This process is a formal legislative action constituting the highest level of decision-making authority. Once this authority is exercised, the same action must be taken to modify or rescind a previously approved bill or allocation of resources.

Under generally accepted accounting principles reporting, the nonspendable and restricted fund balance categories are considered restricted fund balance. The committed, assigned and unassigned fund balances are considered unrestricted fund balance. Generally, when the state has both restricted and unrestricted resources available, the restricted balances will be used first as expenditures are incurred if conditions that created the restriction are met. When unrestricted fund balance is used, the order of use would generally be committed, then assigned, and finally unassigned.

Article 10, Section 23, of the state Constitution establishes a stabilization arrangement under certain conditions where revenues collected exceed estimates made by the Oklahoma State Board of Equalization (board). Each year the board determines the amount available for allocation by the legislature not to exceed 95% of the board's estimate, or general revenue fund certification amount. In any year in which amounts collected exceed 100% of the board's estimated revenues, the excess is placed in the CRF until the fund reaches 15% of the general revenue fund certification amount for the preceding fiscal year.

Up to 37.5% of the balance in the fund at the beginning of the year may be appropriated for the forthcoming fiscal year when the board's estimate is lower than the current fiscal year certification. An additional 37.5% of the CRF at the beginning of the year may be appropriated for the current year if the board determines that a revenue failure has occurred with respect to the general revenue fund for the current year. The remaining 25% of the balance in the CRF may be appropriated upon a declaration by the governor that emergency conditions exist with concurrence by a two-thirds vote within the Senate and House of Representatives. This same 25% may also be appropriated through a joint declaration of emergency by both the Senate and House of Representatives with a concurrent 3/4ths vote by each legislative body.

Due to the different methods for accessing the CRF, any balance with the fund at year end is presented as 75% restricted and 25% unassigned. This split in presentation most closely aligns the government's ability to access these funds with the proper fund balance classification. The total CRF balance at June 30, 2020, was \$58,671,000, with \$44,003,000 presented as restricted fund balance and \$14,668,000 as unassigned fund balance.

The Tobacco Settlement Endowment Trust Fund's assigned fund balance classification reflects amounts that are constrained by the fund's intent to be used for specific purposes. For purposes of assigned fund balance, the fund's board of directors has authority to assign funds for specific purposes. Prior to 2012, the board of directors determined that 10% of the

unassigned fund balance would be designated as a reserve for future periods, should annual earnings prove insufficient to cover expenses. In November 2011, the board of directors chose to limit yearly expenditures of certified earnings to no more than 5% of the corpus of the fund, with any unexpended certified earnings added to the reserve. For the fiscal year ended June 30, 2020, the assigned fund balance was \$79,528,000.

As explained in Note 1, Summary of Significant Accounting Policies, section J, the general fund inventory includes \$193,000 in food commodities which is also included in unearned revenue. Therefore, nonspendable fund balance for inventory/prepaid on the balance sheet is \$193,000 less than the total of inventory and prepaid items.

Note 13. Nonrecourse Debt and Debt Guarantees

Nonrecourse (Conduit) Debt, Notes Receivable and Funds in Trust

Financing agreements of Oklahoma Development Finance Authority (ODFA) and Oklahoma Housing Finance Agency (OHFA) are structured such that the debt is to be repaid solely from the revenues derived from the related facilities leased or acquired, or from the disposition of collateral. ODFA and OHFA do not hold notes receivable and trust investments in amounts equal to the long-term financings. As of September 30, 2019, OHFA had ten series of multifamily bonds outstanding with an aggregate principal amount payable of approximately \$117,850,000. These financings are not general obligations of the state or state agencies, and it is the opinion of agency management and its legal counsel that, in the event of default by a borrower, the state has no responsibility for repayment of such financings. Accordingly, the nonrecourse debt and the related notes receivable and trust investments of ODFA's and OHFA's multifamily bond programs have been excluded from the financial statements. The debt and other obligations and the related notes receivable and other assets of OHFA's single family bonds are presented in the financial statements, since any assets remaining when the single-family bond programs are liquidated are transferred to OHFA.

Credit Enhancement Reserve Fund

Under the State Constitution, ODFA may issue bonds of the state, to be known as Credit Enhancement Reserve Fund General Obligation Bonds, in a total principal amount of \$100,000,000, for the sole purpose of generating resources if there are insufficient assets to meet insurance obligations. The fund is managed, administered, and utilized by ODFA solely to secure the payment of interest insurance on the revenue bonds and other financial obligations issued by the Authority for the specific purpose of enhancing and supporting the credit of such obligations. As of June 30, 2020, there were approximately \$25,800,000 of outstanding financial obligations insured by ODFA. At year end, the fund has accrued a reserve for losses of approximately \$633,000 to cover potential losses from outstanding financial obligations insured by the fund. Through June 30, 2020, there have been no Oklahoma Credit Enhancement Reserve Fund General Obligation Bonds issued since, and it is the full intention of ODFA to utilize the fund's existing available net assets to meet obligations arising from losses insured by the fund.

Note 14. Retirement and Pension Systems

A. Plan Description

The State of Oklahoma has six public employee retirement systems that administer pension plans: Oklahoma Firefighters Pension and Retirement System (OFPRS), Oklahoma Law Enforcement Retirement System (OLERS), Oklahoma Public Employees Retirement System (OPERS), Uniform Retirement System for Justices and Judges (URSJJ), Oklahoma Police Pension and Retirement System (OPPRS), and the Teachers' Retirement System of Oklahoma (TRS). These plans are all fiduciary component units of the state. The Department of Wildlife Conservation (ODWC) administers the Wildlife Conservation Retirement Plan (WCRP), which is part of the primary government.

OFPRS, OPERS, OPPRS, and TRS are all cost-sharing, multi-employer defined benefit retirement systems. URSJJ, OLERS and WCRP are single-employer, defined benefit retirement systems. Pension benefit provisions for all plans are established by statute and benefit provisions are amended by the state Legislature. Each plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living adjustments are provided to plan members at the discretion

of the state Legislature. The information and schedules which follow are the representation of the respective state and local governmental employer pension plans which are administered through trusts.

Separately issued independent audit reports for each pension plan may be obtained from the following:

| | | |
|---|---|---|
| Firefighters Pension and Retirement 6601 Broadway Extension, Suite 100 Oklahoma City, OK 73116 https://www.ok.gov/fprs | Law Enforcement Retirement 421 NW 13th Street, Suite 100 Oklahoma City, OK 73103 https://www.olders.state.ok.us | Police Pension and Retirement 1001 NW 63rd Street, Suite 305 Oklahoma City, OK 73116 https://www.ok.gov/opprs |
| Public Employees Retirement PO Box 53007 Oklahoma City, OK 73152 https://www.opers.ok.gov | Uniform Retirement System for Justices and Judges PO Box 53007 Oklahoma City, OK 73152 https://www.opers.ok.gov | Teachers' Retirement System PO Box 53524 Oklahoma City, OK 73152 https://www.ok.gov/trs |
| | Department of Wildlife Conservation PO Box 53465 Oklahoma City, OK 73152 https://www.wildlifedepartment.com | |

B. Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the respective pension plans and additions to/deductions from plans fiduciary net position is determined on the same basis as they are reported by each pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Component units of the State of Oklahoma may participate in additional pension plans that are not reported as part of the state's structure. As a result, net pension asset/liability and deferred inflows/outflows related to pensions on the related financial statements may exceed that reported in the Notes to the Financial Statements. For further information, component unit separately audit financial statements may be obtained by contacting the Office of Management and Enterprise Services, 2401 N. Lincoln Blvd., Suite 212, Oklahoma City, OK 73105.

C. Eligibility Factors and Benefit Provisions

Provisions

OFPRS as of July 1, 2019

a. Eligible to Participate

All eligible firefighters of a participating municipality or a fire protection district who perform the essential functions of fire suppression, prevention and life safety duties in a fire department

b. Period Required to Vest

Ten years of credited service if employed prior to November 1, 2013; 11 years of credited service if employed after November 1, 2013

c. Eligibility for Distribution

Normal retirement 20 years of service if employed prior to November 1, 2013; age 50 with 22 years of service if employed after November 1, 2013; disability retirement upon disability; death benefit of \$5,000 payable to the qualified spouse or designated recipient upon the participant's death

- d. Benefit Determination Base
Final average salary - the average paid gross salary of the firefighter for normally scheduled hours over the highest salaried 30 consecutive months of the last 60 months of credited service
- e. Benefit Determination Methods:
 - Normal Retirement
Paid firefighters: 50% of the firefighter's final average salary. Volunteer firefighters: \$150.60 per month, effective July 1, 2008
 - Disability Retirement Paid Firefighters
2.5% of the firefighter's final average salary per year of service, with a minimum service credit of 20 years and maximum of 30 years; for disabilities not in the line of duty, final average monthly compensation is based on 60 months instead of 30 months
 - Volunteer Firefighters
\$7.53 per month per years of service, with a maximum of 30 years; for disabilities or deaths in the line of duty, there is a minimum service credit of 20 years
- f. Benefit Authorization
Benefits are established in accordance with Title 11 of the Oklahoma Statutes, Section 49-100.1 through 49-143.6 as amended
- g. Form of Benefit Payments
Straight life annuity; survivor benefit: joint and 100% survivor annuity if firefighter was married 30 months prior to death

Provisions

OLERS as of July 1, 2019

- a. Eligible to Participate
All law enforcement officers of the Oklahoma Highway Patrol and Capitol Patrol of Department of Public Safety (DPS), Oklahoma State Bureau of Investigation, Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, Alcoholic Beverage Laws Enforcement Commission, members of the DPS Communications Division, DPS Waterways Lake Patrol, Rangers for Tourism and Recreation Department, Inspectors of the Oklahoma State Board of Pharmacy, and Gun Smiths of DPS are eligible upon employment
- b. Period Required to Vest
Ten years of credited service
- c. Eligibility for Distribution
Normal retirement 20 years of service or age 62 with 10 years of service; maximum of age 60 with 20 years of service, unless considered physically able to continue; disability benefit upon determination of disability incurred in the line of duty; for disability not in the line of duty after three years of service; death benefit of \$5,000 payable to the designated beneficiary
- d. Benefit Determination Base
Final average salary – the average of the highest 30 consecutive complete months of compensation
- e. Benefit Determination Methods:
 - Normal Retirement
2.5% of member's final average salary multiplied by the years of credited service; no maximum on service

Disability Retirement:

Duty

The greater of 1) 2.5% of the greater of the final average salary times years and completed months of credited service, or 2) 50% of final average salary

Non-Duty

2.5% of the final average salary times years and completed months of credited service

f. Benefit Authorization

Benefits are established in accordance with Title 47 of the Oklahoma Statutes, Chapter 2, Article III, Section 2-300 through 2-315 as amended

g. Form of Benefit Payments

100% Joint and Survivor Annuity

Provisions

OPERS as of July 1, 2019

a. Eligible to Participate

All permanent employees of the State of Oklahoma, and any other employer such as a county, county hospital, city or town, conservation district, circuit engineering district, and any trust in which a county, city, or town participates and is the primary beneficiary, are eligible to join if:

- The employee is not eligible for or participating in another retirement system authorized under Oklahoma law, is covered by Social Security and not participating in the U.S. Civil Service Retirement System
- The employee is scheduled for 1,000 hours per year and salary is not less than the hourly rate of the monthly minimum wage for state employees (for employees of local government employers, not less than the hourly rate of the monthly minimum wage for such employees)

b. Period Required to Vest

Eight years of credited service

c. Eligibility for Distribution

Normal retirement:

- Member before November 1, 2011, one of the following:

Age 62 with six years of credited service; for elected officials age 60

80 points - The sum of age and years of service equals 80 if member before July 1, 1992

90 points - The sum of age and years of service equals 90 if member after July 1, 1992

- Member on or after November 1, 2011, one of the following:

Age 65 with six years of credited service; for elected officials age 65 with eight years of elected service

90 points – At least age 60 and the sum of age and years of service equals 90

Disability benefit after eight years of service, provided member qualifies for disability benefits from the Social Security Administration or the Railroad Retirement Board

Death benefit of \$5,000 payable upon death of retiree to the designated beneficiary

d. Benefit Determination Base

Final average salary – member before July 1, 2013, the average of the 36 highest months of compensation earned within the last 10 years of service (including highest three longevity payments); member after July 1, 2013, the average highest 60 months of compensation earned within the last 10 years of service (including highest 5 longevity payments)

e. Benefit Determination Methods:

Normal Retirement

2% of member's final average salary multiplied by the years of credited service

Disability Retirement

Same as normal retirement

f. Benefit Authorization

Benefits are established in accordance with Title 74 of the Oklahoma Statutes, Chapter 29, Section 901 through 935 as amended

g. Form of Benefit Payments

Life Annuity, Joint and 50% Survivor, Joint and 100% Survivor Annuity, Life Annuity with a minimum of 120 monthly payments, and Medicare Gap Benefit option

Provisions

USRJJ as of July 1, 2019

a. Eligible to Participate

Any Justice or Judge of the Supreme Court, Court of Criminal Appeals, Workers' Compensation Court of Existing Claims, Court of Appeals or District Court who serves as justice or judge of any of said courts in the State of Oklahoma

b. Period Required to Vest

Eight years of credited service

c. Eligibility for Distribution

Normal retirement:

- Member before January 1, 2012, one of the following:

Age 60 with 10 years of credited service

Age 65 with eight years of credited service

80 points - The sum of age and years of service equals 80

- Member after January 1, 2012, one of the following:

Age 62 with 10 years of credited service

Age 67 with eight years of credited service

Disability benefit at age 55 and 15 years of judicial service

Death benefit of \$5,000 payable upon death of retiree to the designated beneficiary

- | | | |
|----|--------------------------------|---|
| d. | Benefit Determination Base | Final average salary – average monthly salary based on the highest 36 months of active service |
| e. | Benefit Determination Methods: | |
| | Normal Retirement | 4% of member's final average compensation multiplied by years of credited service not to exceed 100% of final average salary |
| | Disability Retirement | Same as normal retirement |
| f. | Benefit Authorization | Benefits are established in accordance with Title 20 of the Oklahoma Statutes, Chapter 16, Section 1101 through 1111 as amended |
| g. | Form of Benefit Payments | Single-life, Joint and 50% Survivor, Joint and 100% Survivor |

Provisions

OPPRS as of July 1, 2019

- | | | |
|----|------------------------------|---|
| a. | Eligible to Participate | All eligible officers of a participating municipality and any person hired by a participating municipality who is undergoing police training to become a permanent police officer; works more than 25 hours per week and is not less than 21 or more than 45 years of age when accepting membership |
| b. | Period Required to Vest | Ten years of credited service |
| c. | Eligibility for Distribution | <p>Normal retirement upon completing 20 years of credited service</p> <p>Total Disability (Duty): upon determination of total disability; Total Disability (Non-Duty): upon determination of disability after 10 years of service</p> <p>Death benefit of \$5,000 payable upon death of retiree to the designated beneficiary</p> |
| d. | Benefit Determination Base | Final average salary – average base salary for normally scheduled hours over the highest salaried 30 consecutive months of the last 60 months of credited service. |

e. Benefit Determination Methods:

Normal Retirement

2.5% of member's final average salary multiplied by years of credited service not to exceed 30 years

Disability Retirement

Total Disability (Duty): 50% of final average salary

Total Disability (Non-Duty): 2.5% of final average salary multiplied by years of credited service not to exceed 30 years

Partial Disability (Duty): final average salary reduced by the percent of impairment, as outlined in the "American Medical Association's Guide to the Evaluation of Permanent Impairment"

Partial Disability (Non-Duty): 2.5% of final average salary multiplied by years of credited service (maximum of 30 years) reduced by the percentage of impairment, as outlined in the "American Medical Association's Guide to the Evaluation of Permanent Impairment"

f. Benefit Authorization

Benefits are established in accordance with Title 11 of the Oklahoma Statutes, Chapter 1, Section 50-101 through 50-136.8 as amended

g. Form of Benefit Payments

Joint and 100% Survivor Annuity

Provisions

TRS as of July 1, 2019

a. Eligible to Participate

All employees of any public school in Oklahoma, including public colleges and universities

b. Period Required to Vest

Five years of credited service. Seven years of credited service for members joining after October 31, 2017.

c. Eligibility for Distribution

Normal retirement:

- Member before November 1, 2011 – age 62 with 5 years of service
- Member after October 31, 2011 – age 65 with 5 years of service or age 60 and the number of years of service totals 90
- Member before July 1, 1992 – age and the number of years of creditable service total 80
- Member on or after July 1, 1992 but prior to November 1, 2011 – age and the number of years totals 90
- Members joining after October 31, 2017, must have credit for seven or more years of service.

Early retirement:

- Member prior to November 1, 2011 – Age 55 and 5 years of service or upon completion of 30 years of service
- Member after October 31, 2011 – Age 60 and 5 years of service
- Members joining after October 31, 2017, must have credit for seven or more years of service.

| | |
|-----------------------------------|--|
| | Disability benefit after 10 years of service |
| | Death benefit of \$5,000 payable upon death of retiree to the designated beneficiary |
| d. Benefit Determination Base | Final average salary – For those becoming members before July 1, 1992, the compensation for the three years on which the highest contributions are paid; for persons becoming members after June 30, 1992, the compensation for the five years on which the highest contributions are paid |
| e. Benefit Determination Methods: | |
| Normal Retirement | 2% of member's final average salary multiplied by years of credited service subject to the compensation limits in Title 70, Chapter 1, Article 17, Section 17-101(28) and 17-116.2C. |
| Disability Retirement | Same as normal retirement |
| f. Benefit Authorization | Benefits are established in accordance with Title 70 of the Oklahoma Statutes, Chapter 1, Article 17, Section 17-101 through 17-122.1 as amended |
| g. Form of Benefit Payments | Straight Life Annuity, Joint and 50% Survivor, Joint and 100% Survivor |

Provisions

WCRP as of July 1, 2019

| | |
|-----------------------------------|--|
| a. Eligible to Participate | Employees with a hire date prior to July 1, 2010; plan was frozen as of July 1, 2010 Ten years of credited service |
| b. Period Required to Vest | Normal retirement – Age 65 |
| c. Eligibility for Distribution | Early retirement: <ul style="list-style-type: none"> • Age 55 and 15 years of service; benefit reduced 2% for each year benefit received prior to age 62 • Age 55 and sum of age and years of continuous service equals 85 |
| d. Benefit Determination Base | Final average salary – Highest three years annual covered compensation received during the last 10 years of participating service |
| e. Benefit Determination Methods: | |
| Normal Retirement | 2.5% of member's final average salary multiplied by years of credited service; employees hired after July 1, 1995, the maximum benefit is 85% of final average salary with minimum benefit of \$50 per month |
| Disability Retirement | Same as normal retirement |
| f. Benefit Authorization | Benefits are established in accordance with Title 29 of the Oklahoma Statutes, Chapter 1, Article 3, Section 3-306 |
| g. Form of Benefit Payments | Lifetime benefit |

D. Employees Covered by Benefit Terms

| | OFPRS | OLERS | OPERS | URSJJ | OPPRS | TRS | WCRP |
|-----------------------------------|--------|-------|--------|-------|-------|---------|------|
| Active Employees | 12,347 | 1,234 | 34,536 | 269 | 5,727 | 90,014 | 201 |
| Deferred Vested Former Employees | 2,199 | 30 | 6,106 | 18 | 162 | 12,784 | 25 |
| Retirees or Retiree Beneficiaries | 11,203 | 1,474 | 35,869 | 300 | 3,815 | 64,821 | 229 |
| Total | 25,749 | 2,738 | 76,511 | 587 | 9,704 | 167,619 | 455 |

E. Contribution Requirements

Oklahoma Firefighters Pension and Retirement System: The authority to set and amend contribution rates is established by ordinance for OFPRS defined benefit plan in accordance with Title 11 of the Oklahoma Statutes, Section 49-100.6. The contribution rates for the current fiscal year are made in accordance with Oklahoma statute. The rate is 9% for employees of their covered salary and 14% for employers of covered payroll as of July 1, 2019. Municipalities with revenues in excess of \$25,000 contribute \$60 per year for each volunteer firefighter. Prior to November 1, 2013, the rate was 8% for employees, 13% for employers, and municipalities contributed \$60 per year for each volunteer firefighter. The state contributes a portion of the insurance premium tax collected through its taxing authority. Currently, this contribution is 36% of insurance premium tax collected by the state. Prior to November 1, 2013, the contribution rate was 34%. For the year ended June 30, 2019, OFPRS recognized \$172,426,000 in contributions to the plan based on covered payroll of \$307,735,000.

Oklahoma Law Enforcement Retirement System: The authority to set and amend contribution rates is established by ordinance for OLERS defined benefit plan in accordance with Title 47 of the Oklahoma Statutes, Chapter 2, Article 3, Section 2-303.1. The contribution rates for the current fiscal year are made in accordance with Oklahoma statute. The rate is 8% for employees of their covered salary and 11% for employers of covered payroll as of July 1, 2019. The state contributes a portion of driver's license taxes, and insurance premium tax collected through its taxing authority. Currently, this contribution is 1.2% of driver's license taxes, and 5% of insurance premium tax. For the year ended June 30, 2019, OLERS recognized \$39,653,000 in contributions to the plan based on covered payroll of \$85,407,000.

Oklahoma Public Employees Retirement System: The authority to set and amend contribution rates is established by ordinance for OPERS defined benefit plan in accordance with Title 74 of the Oklahoma Statutes, Chapter 29, Section 908. The contribution rates for the current fiscal year are made in accordance with Oklahoma statute. The rate for state employees is 3.5% of their covered salary and 16.5% of covered payroll for state agencies as of July 1, 2019. Contributions for participating county and local agencies total 20% for employees and employers as of July 1, 2019. For the year ended June 30, 2019, OPERS recognized \$330,296,000 in contributions to the plan based on covered payroll of \$1,601,075,000.

Uniform Retirement System for Justices and Judges: The authority to set and amend contribution rates is established by ordinance for URSJJ defined benefit plan in accordance with Title 20 of the Oklahoma Statutes, Chapter 16, Section 1108. The contribution rates for the current fiscal year are made in accordance with Oklahoma statute. The rate for employees is 8% of their covered salary and 22% of covered payroll for employers as of July 1, 2019. For the year ended June 30, 2019, URSJJ recognized \$9,812,000 in contributions to the plan based on covered payroll of \$33,839,000.

Oklahoma Police Pension and Retirement System: The authority to set and amend contribution rates is established by ordinance for OPPRS defined benefit plan in accordance with Title 11 of the Oklahoma Statutes, Chapter 1, Article 50, Section 50-106. The contribution rates for the current fiscal year are made in accordance with Oklahoma statute. The rate is 8% for employees of their covered salary and 13% for employers of covered payroll as of July 1, 2019. The state contributes a portion of the insurance premium tax collected through its taxing authority. Currently, this contribution is 14% of insurance premium tax collected by the state. For the year ended June 30, 2019, OPPRS recognized \$107,886,000 in contributions to the plan based on covered payroll of \$324,262,000.

Teachers' Retirement System: The authority to set and amend contribution rates is established by ordinance for TRS defined benefit plan in accordance with Title 70 of the Oklahoma Statutes, Chapter 1, Article 17, Section 17-106. The contribution rates for the current fiscal year are made in accordance with Oklahoma statute. The rate is 7% for employees of their covered salary and 9.5% for employer entities other than comprehensive and four-year universities as of July 1, 2019. The rate for comprehensive and four-year universities is 8.55% as of July 1, 2019. The state contributes 5% of revenues from sales taxes, use taxes, corporate and individual income taxes. The system receives 1% of the cigarette taxes collected by the state

and 5% net lottery proceeds. For the year ended June 30, 2019, TRS recognized \$1,143,599,000 in contributions to the plan based on covered payroll of \$4,473,512,000.

Wildlife Conservation Retirement Plan: The authority to set and amend contribution rates is established by ordinance for WCRP defined benefit plan in accordance with Title 29 of the Oklahoma Statutes, Chapter 1, Article 3, Section 3-306. The contribution rates for the current fiscal year are made in accordance with Oklahoma statute. The rate is 5% for employees of their covered salary. For the year ended June 30, 2019, WCRP recognized \$3,104,000 in contributions to the plan based on covered payroll of \$12,082,000.

F. Actuarial Assumptions

Oklahoma Firefighters Pension and Retirement System

| | |
|--|--|
| Date of Last Actuarial Valuation | July 1, 2019 |
| a. Actuarial cost method | Entry age normal |
| b. Rate of return on investments and discount rate | 7.5% |
| c. Projected salary increases | 2.75% - 10.5% |
| d. Post retirement cost-of-living increase | Half of the dollar amount of a 2.75% assumed increase in base pay for firefighters with 20 years of service as of May 26, 1983; no cost-of-living adjustment assumed for members not eligible for this increase |
| e. Inflation Rate | 2.75% |
| f. Mortality table | Active employees (pre and post retirement): Pub-2010 Public Safety Table with generational mortality improvement using MP-2018; disabled pensioners: Pub-2010 Public Safety Disabled Table set forward two years |
| g. Percent of married employees | 90% Males; 90% Females |
| h. Spouse age difference | Males three years older than females |
| i. Turnover | Varies from 4% to 20% |
| j. Date of last experience study | June 30, 2019, for the period from July 1, 2013, to June 30, 2018 |

Oklahoma Law Enforcement Retirement System

| | |
|--|--|
| Date of Last Actuarial Valuation | July 1, 2019 |
| a. Actuarial cost method | Entry age normal |
| b. Rate of return on investments and discount rate | 7.5% |
| c. Projected salary increases | 3.5% - 9.75% |
| d. Post retirement cost-of-living increase | 3% |
| e. Inflation Rate | 2.75% |
| f. Mortality table | Active employees (pre and post retirement): RP-2014 Blue Collar Healthy Table with Generational Projection using Scale MP-2016; Disabled pensioners: RP-2014 Blue Collar Table with no projection from 2006 rates. |
| g. Percent of married employees | 85% Males; 85% Females |
| h. Spouse age difference | Males three years older than females |
| i. Turnover | Varies from 1.5% to 15% |
| j. Date of last experience study | July 2012 to June 2016 |

Oklahoma Public Employees Retirement System

Date of Last Actuarial Valuation

July 1, 2019

- | | |
|--|---|
| a. Actuarial cost method | Entry age normal |
| b. Rate of return on investments and discount rate | 7.0% |
| c. Projected salary increases | 3.5% - 9.5% |
| d. Post retirement cost-of-living increase | None |
| e. Inflation Rate | 2.75% |
| f. Mortality table | Active employees (pre and post retirement): RP-2014 Blue Collar Healthy Employees with base rates projected to 2025 using Scale MP-2016; Disabled pensioners: Nondisabled retiree mortality set forward 12 years for disabled experience. |
| g. Percent of married employees | 85% Males; 85% Females |
| h. Spouse age difference | Males four years older than females |
| i. Turnover | Varies from 1%-24% |
| j. Date of last experience study | July 1, 2013, to June 30, 2016 |

Uniform Retirement System for Justices and Judges

Date of Last Actuarial Valuation

July 1, 2019

- | | |
|--|--|
| a. Actuarial cost method | Entry age normal |
| b. Rate of return on investments and discount rate | 7.0% |
| c. Projected salary increases | 3.75% |
| d. Post retirement cost-of-living increase | None |
| e. Inflation Rate | 2.75% |
| f. Mortality table | Active employees (pre and post retirement): RP-2014 Blue Collar Active/Retiree Healthy Mortality Table with base rate projected to 2025 using Scale MP-2016; Disabled pensioners: Nondisabled retiree mortality set forward 12 years for disabled experience |
| g. Percent of married employees | 85% Males; 85% Females |
| h. Spouse age difference | Males four years older than females |
| i. Turnover | 2% |
| j. Date of last experience study | July 1, 2013, to June 30, 2016 |

Oklahoma Police Pension and Retirement System

Date of Last Actuarial Valuation

July 1, 2019

- | | |
|--|---|
| a. Actuarial cost method | Entry age normal |
| b. Rate of return on investments and discount rate | 7.5% |
| c. Projected salary increases | 3.5% to 12.0% |
| d. Post retirement cost-of-living increase | Officers eligible to receive cost of living adjustments according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% |
| e. Inflation Rate | 2.75% |
| f. Mortality table | Active employees' pre-retirement: RP-2000 Blue Collar Healthy Combined fully generational using Scale AA with age set back four years; Post-retirement: RP-2000 Blue Collar Healthy Combined fully generational using Scale AA; Disabled pensioners: RP-2000 Blue Collar Healthy Combined with age set forward four years |
| g. Percent of married employees | 85% Males; 85% Females |
| h. Spouse age difference | Males three years older than females |
| i. Turnover | Varies from 1% to 15% |
| j. Date of last experience study | Five-year period from July 1, 2012, to June 30, 2017 |

Teachers' Retirement System

Date of Last Actuarial Valuation

June 30, 2019

- | | |
|--|---|
| a. Actuarial cost method | Entry age normal |
| b. Rate of return on investments and discount rate | 7.5% |
| c. Projected salary increases | 3.25%, plus step-rate promotional increases for members with less than 25 years of service |
| d. Post retirement cost-of-living increase | None |
| e. Inflation Rate | 2.5% |
| f. Mortality table | Active employees - pre-retirement: RP-2000 Combined Mortality Table, with male rates multiplied by 60% and females rates multiplied by 50%; Post-retirement: RP-2000 Combined Healthy Mortality table for males with White Collar Adjustments; Generational mortality improvements in accordance with Scale BB from the table's base year of 2000; For females the GRS Southwest Region Teacher Mortality Table, scaled at 105%; Generational mortality improvements in accordance with Scale BB from the table's base year of 2012; Disabled pensioners: RP-2000 Mortality tables with male rates multiplied by 75%, no set back, and female rates multiplied by 100%, no set back |
| g. Percent of married employees | 80% Males; 80% Females |
| h. Spouse age difference | Males three years older than females |
| i. Turnover | Varies from 1.5% to 23.0% |
| j. Date of last experience study | May 2015, for a five-year period ending June 30, 2014 |

Wildlife Conservation Retirement Plan

| | |
|--|---|
| Date of Last Actuarial Valuation | July 1, 2019 |
| a. Actuarial cost method | Entry age normal |
| b. Rate of return on investments and discount rate | 7% |
| c. Projected salary increases | 3% to 8% |
| d. Post retirement cost-of-living increase | none |
| e. Inflation Rate | 3% |
| f. Mortality table | Active Members: RP-2014 Employee Mortality Table with Blue Collar Adjustment projected to 2030 with Scale BB; Retired Members: RP-2014 Mortality Table for Healthy Annuitants with Blue Collar Adjustment projected to 2030 with Scale BB; Disabled members: RP-2014 Mortality Table for Disabled Annuitants, projected to 2030 with Scale BB |
| g. Percent of married employees | 85% Males; 85% Females |
| h. Spouse age difference | Males three years older than females |
| i. Turnover | Varies from 1% to 8% |
| j. Date of last experience study | July 1, 2010, to June 30, 2015 |

G. Discount Rate

Oklahoma Firefighters Pension and Retirement System

The projection of cash flows used to determine the discount rate assumed that contributions from plan members are made at the current contribution rate and that contributions from employers are made at contractually required rates. Projected cash flows also assume insurance premium taxes are contributed as determined by state statutes.

Based on these assumptions, the pension plan's fiduciary net position is projected to be sufficient for projected benefit payments. Therefore, the discount rate used is 7.5% which is the long-term expected rate of return on plan investments.

The long-term expected rate of return on pension plan investments is determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-------------------------|-------------------|--|
| Fixed Income | 20% | 4.90% |
| Equity | 62% | 8.14% |
| Alternative Investments | 18% | 6.78% |
| Total | <u>100%</u> | |

Oklahoma Law Enforcement Retirement System

The projection of cash flows used to determine the discount rate assumed that plan contributions from members, state agencies, insurance premium taxes and other state sources are made at the current contribution rates as set out in state statute.

Based on those assumptions, the pension plan's fiduciary net position is projected to be sufficient for projected benefit payments. Therefore, the discount rate used is 7.5% which is the long-term expected rate of return on plan investments.

The long-term expected rate of return on pension plan investments is determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-------------------------|-------------------|--|
| Fixed Income | 30% | 5.87% |
| Equity | 60% | 11.02% |
| Alternative Investments | 10% | 10.29% |
| Total | 100% | |

Oklahoma Public Employees Retirement System

The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers are made at the current contribution rate as set out in state statute.

Based on those assumptions, the pension plan's fiduciary net position is projected to be sufficient for projected benefit payments. Therefore, the discount rate used is 7.0% which is the long-term expected rate of return on plan investments.

The long-term expected rate of return on pension plan investments is determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-------------------------|-------------------|--|
| Fixed Income | 32% | 1.40% |
| Equity | 44% | 3.95% |
| Alternative Investments | 24% | 9.20% |
| Total | 100% | |

Uniform Retirement System for Justices and Judges

The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers are made at the current contribution rate as set out in state statute.

Based on those assumptions, the pension plan's fiduciary net position is projected to be sufficient for projected benefit payments. Therefore, the discount rate used is 7.0% which is the long-term expected rate of return on plan investments.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-------------------------|-------------------|--|
| Fixed Income | 32% | 1.40% |
| Equity | 44% | 3.95% |
| Alternative Investments | 24% | 9.20% |
| Total | 100% | |

Oklahoma Police Pension and Retirement System

The projection of cash flows used to determine the discount rate assumed that plan contributions from members, state agencies, insurance premium taxes and other state sources are made at the contractually required rates. Projected cash flows also assume insurance premium taxes are contributed as determined by state statutes.

Based on these assumptions, the pension plan's fiduciary net position is projected to be sufficient for projected benefit payments. Therefore, the discount rate used is 7.5% which is the long-term expected rate of return on plan investments.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-------------------------|-------------------|--|
| Fixed Income | 25% | 4.79% |
| Equity | 60% | 8.38% |
| Alternative Investments | 15% | 5.75% |
| Total | 100% | |

Teachers' Retirement System

The projection of cash flows used to determine the single discount rate assumed that plan member and employer contributions are made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the state's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

Based on these assumptions, the pension plan's fiduciary net position is projected to be sufficient for projected benefit payments. Therefore, the discount rate used is 7.5% which is the long-term expected rate of return on plan investments.

The long-term expected rate of return on pension plan investments is determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-------------------------|-------------------|--|
| Fixed Income | 23% | 2.50% |
| Equity | 58% | 7.83% |
| Alternative Investments | 19% | 5.34% |
| Total | 100% | |

Wildlife Conservation Retirement Plan

The projection of cash flows used to determine the discount rate assumed that contributions from plan members are made at the current contribution rate and that contributions from the department are at least 100% of the department's required contribution.

Based on these assumptions, the pension plan's fiduciary net position is projected to be sufficient for projected benefit payments. Therefore, the discount rate used is 7% which is the long-term expected rate of return on plan investments.

The long-term expected rate of return on pension plan investments is determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-------------------------|-------------------|--|
| Fixed Income | 40% | 2.68% |
| Equity | 50% | 8.02% |
| Alternative Investments | 10% | 3.07% |
| Total | 100% | |

H. Changes in Net Pension Liability

The total pension liability for the various pension systems is determined based on actuarial valuations performed as of July 1, 2019, which is also the measurement date. There are no changes in assumptions or changes between the measurement date of July 1, 2019, and the state's report ending date of June 30, 2020, that would have a significant impact on the net pension liability. The following tables report the components of changes in net pension liability (in thousands):

Oklahoma Law Enforcement Retirement System
Schedule of Changes in Net Pension Liability
Increases (Decreases)

| | Total Pension Liability (a) | Plan Net Position (b) | Net Pension Liability (a) - (b) |
|--|--|--------------------------------------|--|
| Balances Beginning of Year | \$ 1,105,750 | \$ 998,633 | \$ 107,117 |
| Changes for the Year: | | | |
| Service Cost | 22,215 | - | 22,215 |
| Interest | 80,698 | - | 80,698 |
| Difference between expected and actual experience | 13,873 | - | 13,873 |
| Contributions-Employer | - | 8,922 | (8,922) |
| Contributions-State of Oklahoma, non-employer contributing entity | - | 24,040 | (24,040) |
| Contributions-Employee | - | 6,691 | (6,691) |
| Net Investment Income | - | 40,138 | (40,138) |
| Benefit payments, including refunds | (60,647) | (60,647) | - |
| Administrative expense | - | (1,131) | 1,131 |
| Net Changes | <u>\$ 56,139</u> | <u>\$ 18,013</u> | <u>\$ 38,126</u> |
| Balances at June 30, 2019 | <u><u>\$ 1,161,889</u></u> | <u><u>\$ 1,016,646</u></u> | <u><u>\$ 145,243</u></u> |

Uniform Retirement System for Justices and Judges
Schedule of Changes in Net Pension Liability
Increases (Decreases)

| | Total Pension Liability (a) | Plan Net Position (b) | Net Pension Liability (Asset) (a) - (b) |
|--|--|--------------------------------------|--|
| Balances Beginning of Year | \$ 290,380 | \$ 334,897 | \$ (44,517) |
| Changes for the Year: | | | |
| Service Cost | \$ 9,003 | - | 9,003 |
| Interest | 19,623 | - | 19,623 |
| Difference between expected and actual experience | 7,244 | - | 7,244 |
| Contributions-Employer | - | 7,145 | (7,145) |
| Contributions-Employee | - | 2,666 | (2,666) |
| Net Investment Income | - | 20,128 | (20,128) |
| Benefit payments, including refunds | (20,449) | (20,449) | - |
| Administrative expense | - | (169) | 169 |
| Net Changes | <u>\$ 15,421</u> | <u>\$ 9,321</u> | <u>\$ 6,100</u> |
| Balances at June 30, 2019 | <u><u>\$ 305,801</u></u> | <u><u>\$ 344,218</u></u> | <u><u>\$ (38,417)</u></u> |

Wildlife Conservation Retirement Plan
Schedule of Changes in Net Pension Liability
Increases (Decreases)

| | Total Pension Liability (a) | Plan Net Position (b) | Net Pension Liability (a) - (b) |
|--|--|--------------------------------------|--|
| Balances Beginning of Year | \$ 125,110 | \$ 114,290 | \$ 10,820 |
| Changes for the Year: | | | |
| Service Cost | 1,482 | - | 1,482 |
| Interest | 8,605 | - | 8,605 |
| Difference between expected and actual experience | 1,434 | - | 1,434 |
| Contributions-Employer | - | 2,500 | (2,500) |
| Contributions-Employee | - | 604 | (604) |
| Net Investment Income | - | 7,753 | (7,753) |
| Benefit payments, including refunds | (7,339) | (7,339) | - |
| Administrative expense | - | (25) | 25 |
| Net Changes | <u>\$ 4,182</u> | <u>\$ 3,493</u> | <u>\$ 689</u> |
| Balances at June 30, 2019 | <u><u>\$ 129,292</u></u> | <u><u>\$ 117,783</u></u> | <u><u>\$ 11,509</u></u> |

I. Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate, as well as what net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1- percentage-point higher than the current rate (in thousands):

Oklahoma Law Enforcement Retirement System

| | 1% Decrease in Discount Rate (6.5%) | Current Discount Rate (7.5%) | 1% Increase in Discount Rate (8.5%) |
|-------------------------------|---|---------------------------------|---|
| Net Pension Liability (Asset) | <u><u>\$ 287,486</u></u> | <u><u>\$ 145,243</u></u> | <u><u>\$ 28,506</u></u> |

Oklahoma Public Employees Retirement System

| | 1% Decrease in Discount Rate (6.0%) | Current Discount Rate (7.0%) | 1% Increase in Discount Rate (8.0%) |
|-------------------------------|---|---------------------------------|---|
| Net Pension Liability (Asset) | <u><u>\$ 937,239</u></u> | <u><u>\$ 103,659</u></u> | <u><u>\$ (603,058)</u></u> |

Uniform Retirement System for Justices and Judges

| | 1% Decrease in Discount Rate (6.0%) | Current Discount Rate (7.0%) | 1% Increase in Discount Rate (8.0%) |
|-------------------------------|---|---------------------------------|---|
| Net Pension Liability (Asset) | <u><u>\$ (10,566)</u></u> | <u><u>\$ (38,417)</u></u> | <u><u>\$ (62,610)</u></u> |

Oklahoma Police Pension and Retirement System

| | 1% Decrease in Discount Rate (6.5%) | Current Discount Rate (7.5%) | 1% Increase in Discount Rate (8.5%) |
|-------------------------------|---|---------------------------------|---|
| Net Pension Liability (Asset) | \$ 685 | \$ (16) | \$ (608) |

Teachers' Retirement System

| | 1% Decrease in Discount Rate (6.5%) | Current Discount Rate (7.5%) | 1% Increase in Discount Rate (8.5%) |
|-------------------------------|---|---------------------------------|---|
| Net Pension Liability (Asset) | \$ 2,400,941 | \$ 1,703,873 | \$ 1,120,738 |

Wildlife Conservation Retirement Plan

| | 1% Decrease in Discount Rate (6.0%) | Current Discount Rate (7.0%) | 1% Increase in Discount Rate (8.0%) |
|-------------------------------|---|---------------------------------|---|
| Net Pension Liability (Asset) | \$ 25,805 | \$ 11,509 | \$ (674) |

J. Deferred Outflows/Inflows of Resources

Reported deferred outflows of resources resulting from contributions subsequent to the measurement date are recognized as a decrease of the net pension liability in the year ended June 30, 2021.

Oklahoma Law Enforcement Retirement System

At June 30, 2019, OLERS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|---|----------------------------------|---------------------------------|
| Difference between expected and actual experience | \$ 18,882 | \$ 4,893 |
| Net difference between projected and actual plan investment earnings | 21,394 | - |
| Changes in assumptions | 500 | - |
| Contributions made since measurement date | 9,503 | - |
| Total | \$ 50,279 | \$ 4,893 |

Oklahoma Public Employees Retirement System

At June 30, 2019, OPERS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|---|----------------------------------|---------------------------------|
| Difference between expected and actual experience | \$ - | \$ 24,392 |
| Net difference between projected and actual plan investment earnings | - | 31,278 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | - | 753 |
| Contributions made since measurement date | 213,938 | - |
| Total | <u>\$ 213,938</u> | <u>\$ 56,423</u> |

Uniform Retirement State Justices and Judges

At June 30, 2019, URSJJ reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|---|----------------------------------|---------------------------------|
| Difference between expected and actual experience | \$ 5,483 | \$ 2,863 |
| Net difference between projected and actual plan investment earnings | - | 2,227 |
| Changes in assumptions | 1,139 | - |
| Contributions made since measurement date | 567 | - |
| Total | <u>\$ 7,189</u> | <u>\$ 5,090</u> |

Oklahoma Police Pension and Retirement System

At June 30, 2019, OPPRS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|---|----------------------------------|---------------------------------|
| Difference between expected and actual experience | \$ 10 | \$ 76 |
| Net difference between projected and actual plan investment earnings | 147 | - |
| Changes in assumptions | 41 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 6 | - |
| Contributions made since measurement date | 69 | - |
| Total | <u>\$ 273</u> | <u>\$ 76</u> |

Teachers' Retirement System

At June 30, 2019, TRS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|---|----------------------------------|---------------------------------|
| Difference between expected and actual experience | \$ 87,466 | \$ 73,016 |
| Net difference between projected and actual plan investment earnings | 11,556 | - |
| Changes in assumptions | 89,457 | 57,502 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | - | 20,985 |
| Contributions made since measurement date | 117,760 | - |
| Total | <u>\$ 306,239</u> | <u>\$ 151,503</u> |

Wildlife Conservation Retirement Plan

At June 30, 2019, WCRP reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|---|----------------------------------|---------------------------------|
| Difference between expected and actual experience | \$ 1,761 | \$ 510 |
| Net difference between projected and actual plan investment earnings | - | 776 |
| Changes in assumptions | 66 | - |
| Contributions made since measurement date | 2,288 | - |
| Total | <u>\$ 4,115</u> | <u>\$ 1,286</u> |

K. Amortization of Pension Deferrals

Amounts reported as deferred outflows of resources (excluding deferred outflows of resources related to contributions made subsequent to the measurement date) and deferred inflows of resources are recognized in pension expense as follows (in thousands):

| | For the year ended June 30, 2019 | | | | | |
|-------|--|---|---|---|-----------------------------------|--------------------------|
| | Law Enforcement Retirement System | Public Employees Retirement System | Retirement System Justices and Judges | Police Pension and Retirement System | Teachers' Retirement System | Wildlife Conservation |
| 2020 | \$ 21,957 | \$ 1,192 | \$ 1,389 | \$ 81 | \$ 12,725 | \$ 658 |
| 2021 | (2,002) | (70,092) | (2,085) | (30) | (47,665) | (597) |
| 2022 | 6,100 | (3,134) | 1,443 | 24 | 1,479 | 84 |
| 2023 | 8,706 | 15,611 | 785 | 49 | 51,534 | 362 |
| 2024 | 1,122 | - | - | 3 | 16,092 | 34 |
| 2025 | - | - | - | 1 | 2,811 | - |
| Total | <u>\$ 35,883</u> | <u>\$ (56,423)</u> | <u>\$ 1,532</u> | <u>\$ 128</u> | <u>\$ 36,976</u> | <u>\$ 541</u> |

- L. Payables to the Pension Plans** – The amounts presented below represent the amount, in thousands, payable from the State of Oklahoma to the pension plans at June 30, 2020. This includes both contributions payable and dedicated taxes that had yet to be paid.

| | Payable at Fiscal Year End |
|--|-------------------------------|
| Firefighters Pension and Retirement Plan | \$ 1,395 |
| Law Enforcement Retirement System | 4,663 |
| Public Employees Retirement System | 10,095 |
| Retirement System Judges and Justices | 567 |
| Police Pension and Retirement System | 8,551 |
| Teachers' Retirement System | 50,710 |
| Total | <u>\$ 75,981</u> |

- M. State General Fund Portion** -- The amounts presented below represent net pension liability, deferred inflows, deferred outflows, and pension expense related to the various pension systems recorded to governmental activities on the Government-Wide Statement of Net Position. These amounts (in thousands) are determined based on actuarial valuations performed as of July 1, 2019, which is also the measurement date.

| | General Fund Portion | Pension Assets | Pension Liabilities | Net Pension Liability (Asset) | Deferred Inflows | Deferred Outflows | Pension Expense |
|---|----------------------------|---------------------|------------------------|-------------------------------------|---------------------|----------------------|--------------------|
| Oklahoma Law Enforcement Retirement System | 91.028% | \$ 925,429 | \$ 1,057,641 | \$ 132,212 | \$ 4,454 | \$ 45,767 | \$ 48,578 |
| Oklahoma Public Employees Retirement System | 75.064% | 7,201,010 | 7,300,989 | 99,979 | 53,692 | 206,968 | 161,383 |
| Uniform Retirement for Justices and Judges | 100.000% | 344,218 | 305,801 | (38,417) | 5,090 | 7,189 | 6,718 |
| Oklahoma Police Pension and Retirement System | 0.252% | 6,592 | 6,576 | (16) | 76 | 10,263 | 191 |
| Oklahoma Teachers' Retirement System | 1.162% | 193,484 | 270,380 | 76,896 | 5,890 | 18,954 | 10,375 |
| Wildlife Conservation Retirement Plan | 100.000% | 117,783 | 129,292 | 11,509 | 1,286 | 4,115 | 2,875 |
| Total | | <u>\$ 8,788,516</u> | <u>\$ 9,070,678</u> | <u>\$ 282,163</u> | <u>\$ 70,488</u> | <u>\$ 293,256</u> | <u>\$ 230,120</u> |

N. Changes Subsequent to Measurement Date

The following changes were made to pension plan policy since the measurement date. These changes could potentially change the calculation of net pension liability:

Oklahoma Firefighters Pension and Retirement System:

House Bill 2742 – Modifies the apportionment formula for insurance premium tax revenue to provide funding to the Education Reform Revolving Fund from September 1, 2020, through the end of fiscal year 2022. The funding provided to education, estimated at \$39 million for fiscal year 2021, is offset by equivalent percentage reductions of revenue dedicated to state pension systems, including Oklahoma Firefighters Pension and Retirement System. The affected pension systems will receive increased apportionments in fiscal year 2023 through 2027 to make up for the lost revenue. The provision became effective May 13, 2020.

Teachers' Retirement System of Oklahoma:

House Bill 2741 also passed in the 2020 session. This bill temporarily changes the rate of dedicated revenue from state sales and use tax, as well as personal and corporate income tax for fiscal year 2021 through 2027. The rate was reduced from 5.00% to 3.50% from September 1, 2020, through the end of fiscal year 2021, then raised to 3.75% for fiscal year 2022. The rate then increases to 5.50% for fiscal year 2023 through 2027 and returns to 5.00% beginning in fiscal year 2028. The provision became effective May 13, 2020.

Oklahoma Law Enforcement Retirement System:

House Bill 2742 decreases the plan's portion of insurance premium tax from 5.0% to 3.5% for September 2020 through June 2021. In fiscal year 2022, the percentage increases to 3.75% and in fiscal years 2023 through 2027, the percentage increases to 5.5%. The portion goes back to the original 5.0% in fiscal year 2028. The provision became effective May 13, 2020.

Oklahoma Police Pension and Retirement System:

House Bill 3330 provides that members who are injured in the performance of duties as a police officer by a violent act will be eligible for the state board to assess that the member has sustained a 100% disability for the determination of a benefit. HB 3330 further defines a violent act as "a violent attack on the member by means of a dangerous weapon, including, but not limited to, a firearm, knife, automobile, explosive device, or other dangerous weapon." The provision became effective May 21, 2020.

O. Defined Contribution Plans

The ODWC's defined contribution plan (WCRP) is a single-employer plan that covers the employees of ODWC with a hire date of July 1, 2010, or later. The WCRP provides retirement benefits to plan members and their beneficiaries. At June 30, 2020, there were 127 plan members. WCRP members are required to contribute 5% of compensation annually. The ODWC's annual contribution is based on the employee's number of completed years of credited service with the ODWC, defined as follows:

| <u>Years of Credited Service</u> | <u>Compensation Contributed by Employer</u> |
|----------------------------------|---|
| Less than 5 | 6% |
| At least 5, but less than 10 | 8% |
| At least 10, but less than 15 | 10% |
| At least 15 or more | 12% |

Employees vest in 100% of ODWC's contributions after 5 years of credited service. For the year ended June 30, 2020, the ODWC contributed \$418,000 to the WCRP.

House Bill 2630 and Senate Bill 2120 directed OPERS to establish a defined contribution retirement system for members first employed by a participating employer of the system on or after November 1, 2015, including statewide elected officials and legislators. The provisions of this bill are not applicable to hazardous duty members, district attorneys, assistant district attorneys or other employees of the district attorney's office who will continue to participate in the defined benefit plan. Also excluded are employees of a county, county elected officials, county hospital, city or town, conservation district, circuit engineering district, and any public or private trust in which a county, city or town participates and is the primary beneficiary.

This defined contribution plan was created and implemented during the year ended June 30, 2016. Under this plan, participating employees contribute a minimum of 4.5% of their compensation. Participating employers match employee contributions up to 7%. In addition to the matching contributions, participating employers are required to remit to OPERS the difference between the matching contributions for defined contribution plan members and the amount the participating employer would have contributed for a defined benefit plan member.

At June 30, 2020, there were 11,705 plan members. For the year ended June 30, 2020, OPERS contributed \$20,514,000 to the plan.

Note 15. Other Postemployment Benefits (OPEB)

1. General Description of the Other Postemployment Benefits

The Employees Group Insurance Division (EGID), a division of the Office of Management and Enterprise Services manages a legal insurance trust which provides group health, life, dental and disability benefits for active employees and retirees (should they so elect) of state agencies, school districts and other governmental units. EGID, as a multi-line insurance provider, allows for retirees that are not yet eligible for Medicare benefits to participate in the insurance plans available to active employees. Current and retired employees participate in the same plans with blended premium rates creating an implicit rate subsidy for the retirees in the plan. This single-employer plan is not administered through a trust, and as a result, there are no assets to net against the total liability. Separately issued reports for the EGID plan can be obtained at <https://omes.ok.gov/services/accounting-reporting>.

The Oklahoma Department of Wildlife Conservation (ODWC), part of the primary government, at its expense, provides a single-employer health insurance allowance to retirees for the payment of health insurance premiums at retirement where the retiree elects continued coverage through EGID. This allowance is reduced when the retiree is eligible for Medicare. The coverage amount is established by ODWC on an annual basis and can be discontinued at the board's discretion.

As mandated by statute, the cost-sharing multiple-employer defined benefit plans - the Oklahoma Law Enforcement Retirement System (OLERS), Oklahoma Public Employees Retirement System (OPERS), Uniform Retirement System for Justices and Judges (URSJJ) and Teachers' Retirement System (TRS) - provide an OPEB benefit to retirees should a retiree make such an election at retirement to continue health coverage through the state's provider, EGID. This contribution is for a fixed amount that varies slightly from pension to pension, and the contribution is included in the employer pension contribution. Methods for obtaining separately issued independent audit reports, a summary of significant accounting policies of the pension plans and the statutory authority under which OPEB benefits are required to be paid are discussed in Note 14.

Component units of the State of Oklahoma may participate in additional OPEB plans that are not reported as part of the state's structure. As a result, net OPEB asset/liability and deferred inflows/outflows related to pensions on the related financial statements may exceed that reported in the Notes to the Financial Statements. For further information, component unit separately audit financial statements may be obtained by contacting the Office of Management and Enterprise Services, 2401 N. Lincoln Blvd., Suite 212, Oklahoma City, OK 73105.

2. Employees Covered

At June 30, 2019, the following employees were covered by the benefit terms:

| | Plans Outside of Trusts | | OPEB Trust Funds | | | |
|-----------------------|------------------------------------|-------------------------------------|-----------------------------------|---|------------------------------------|-----------------------------|
| | Employees Group Insurance Division | Department of Wildlife Conservation | Law Enforcement Retirement System | Uniform Retirement System for Justices and Judges | Public Employees Retirement System | Teachers' Retirement System |
| Active employees | 31,280 | 188 | 1,234 | 269 | 34,536 | 90,014 |
| Inactive participants | 2,682 | 266 | 631 | 184 | 20,669 | 63,857 |
| Total | 33,962 | 454 | 1,865 | 453 | 55,205 | 153,871 |

3. Net OPEB Liability

The State of Oklahoma measured a net OPEB asset of \$46,677,000 and a net OPEB liability of \$152,824,000 as of June 30, 2019, as determined by actuarial valuations of that date.

The total OPEB liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

| | Employees Group Insurance Division | Department of Wildlife Conservation | Law Enforcement Retirement System | Uniform Retirement System for Judges and Justices | Public Employees Retirement System | Teachers' Retirement System |
|---|---|---|--|---|---|-----------------------------------|
| Inflation | 0% | 3.00% | 2.75% | 2.75% | 2.75% | 2.50% |
| Salary Increases | 3.00%-11.25% | N/A | 3.50%-9.75% | 3.75% | 3.50%-9.50% | 3.25% |
| Discount Rate | 3.51% | 2.66% | 7.50% | 7.00% | 7.00% | 7.50% |
| Healthcare cost trend | 5.30%-5.00% | 5.00% | N/A | N/A | N/A | N/A |
| Retirees' share of benefit-related costs | 0% | 0% | 0% | 0% | 0% | 0% |

Discount Rates

The discount rate was determined using the Bond Buyer GO 20-Bond Municipal Bond Index for EGID. The discount rate for ODWC was measured using a 20-year municipal bond index rate (AA/Aa or higher) as of June 30, 2020. For the remainder of OPEB plans, the discount rate is determined by the expected rate of return on assets of the associated pension plan as referenced in Note 14.

Mortality Rates

Mortality rates for EGID are based on Pub-2010 Public Retirement Plans General Mortality Table weighted by Headcount projected by MP-2019, as of July 1, 2019.

The ODWC based mortality rates for active and retired members on RP-2014 Employee Mortality Tables with Blue Collar Adjustment, projected to 2030 with Scale BB (separate rates for males and females). Disabled members of the ODWC plan have mortality rates calculated using the RP-2014 Mortality Table for Disabled Annuitants with Blue Collar Adjustment, projected to 2030 with Scale BB (separate rates for males and females).

OLERS uses RP-2014 Blue Collar Healthy Table with Generational Projection using Scale MP-2016 for both pre-retirement and post-retirement for retiree mortality rates. For disability mortality rates, OLERS uses RP-2014 Blue Collar Table with no projection from the 2006 base rates.

For the actuarial report prepared as of June 30, 2019, URSJJ determined mortality rates using RP-2014 Blue Collar Active Healthy Mortality Table with base rates projected to 2025 using scale MP-2016, for pre- and post-retirement mortality rates set back one year. Disability mortality rates were based on the post-retirement mortality rates with rates set forward twelve years.

OPERS uses RP-2014 Mortality Tables projected to 2025 by Scale MP-2016. Disabled pensioners are set forward twelve years.

TRS determines mortality rates using RP-2000 Combined Healthy mortality table for males with White Collar adjustments for male retirees with fully generational projection by Scale BB from table's base year of 2000. For female retirees, TRS uses GRS Southwest Region Teacher Mortality Table, scaled at 105%. Generational mortality improvements are in accordance with Scale BB from the table's base year of 2012.

Actuarial Assumptions

EGID Implicit Rate Subsidy valuation report dated July 1, 2019, was based on a measured date of July 1, 2019, with a measurement period of July 1, 2018, to July 1, 2019.

ODWC actuarial assumptions in the actuarial report dated June 30, 2019, are prepared on a measured date of June 30, 2019, based on the results of an actuarial experience study for the period July 1, 2010, to June 30, 2015.

The actuarial assumptions used in the June 30, 2019, valuation report by OLERS are measured as of June 30, 2019, and are based on the results of the most recent actuarial experience study, which covered the five-year period ending June 30, 2016. The experience study report is dated May 10, 2017.

URSJJ total OPEB liability was measured as of June 30, 2019, in the valuation report dated July 1, 2019, and based the actuarial assumptions on the results of the most recent actuarial experience study. The report covered the three-year period ending June 30, 2016. The experience study report is dated April 13, 2017.

The actuarial assumptions used in the July 1, 2019, valuation report rolled back to June 30, 2019, by OPERS are based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2016.

The actuarial assumptions used in the June 30, 2019, valuation report by TRS were measured June 30, 2019, and are based on the results of the most recent actuarial experience study, which covered the five-year period ending June 30, 2014.

4. Changes in the OPEB Liability

| | Employees Group Insurance Division | Department of Wildlife Conservation | Law Enforcement Retirement System | Uniform Retirement System for Justices and Judges | Public Employees Retirement System | Teachers' Retirement System | Total |
|---|---|---|--|---|---|-----------------------------------|-------------|
| Total Liability at June 30, 2018 | \$ 146,202 | \$ 8,444 | \$ 12,942 | \$ 2,724 | \$ 256,174 | \$ 111,001 | \$ 537,487 |
| Change for the year: | | | | | | | |
| Service cost | 5,181 | 213 | 340 | 115 | 6,156 | 1,586 | 13,591 |
| Interest | 5,634 | 230 | 939 | 184 | 17,380 | 7,814 | 32,181 |
| Differences between expected and actual experience | (611) | 117 | (597) | (12) | (14,617) | (2,560) | (18,280) |
| Changes in assumptions or other inputs | (12,507) | 119 | - | - | 31 | 466 | (11,891) |
| Benefit Payments | (11,699) | (390) | (856) | (197) | (14,441) | (9,192) | (36,775) |
| Change in Total Liability | \$ (14,002) | \$ 289 | \$ (174) | \$ 90 | \$ (5,491) | \$ (1,886) | \$ (21,174) |
| Total Liability at June 30, 2019 | \$ 132,200 | \$ 8,733 | \$ 12,768 | \$ 2,814 | \$ 250,683 | \$ 109,115 | \$ 516,313 |
| Plan Net Position at June 30, 2018 | \$ - | \$ - | \$ 430 | \$ 3,139 | \$ 266,277 | \$ 128,105 | \$ 397,951 |
| Change for the year: | | | | | | | |
| Contributions - Employer | 11,699 | - | 1,285 | 187 | 14,588 | 226 | 27,985 |
| Net investment income | - | - | 17 | 190 | 14,664 | 5,895 | 20,766 |
| Benefit payments | (11,699) | - | (855) | (197) | (14,442) | (9,192) | (36,385) |
| Administrative expense | - | - | - | (1) | (149) | (1) | (151) |
| Change in Net Position | \$ - | \$ - | \$ 447 | \$ 179 | \$ 14,661 | \$ (3,072) | \$ 12,215 |
| Total Net Position at June 30, 2019 | \$ - | \$ - | \$ 877 | \$ 3,318 | \$ 280,938 | \$ 125,033 | \$ 410,166 |
| Total OPEB Liability (Asset) | \$ 132,200 | \$ 8,733 | \$ 11,891 | \$ (504) | \$ (30,255) | \$ (15,918) | \$ 106,147 |

(Balances are shown, in thousands, as of the measurement date.)

Changes in Assumptions and Other Inputs:

Employees Group Insurance Division: The discount rate to calculate liabilities was changed from 3.87% as of July 1, 2018, to 3.51% as of July 1, 2019.

The mortality assumption used to calculate liabilities was changed from the Pub-2010 public retirement plans general mortality table weighted by headcount projected by MP-2018 as of July 1, 2018, to the Pub-2010 public retirement plans general mortality table weighted by headcount projected by MP-2019 as of July 1, 2019.

The medical trend rate to calculate liabilities changed from 7.10% to 4.60% as of July 1, 2018, to 5.30% to 5.00% as of July 1, 2019.

Oklahoma Law Enforcement Retirement System: The municipal bond index rate to calculate liabilities was changed from 3.89% as of the prior measurement date to 3.5% as of the current measurement date.

Oklahoma Public Employees Retirement System: The municipal bond index rate to calculate liabilities was changed from 3.89% as of the prior measurement date to 3.5% as of the current measurement date.

Uniform Retirement System for Justices and Judges: The municipal bond index rate to calculate liabilities was changed from 3.89% as of the prior measurement date to 3.5% as of the current measurement date.

5. Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability of the State of Oklahoma, as well as what the state's OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate (in thousands):

Employees Group Insurance Division

| | 1% Decrease (2.51%) | Discount Rate (3.51%) | 1% Increase (4.51%) |
|----------------------|------------------------|--------------------------|------------------------|
| Total OPEB Liability | \$ 141,113 | \$ 132,200 | \$ 123,878 |

Department of Wildlife Conservation

| | 1% Decrease (1.66%) | Discount Rate (2.66%) | 1% Increase (3.66%) |
|----------------------|------------------------|--------------------------|------------------------|
| Total OPEB Liability | \$ 9,738 | \$ 8,733 | \$ 7,879 |

Law Enforcement Retirement System

| | 1% Decrease (6.50%) | Discount Rate (7.50%) | 1% Increase (8.50%) |
|--------------------|------------------------|--------------------------|------------------------|
| Net OPEB Liability | \$ 13,330 | \$ 11,891 | \$ 10,681 |

Uniform Retirement System for Justices and Judges

| | 1% Decrease (6.00%) | Discount Rate (7.00%) | 1% Increase (8.00%) |
|--------------------|------------------------|--------------------------|------------------------|
| Net OPEB Liability | \$ (273) | \$ (504) | \$ (707) |

Public Employees Retirement System

| | 1% Decrease (6.00%) | Discount Rate (7.00%) | 1% Increase (8.00%) |
|--------------------|------------------------|--------------------------|------------------------|
| Net OPEB Liability | \$ (4,779) | \$ (30,255) | \$ (52,170) |

Teachers Retirement System

| | 1% Decrease (6.50%) | Discount Rate (7.50%) | 1% Increase (8.50%) |
|--------------------|------------------------|--------------------------|------------------------|
| Net OPEB Liability | \$ (5,335) | \$ (15,918) | \$ (24,964) |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the net OPEB liability at June 30, 2020, calculated using the healthcare trend rate, as well as what the trend rate increasing or decreasing by 1-percentage-point. Only the EGID implicit rate subsidy and ODWC are affected by the healthcare trend rate.

Employee Group Insurance Division

| | 1% Decrease (4.30% - 4.00%) | Discount Rate (5.30% - 5.00%) | 1% Increase (6.30% - 6.00%) |
|----------------------|--------------------------------|----------------------------------|--------------------------------|
| Total OPEB Liability | \$ 120,996 | \$ 132,200 | \$ 145,243 |

Oklahoma Department of Wildlife Conservation

| | 1% Decrease (4.00%) | Discount Rate (5.00%) | 1% Increase (6.00%) |
|----------------------|------------------------|--------------------------|------------------------|
| Total OPEB Liability | \$ 8,704 | \$ 8,733 | \$ 8,759 |

6. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

The following tables illustrate the deferred inflows and outflows as of June 30, 2020, based on the requirements of GASB Statement number 75 (in thousands):

| | Employees Group Insurance Division | Department of Wildlife Conservation | Law Enforcement Retirement System | Uniform Retirement System for Justices and Judges | Public Employees Retirement System | Teachers' Retirement System | Total |
|---|---|---|--|---|---|-----------------------------------|--------------------|
| Deferred Outflows: | | | | | | | |
| Changes of assumptions or other inputs | \$ - | \$ 651 | \$ 350 | \$ - | \$ 4,546 | \$ - | \$ 5,547 |
| Differences between expected and actual experience | - | 38 | - | - | - | - | 38 |
| Subsequent contributions | 10,745 | 390 | 1,279 | 203 | 14,971 | 236 | 27,824 |
| Total deferred outflows | <u>\$ 10,745</u> | <u>\$ 1,079</u> | <u>\$ 1,629</u> | <u>\$ 203</u> | <u>\$ 19,517</u> | <u>\$ 236</u> | <u>\$ 33,409</u> |
| Deferred Inflows: | | | | | | | |
| Changes of assumptions or other inputs | \$ (12,698) | \$ - | \$ (185) | \$ - | \$ - | \$ - | \$ (12,883) |
| Changes in proportion | - | - | (316) | - | (162) | (443) | (921) |
| Differences between expected and actual experience | (1,183) | - | (1,077) | - | (24,586) | (5,819) | (32,665) |
| Differences between projected and actual investment earnings | - | - | - | - | (3,269) | (2,284) | (5,553) |
| Total deferred inflows | <u>\$ (13,881)</u> | <u>\$ -</u> | <u>\$ (1,578)</u> | <u>\$ -</u> | <u>\$ (28,017)</u> | <u>\$ (8,546)</u> | <u>\$ (52,022)</u> |
| OPEB Expense | <u>\$ 5,998</u> | <u>\$ 390</u> | <u>\$ 1,017</u> | <u>\$ 197</u> | <u>\$ (1,559)</u> | <u>\$ (2,482)</u> | <u>\$ 3,561</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows (in thousands):

| | Employees Group Insurance Division | Department of Wildlife Conservation | Law Enforcement Retirement System | Uniform Retirement System for Justices and Judges | Public Employees Retirement System | Teachers' Retirement System | Total |
|---------------------|--|---|---|---|--|-----------------------------------|-------------|
| Year ended June 30: | | | | | | | |
| 2022 | \$ (4,817) | \$ 179 | \$ (215) | \$ - | \$ (6,662) | \$ (2,872) | \$ (14,387) |
| 2023 | (4,173) | 179 | (215) | - | (6,698) | (2,947) | (13,854) |
| 2024 | (3,057) | 179 | (215) | - | (4,293) | (1,373) | (8,759) |
| 2025 | (1,834) | 126 | (218) | - | (3,309) | (488) | (5,723) |
| 2026 | - | 26 | (191) | - | (2,491) | (602) | (3,258) |
| Thereafter | - | - | (174) | - | (18) | (264) | (456) |

Note 16. On-Behalf Payments

The Oklahoma Teachers Retirement System (TRS) receives 5% of the state's sales, use, corporate and individual income taxes collected as dedicated tax. Senate Bill 1376, which became law in July 2002, provides that the percentage of the state's collected dedicated taxes allocated to TRS increased from 4.5% to 5.0% on July 1, 2007, and thereafter. TRS receives 1% of the cigarette taxes and 5% of the net lottery proceeds collected by the state. TRS received approximately \$359,366,000 from the state for the year ended June 30, 2020.

The Oklahoma Firefighters Pension and Retirement System receives 36% of the state's insurance premium tax revenue. The Oklahoma Firefighters Pension and Retirement System received approximately \$103,592,000 from the state for the year ended June 30, 2020. Of the same insurance premium tax revenue, the Oklahoma Police Pension and Retirement System and Oklahoma Law Enforcement Retirement System receive 14% and 5%, respectively. Oklahoma Police Pension and Retirement System and Oklahoma Law Enforcement Retirement System received approximately \$40,295,000 and \$14,387,000 from the state for the year ended June 30, 2020, respectively.

Note 17. Commitments

Primary Government

For the year ended June 30, 2020, the general fund had encumbrances of \$1,176,332,000 within the restricted and committed fund balances of the governmental funds.

The Department of Transportation had contractual commitments at June 30, 2020, of approximately \$677,016,000 for the construction of various highway projects. Future appropriations will fund these commitments as work is performed. The Oklahoma Capital Improvement Authority has been authorized to issue \$200,000,000 in bonds on behalf of Department of Transportation to finance an eight-year construction work plan.

The Department of Human Services maintains a construction unit which engages in capital improvements of state buildings. At year end, Department of Human Services had long-term projects totaling \$20,593,000 for the general fund.

The Oklahoma Capital Improvement Authority has issued bonds in the aggregate principal amount of \$120,000,000 for the Office of Management and Enterprise Services to provide funding for repairs, refurbishments and improvements to the State Capitol Building. This bond issuance is the first series of obligations sold under two authorizations totaling \$245,000,000 for the capitol repair project.

Component Units

The University of Oklahoma had outstanding commitments under construction contracts totaling \$7,494,000 at June 30, 2020.

Oklahoma State University had outstanding commitments under construction contracts of approximately \$20,915,000 at June 30, 2020.

The Oklahoma Turnpike Authority had commitments outstanding at December 31, 2019, relating to equipment orders and supplies of approximately \$8,700,000. At December 31, 2019, Oklahoma Turnpike Authority had commitments outstanding relating to construction and maintenance contracts of approximately \$178,100,000.

The Oklahoma Municipal Power Authority purchased approximately \$13,446,000 of power pursuant to several long-term purchase agreements during 2019. Oklahoma Municipal Power Authority is obligated to purchase, at a minimum, approximately \$15,069,000 of power in 2020.

The Grand River Dam Authority (GRDA) makes and receives commitments for purchases of coal and other materials. GRDA had contractual commitments as of December 31, 2019, for long-term wind power purchase agreements of approximately \$687.1 million through the year 2037 and for customer generation capacity agreements of approximately \$276.3 million through the year 2042. GRDA also has contractual commitments for long-term service agreements for the maintenance of the gas and steam turbines of approximately \$107.9 million through the year 2030, and for transportation of natural gas of approximately \$154.1 million through the year 2046.

Note 18. Litigation and Contingencies

The state and its component units are parties to numerous legal proceedings, many of which normally occur in governmental operations. Such litigation includes, but is not limited to, claims assessed against the state for property damage and personal injury, alleged breaches of contract, condemnation proceedings, and other alleged violations of state and federal laws. Certain claims have been adjudicated against the state but remained unpaid as of June 30, 2020.

The state receives significant financial assistance from the federal government in the form of grants and entitlements, which are generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by federal agencies. Any disallowance as a result of these audits could become a liability of the state.

Primary Government

Through the normal course of operations there are many legal cases which involve the state as a party. Most of these cases are currently deemed to have a remote chance of loss or will result in a gain to the state. The assessment of several cases indicates there is the reasonably possible or probable chance of a loss occurring to the state. Current estimates for these losses range from \$617,000 to \$37,638,000.

The Department of Transportation has incurred significant expenditures on construction projects that have exceeded the amounts approved by the federal grantor. These project expenditures are held in suspense until approved by the federal grantor and subsequently reimbursed. Based on prior years' experience, the reimbursement of expenditures is highly probable. At June 30, 2020, Department of Transportation has project expenditures totaling \$10,445,000 that will be reimbursed pending approval of the federal government.

Note 19. Tax Abatements

The State of Oklahoma provides tax abatements under six programs: Historic Rehabilitation tax credits, Quality Jobs programs (Quality Jobs, Small Employer and 21st Century), Oklahoma Film Enhancement rebates, the Quality Events Program, Small Business Incubators (Sponsors and Tenants) and New Products Development Income Tax Exemptions. Tribal compacts with Native American tribes also provide abatements to cigarette tax collections.

The Historic Rehabilitation Tax Credits Program established by the Legislature (68 O.S. § 2357.41) promotes the rehabilitation of historic structures of every period. These credits can be claimed at any time after the relevant local governmental body responsible for doing so issues a certificate of occupancy or other document that is a precondition for the applicable use of the building or structure. During the fiscal year ended June 30, 2020, estimated tax credits in the amount of \$13,390,000 were approved for 21 structures. Historic Rehabilitation tax credits used to reduce tax liability in 2019 was \$1,920,000. An additional \$19,119,000 in estimated tax credits was approved in fiscal year 2020 for 14 structures which were approved in prior fiscal years.

Three quality jobs programs are administered by the Oklahoma Department of Commerce (ODOC) for which the state provides incentive payments that are paid from income tax collections:

The Oklahoma Quality Jobs Program was established by the Legislature (68 O.S. § 3601) to provide an incentive for companies to expand or relocate jobs to Oklahoma. Companies meeting certain statutory requirements can receive a rebate up to 5% of new taxable payroll for up to 10 years. The requirements include creating jobs within a qualifying industry as noted by the North American Industry Classification System description; paying wages on the newly created jobs equal to the average county wage or state threshold wage, whichever is lower; achieving \$2,500,000 in new annual taxable payroll within three years; and offering basic health insurance to employees within 180 days of employment. Companies can receive up to a 6% rebate if at least 10% of new payroll is comprised of qualified military veterans.

Under certain circumstances, some program requirements may be amended or waived.

A company that participates in the Oklahoma Quality Jobs Program but fails to maintain a business presence in the state of Oklahoma within three years of start date must repay all program benefits they received and may not re-apply for the program for one year following dismissal.

The Small Employer Quality Jobs Program (68 O.S. §3901) was established to provide appropriate incentives to support the creation of quality jobs, particularly for small businesses, in basic industries in the state. Companies applying for the Small Employer program must have 90 employees or less at the time of application to the program. Rebates under the program are received for up to seven years. Program requirements include creating a minimum number of new jobs based on the population of the community where the company is located; having 35% out-of-state sales for the first two years and subsequently 60% out-of-state sales; paying the newly created jobs at 110% of the average county wage; and offering basic health insurance within 180 days of employment (the employee must not pay more than 50% of the premium).

The 21st Century Quality Jobs Program (68 O.S. §3911-3920) was established to provide appropriate incentives to attract growth industries and sectors to Oklahoma in the 21st century through a policy of rewarding businesses with a highly skilled, knowledge-based workforce. The program allows a net benefit rate of up to ten percent of payroll for up to ten years and requires at least ten full-time jobs at an annual average wage of the lesser of \$103,736 (the state wage, which is indexed every year) or 300% of the county's average wage. Out-of-state sales for the company must be at least 50% for most participants. The program targets industries, such as knowledge-based service industries, including professional, scientific and technical services; music, film and performing arts; and specialty hospitals.

During the fiscal year ended June 30, 2020, 96 companies received payments totaling \$53,585,000 as part of Quality Jobs Programs.

To increase the attractiveness of Oklahoma as a location for the film industry, the Oklahoma Film Enhancement rebate was established by the Legislature (68 O.S. §§ 3621-3626). A rebate, of up to 37% of documented expenditures made in Oklahoma directly attributable to the production of film, television production, or television commercials, may be paid to the production company. The Oklahoma Film and Music Commission and the Oklahoma Tax Commission (OTC) administer the program. During the fiscal year ended June 30, 2020, twenty-three film companies were rebated corporate income tax amounting to \$5,070,000.

The Quality Events Incentive (68 O.S. §4301-4311) was designed to promote certain quality events that have a significant positive economic impact. A quality event is a new event of a meeting of a nationally recognized organization, a new or existing event that is a national, international or world championship, or a new or existing event that is managed or produced by an Oklahoma based national or international organization. The host community must submit a resolution and information pertaining to the event (geographic area, length of time for revenue capture, expenses, event history, and economic impact) to OTC within 30 days of the date on which the host community adopts the ordinance or resolution. OTC will then approve or disapprove the impact study. ODOC and the Oklahoma Tourism and Recreation Department provide assistance and information, as requested by OTC, to approve or disapprove an economic impact study.

During the fiscal year ended June 30, 2020, one event was certified by the Quality Events Incentive Program, and \$7,000 in sales tax was abated.

A business incubator is a facility in which small businesses may rent space and where management provides business development services, such as financial consulting and marketing assistance. The Small Business Incubators program offers

tax exemptions for both sponsors (74 O.S. §5075) and tenants (74 O.S. §5078) of business incubators that register with ODOC.

The income of a sponsor of a certified incubator is exempt from Oklahoma income taxes on income earned from rental fees, other income derived from services provided to the tenants, or for providing funding for an incubator site.

The tenant is exempt from state tax liability on income earned as a result of activities conducted as an occupant in a certified incubator for up to ten years from the occupancy date in an incubator site in accordance with rules of OTC. The exemption remains in effect after the date the tenant is no longer an occupant in an incubator, but not to exceed a total of ten years.

Reporting for tax exemptions related to business incubator tenants and sponsors is commingled with other tax exemptions on the forms provided to OTC. As a result, it is not possible to determine the amount of tax abated during the fiscal year ended June 30, 2020.

Under the New Products Development Income Tax Exemption (74 O.S. § 5064.7), royalties earned by an inventor from a product developed and manufactured in the State of Oklahoma shall be exempt from state income tax for a period of seven years from the first year in which such royalty is received as long as the manufacturer remains in the state. In addition, such manufacturer may exclude from Oklahoma taxable income, or in the case of an individual, the Oklahoma adjusted gross income, 65% of the cost of depreciable property purchased and utilized directly in manufacturing the product. To qualify for the incentives, the product shall be patented or have patent pending pursuant to federal law and shall be registered with Oklahoma Center for the Advancement of Science and Technology.

The reporting for tax exemptions related to New Products Development Income Tax Exemptions are commingled with other tax exemptions on the forms provided to OTC. As a result, it is not possible to determine the amount of tax abated during the fiscal year ended June 30, 2020.

Twenty-seven Native American tribes, governed within the state's borders, collect cigarette taxes on behalf of the state through compact agreements. Only a portion of the taxes are remitted to the state, with the tribe retaining the remainder as defined by the compact agreement. During the fiscal year ending June 30, 2020, the amount of tax retained by tribes ranged from 50-75% and resulted in \$60,671,000 of tax abatements.

Information relevant to disclosure of those programs for the fiscal year ended June 30, 2020 is:

| Tax Abatement Program | Amount of Taxes Abated | |
|--|---------------------------|--------|
| | (in thousands) | |
| Historic Rehabilitation Tax Credits Used | \$ | 1,920 |
| Quality Jobs Programs | | 53,585 |
| Oklahoma Film Enhancement Rebate | | 5,070 |
| Quality Events Program | | 7 |
| Cigarette Tax Tribal Compacts | | 60,671 |

Note 20. Subsequent Events

Oklahoma Capital Improvement Authority authorized tax-backed bonds totaling \$540,055,000 for outstanding tax-exempt issues. Oklahoma Capital Improvement Authority issued \$264,600,000 from this authorization after June 30, 2020.

Proprietary Funds

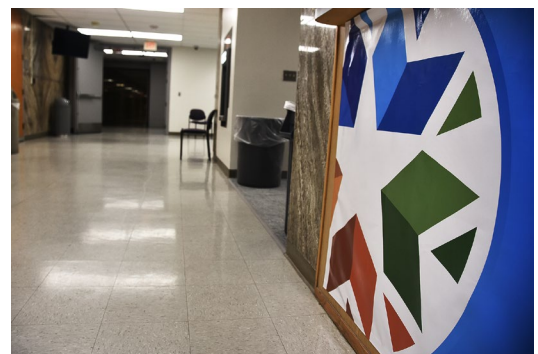
As a consequence of the global COVID-19 pandemic, the Oklahoma Employment Security Commission processed an unprecedented amount of unemployment claims. Among the influx of claims were an unknown number of fraudulent claims. The total amount and likelihood of collectability is unable to be determined as many claims that were filed fraudulently are part of ongoing investigations. At the report date, \$35,525,000 had been recovered by the state from overpayments. This amount includes payments that resulted from fraudulent claim submission.

Component Units

Oklahoma Development Finance Authority (ODFA) issued or refunded three series of bonds since June 30, 2020, for a total of \$49,995,000 under the Master Lease Program.

On June 30, 2020, ODFA owed \$9,999,000 for bonds under the ODFA Quality Jobs Investment Program Revenue Bond-Series 1996. In 2019, the state of Oklahoma legislature repealed the Quality Jobs Investment Program in its entirety effective November 1, 2019. On July 1, 2020, ODFA transferred the assets and liabilities of the Quality Jobs Investment Program to its General Fund. On August 31, 2020, ODFA reached an agreement with the bondholder, Oklahoma Industrial Finance Authority, to a) defease \$6,999,000 of the \$9,999,000 in bonds outstanding, b) extend the due date of the remaining bonds to August 31, 2045 and c) renegotiate the interest rate on the remaining bonds to the Oklahoma Industrial Finance Authority cost of funds on its variable rate taxable bond issues plus 3.00% per annum.

After June 30, 2020, Oklahoma Housing Finance Authority made two issuances of multifamily conduit debt totaling \$36,200,000, and mortgage revenue bonds amounting to \$30,000,000.



Large state logo graphics adorn the walls of the Will Rogers Building, top and left, and the tunnel between the Will Rogers and Sequoyah buildings, right.



State of Oklahoma
 Budgetary Comparison Schedule
 Budget to Actual (Non-GAAP Budgetary Basis)
 General Fund
 For the Fiscal Year Ended June 30, 2020
 (expressed in thousands)

| GENERAL FUND | | | | | |
|---|--------------|------------|--------------|--------------|-----------|
| | BUDGET | | | | |
| | ORIGINAL | Amendments | FINAL | ACTUAL | VARIANCE |
| EDUCATION | | | | | |
| State Arts Council | | | | | |
| 01 Duties | \$ 2,913 | \$ - | \$ 2,913 | \$ 1,918 | \$ 995 |
| 11 FY19 Carryover | | 483 | 483 | 300 | 183 |
| Agency Total | \$ 2,913 | \$ 483 | \$ 3,396 | \$ 2,218 | \$ 1,178 |
| Department Of Education | | | | | |
| 01 Financial support of Public Schools | \$ 1,478,106 | \$ - | \$ 1,478,106 | \$ 1,477,467 | \$ 639 |
| 01 Financial support of Public Schools (Min Lea) | 3,800 | - | 3,800 | 3,800 | - |
| 02 Financial support of Public Schools (Min Lea) | - | - | - | - | - |
| 02 Public School Activities | 100,919 | - | 100,919 | 90,023 | 10,896 |
| 03 Textbooks | 33,000 | - | 33,000 | 33,000 | - |
| 04 Certified Employee Health Benefit Allowance | 322,414 | - | 322,414 | 322,414 | - |
| 05 Support Personnel Health Benefit Allowance | 180,278 | - | 180,278 | 180,278 | - |
| 06 Administrative and Support Functions | 16,246 | - | 16,246 | 12,180 | 4,066 |
| 07 Ad Valorem Reimbursement Fund | - | 112,000 | 112,000 | 112,000 | - |
| 08 Teachers Retirement Credit | - | 9,824 | 9,824 | - | 9,824 |
| Agency Total | \$ 2,134,763 | \$ 121,824 | \$ 2,256,587 | \$ 2,231,162 | \$ 25,425 |
| Office of Educational Quality and Accountability | | | | | |
| 01 Duties | \$ 1,133 | \$ - | \$ 1,133 | \$ 550 | \$ 583 |
| 02 Duties | 500 | - | 500 | - | 500 |
| Agency Total | \$ 1,633 | \$ - | \$ 1,633 | \$ 550 | \$ 1,083 |
| Commission of the Land Office | | | | | |
| 01 Duties | \$ 8,728 | \$ - | \$ 8,728 | \$ 7,708 | \$ 1,020 |
| 11 FY18 Carryover | - | 58 | 58 | - | 58 |
| 11 FY19 Carryover | - | 156 | 156 | 12 | 144 |
| Agency Total | \$ 8,728 | \$ 214 | \$ 8,942 | \$ 7,720 | \$ 1,222 |
| Department of Libraries | | | | | |
| 01 Duties | \$ 4,527 | \$ - | \$ 4,527 | \$ 4,233 | \$ 294 |
| 11 FY19 Carryover | - | 164 | 164 | 46 | 118 |
| Agency Total | \$ 4,527 | \$ 164 | \$ 4,691 | \$ 4,279 | \$ 412 |
| Physician Manpower Training Commission | | | | | |
| 01 Duties | \$ 6,836 | \$ - | \$ 6,836 | \$ 3,457 | \$ 3,379 |
| 02 Duties | 400 | - | 400 | 202 | 198 |
| 11 FY19 Carryover | - | 625 | 625 | 130 | 495 |
| Agency Total | \$ 7,236 | \$ 625 | \$ 7,861 | \$ 3,789 | \$ 4,072 |

| | | GENERAL FUND | | | | | |
|---|---|--------------|------------|--------------|--------------|-----------|--|
| | | BUDGET | | | | | |
| | | ORIGINAL | Amendments | FINAL | ACTUAL | VARIANCE | |
| Center for Advancement of Science and Technology | | | | | | | |
| 01 | Duties | \$ 14,371 | \$ - | \$ 14,371 | \$ 12,339 | \$ 2,032 | |
| 11 | FY19 Carryover | - | 561 | 561 | 330 | 231 | |
| | Agency Total | \$ 14,371 | \$ 561 | \$ 14,932 | \$ 12,669 | \$ 2,263 | |
| Oklahoma School of Science and Math | | | | | | | |
| 01 | Duties | \$ 6,285 | \$ - | \$ 6,285 | \$ 4,738 | \$ 1,547 | |
| 11 | FY19 Carryover | - | 616 | 616 | 616 | - | |
| | Agency Total | \$ 6,285 | \$ 616 | \$ 6,901 | \$ 5,354 | \$ 1,547 | |
| Department of Career and Technology Education | | | | | | | |
| 01 | Duties | \$ 139,479 | \$ - | \$ 139,479 | \$ 130,771 | \$ 8,708 | |
| 11 | FY19 Carryover | - | 7,467 | 7,467 | 7,467 | - | |
| | Agency Total | \$ 139,479 | \$ 7,467 | \$ 146,946 | \$ 138,238 | \$ 8,708 | |
| Education Total | | \$ 2,319,935 | \$ 131,954 | \$ 2,451,889 | \$ 2,405,979 | \$ 45,910 | |
| GENERAL GOVERNMENT | | | | | | | |
| Office of Management and Enterprise Services | | | | | | | |
| 01 | Duties | \$ 59,528 | \$ - | \$ 59,528 | \$ 49,251 | \$ 10,277 | |
| 01 | For transfer to Bldg & Fac Revolv (Fund 245) | 2,367 | - | 2,367 | 2,367 | - | |
| 02 | For transfer to Bldg & Fac Revolv (Fund 245) | 1,222 | - | 1,222 | 1,222 | - | |
| 02 | Duties-NACEA | 5,548 | - | 5,548 | 5,548 | - | |
| 03 | Governor's Mansion Renovation | 2,000 | - | 2,000 | 1,431 | 569 | |
| 03 | Relocation of agencies - Kerr/Edmonson Bldg | - | 2,470 | 2,470 | - | 2,470 | |
| 04 | Per HB 2746 | 15,000 | - | 15,000 | 15,000 | - | |
| 04 | Duties - Capitol Debt Service | 21,316 | - | 21,316 | 21,316 | - | |
| 05 | Implement 62-908 | 6,100 | - | 6,100 | 6,100 | - | |
| 11 | FY19 Carryover | - | 110 | 110 | 21 | 89 | |
| 13 | FY19 Carryover | - | 2,505 | 2,505 | 2,504 | 1 | |
| | Agency Total | \$ 113,081 | \$ 5,085 | \$ 118,166 | \$ 104,760 | \$ 13,406 | |
| Department of Commerce | | | | | | | |
| 01 | Duties | \$ 17,878 | \$ - | \$ 17,878 | \$ 12,599 | \$ 5,279 | |
| 02 | Duties - NACEA | 14,000 | - | 14,000 | 14,000 | - | |
| 11 | FY19 Carryover | - | 1,934 | 1,934 | 1,912 | 22 | |
| 21 | FY18 Carryover | - | 1,844 | 1,844 | 1,844 | - | |
| | Agency Total | \$ 31,878 | \$ 3,778 | \$ 35,656 | \$ 30,355 | \$ 5,301 | |
| State Election Board | | | | | | | |
| 01 | Duties | \$ 8,601 | \$ - | \$ 8,601 | \$ 7,045 | \$ 1,556 | |
| 11 | FY19 Carryover | - | 726 | 726 | 726 | - | |
| | Agency Total | \$ 8,601 | \$ 726 | \$ 9,327 | \$ 7,771 | \$ 1,556 | |
| Ethics Commission | | | | | | | |
| 01 | Duties | \$ 617 | \$ - | \$ 617 | \$ 583 | \$ 34 | |
| 02 | Duties | 100 | - | 100 | 79 | 21 | |
| | Agency Total | \$ 717 | \$ - | \$ 717 | \$ 662 | \$ 55 | |

| | | GENERAL FUND | | | | |
|------------------------------------|-----------------------------------|--------------|------------|------------|------------|-----------|
| | | BUDGET | | | | |
| | | ORIGINAL | Amendments | FINAL | ACTUAL | VARIANCE |
| Merit Protection Commission | | | | | | |
| 01 | Duties | \$ 402 | \$ - | \$ 402 | \$ 293 | \$ 109 |
| 11 | FY19 Carryover | - | 107 | 107 | 107 | - |
| | Agency Total | \$ 402 | \$ 107 | \$ 509 | \$ 400 | \$ 109 |
| State Auditor and Inspector | | | | | | |
| 01 | Duties | \$ 4,256 | \$ - | \$ 4,256 | \$ 2,767 | \$ 1,489 |
| 02 | County Govt Personnel Educ & Trng | 223 | - | 223 | - | 223 |
| 11 | FY19 Carryover | - | 24 | 24 | 24 | - |
| | Agency Total | \$ 4,479 | \$ 24 | \$ 4,503 | \$ 2,791 | \$ 1,712 |
| Governor | | | | | | |
| 01 | Duties | \$ 3,706 | \$ - | \$ 3,706 | \$ 2,829 | \$ 877 |
| | Agency Total | \$ 3,706 | \$ - | \$ 3,706 | \$ 2,829 | \$ 877 |
| Senate | | | | | | |
| 01 | Duties | \$ 11,477 | \$ - | \$ 11,477 | \$ 9,658 | \$ 1,819 |
| 11 | FY19 Carryover | - | 3,150 | 3,150 | 1,990 | 1,160 |
| | | \$ 11,477 | \$ 3,150 | \$ 14,627 | \$ 11,648 | \$ 2,979 |
| House of Representatives | | | | | | |
| 01 | Duties | \$ 19,873 | \$ - | \$ 19,873 | \$ 9,069 | \$ 10,804 |
| 21 | FY18 Carryover | - | 1,369 | 1,369 | 1,369 | - |
| | | \$ 19,873 | \$ 1,369 | \$ 21,242 | \$ 10,438 | \$ 10,804 |
| Legislative Service Bureau | | | | | | |
| 01 | Duties | \$ 17,420 | \$ - | \$ 17,420 | \$ 549 | \$ 16,871 |
| 11 | FY19 Carryover | - | 2,280 | 2,280 | 852 | 1,428 |
| | | \$ 17,420 | \$ 2,280 | \$ 19,700 | \$ 1,401 | \$ 18,299 |
| Lieutenant Governor | | | | | | |
| 01 | Duties | \$ 484 | \$ - | \$ 484 | \$ 410 | \$ 74 |
| 11 | FY19 Carryover | - | 57 | 57 | 57 | - |
| 21 | FY18 Carryover | - | 2 | 2 | 2 | - |
| | Agency Total | \$ 484 | \$ 59 | \$ 543 | \$ 469 | \$ 74 |
| Tax Commission | | | | | | |
| 01 | Duties | \$ 46,678 | \$ - | \$ 46,678 | \$ 41,383 | \$ 5,295 |
| | Agency Total | \$ 46,678 | \$ - | \$ 46,678 | \$ 41,383 | \$ 5,295 |
| Treasurer | | | | | | |
| 01 | Duties | \$ 2,762 | \$ - | \$ 2,762 | \$ 1,016 | \$ 1,746 |
| 02 | State Land Reimbursements | 95 | - | 95 | 95 | - |
| 11 | FY19 Carryover | - | 1,540 | 1,540 | 1,041 | 499 |
| 21 | FY18 Carryover | - | 129 | 129 | 129 | - |
| | Agency Total | \$ 2,857 | \$ 1,669 | \$ 4,526 | \$ 2,281 | \$ 2,245 |
| General Government Total | | \$ 261,653 | \$ 18,247 | \$ 279,900 | \$ 217,188 | \$ 62,712 |

| | | GENERAL FUND | | | | | |
|--|---|--------------|------------|--------------|--------------|------------|--|
| | | BUDGET | | | | | |
| | | ORIGINAL | Amendments | FINAL | ACTUAL | VARIANCE | |
| HEALTH SERVICES | | | | | | | |
| Department of Health | | | | | | | |
| 01 | Duties | \$ 60,769 | \$ - | \$ 60,769 | \$ 41,813 | \$ 18,956 | |
| 66 | FY19 Carryover | - | 1,878 | 1,878 | 1,343 | 535 | |
| | Agency Total | \$ 60,769 | \$ 1,878 | \$ 62,647 | \$ 43,156 | \$ 19,491 | |
| Mental Health and Substance Abuse | | | | | | | |
| 01 | Duties | \$ 351,218 | \$ - | \$ 351,218 | \$ 268,182 | \$ 83,036 | |
| | Agency Total | \$ 351,218 | \$ - | \$ 351,218 | \$ 268,182 | \$ 83,036 | |
| Health Care Authority | | | | | | | |
| 00 | Duties | \$ 131,062 | \$ - | \$ 131,062 | \$ 131,062 | \$ - | |
| 01 | Duties (to Disbursing Funds 200 and 340) | 818,977 | - | 818,977 | 818,977 | - | |
| 02 | Per HB 2767 | 29,361 | - | 29,361 | 29,361 | - | |
| 06 | Duties (to Disbursing Funds 200 and 340) | 50,000 | - | 50,000 | 50,000 | - | |
| | Agency Total | \$ 1,029,400 | \$ - | \$ 1,029,400 | \$ 1,029,400 | \$ - | |
| Health Services Total | | \$ 1,441,387 | \$ 1,878 | \$ 1,443,265 | \$ 1,340,738 | \$ 102,527 | |
| LEGAL AND JUDICIARY | | | | | | | |
| Indigent Defense System | | | | | | | |
| 01 | Duties | \$ 18,238 | \$ - | \$ 18,238 | \$ 15,583 | \$ 2,655 | |
| 11 | FY19 Carryover | - | 1,284 | 1,284 | 1,269 | 15 | |
| 21 | FY18 Carryover | - | 287 | 287 | 287 | - | |
| | Agency Total | \$ 18,238 | \$ 1,571 | \$ 19,809 | \$ 17,139 | \$ 2,670 | |
| Attorney General | | | | | | | |
| 01 | Duties | \$ 8,914 | \$ - | \$ 8,914 | \$ 7,786 | \$ 1,128 | |
| 02 | For transfer to the Legal Services Rev Fund | 999 | - | 999 | 999 | - | |
| 11 | FY19 Carryover | - | 16 | 16 | 13 | 3 | |
| 23 | FY18 Carryover | - | 1,625 | 1,625 | 1,357 | 268 | |
| | Agency Total | \$ 9,913 | \$ 1,641 | \$ 11,554 | \$ 10,155 | \$ 1,399 | |
| Court of Criminal Appeals | | | | | | | |
| 01 | Duties | \$ 3,977 | \$ - | \$ 3,977 | \$ 3,642 | \$ 335 | |
| 11 | FY19 Carryover | - | 248 | 248 | 248 | - | |
| 23 | FY18 Carryover | - | 3 | 3 | 3 | - | |
| | Agency Total | \$ 3,977 | \$ 251 | \$ 4,228 | \$ 3,893 | \$ 335 | |
| District Courts | | | | | | | |
| 01 | Duties - District Courts | \$ 18,802 | \$ - | \$ 18,802 | \$ 18,802 | \$ - | |
| | Agency Total | \$ 18,802 | \$ - | \$ 18,802 | \$ 18,802 | \$ - | |

| | | GENERAL FUND | | | | |
|--|----------------|--------------|------------|-----------|-----------|-----------|
| | | BUDGET | | | | |
| | | ORIGINAL | Amendments | FINAL | ACTUAL | VARIANCE |
| Supreme Court | | | | | | |
| 01 | Duties | \$ 16,001 | \$ - | \$ 16,001 | \$ 13,239 | \$ 2,762 |
| 11 | FY19 Carryover | - | 567 | 567 | 567 | - |
| | Agency Total | \$ 16,001 | \$ 567 | \$ 16,568 | \$ 13,806 | \$ 2,762 |
| Legal and Judiciary Total | | | | | | |
| | | \$ 66,931 | \$ 4,030 | \$ 70,961 | \$ 63,795 | \$ 7,166 |
| MUSEUMS | | | | | | |
| J.M. Davis Arms and Historical Museum | | | | | | |
| 01 | Duties | \$ 323 | \$ - | \$ 323 | \$ 307 | \$ 16 |
| | Agency Total | \$ 323 | \$ - | \$ 323 | \$ 307 | \$ 16 |
| Historical Society | | | | | | |
| 01 | Duties | \$ 14,002 | \$ - | \$ 14,002 | \$ 12,689 | \$ 1,313 |
| | Agency Total | \$ 14,002 | \$ - | \$ 14,002 | \$ 12,689 | \$ 1,313 |
| Museums Total | | | | | | |
| | | \$ 14,325 | \$ - | \$ 14,325 | \$ 12,996 | \$ 1,329 |
| NATURAL RESOURCES | | | | | | |
| Department of Agriculture | | | | | | |
| 01 | Duties | \$ 24,906 | \$ - | \$ 24,906 | \$ 21,803 | \$ 3,103 |
| 02 | Duties | 4,000 | - | 4,000 | 3,995 | 5 |
| | Agency Total | \$ 28,906 | \$ - | \$ 28,906 | \$ 25,798 | \$ 3,108 |
| Department of Environmental Quality | | | | | | |
| 01 | Duties | \$ 8,009 | \$ - | \$ 8,009 | \$ 7,448 | \$ 561 |
| | Agency Total | \$ 8,009 | \$ - | \$ 8,009 | \$ 7,448 | \$ 561 |
| Department of Tourism and Recreation | | | | | | |
| 01 | Duties | \$ 19,232 | \$ - | \$ 19,232 | \$ 15,909 | \$ 3,323 |
| 11 | FY19 Carryover | - | 1,685 | 1,685 | 1,193 | 492 |
| | Agency Total | \$ 19,232 | \$ 1,685 | \$ 20,917 | \$ 17,102 | \$ 3,815 |
| Conservation Commission | | | | | | |
| 01 | Duties | \$ 12,438 | \$ - | \$ 12,438 | \$ 10,239 | \$ 2,199 |
| | Agency Total | \$ 12,438 | \$ - | \$ 12,438 | \$ 10,239 | \$ 2,199 |
| Water Resources Board | | | | | | |
| 01 | Duties | \$ 5,422 | \$ - | \$ 5,422 | \$ 4,988 | \$ 434 |
| 11 | FY19 Carryover | - | 80 | 80 | 80 | - |
| | Agency Total | \$ 5,422 | \$ 80 | \$ 5,502 | \$ 5,068 | \$ 434 |
| Natural Resources Total | | | | | | |
| | | \$ 74,007 | \$ 1,765 | \$ 75,772 | \$ 65,655 | \$ 10,117 |

| | | GENERAL FUND | | | | |
|--|----------------|--------------|------------|------------|------------|-----------|
| | | BUDGET | | | | |
| | | ORIGINAL | Amendments | FINAL | ACTUAL | VARIANCE |
| PUBLIC SAFETY AND DEFENSE | | | | | | |
| Oklahoma Military Department | | | | | | |
| 01 | Duties | \$ 15,558 | \$ - | \$ 15,558 | \$ 10,141 | \$ 5,417 |
| 11 | FY19 Carryover | - | 486 | 486 | 256 | 230 |
| 21 | FY18 Carryover | - | 82 | 82 | 42 | 40 |
| Agency Total | | \$ 15,558 | \$ 568 | \$ 16,126 | \$ 10,439 | \$ 5,687 |
| Alcohol Beverage Laws Enforcement | | | | | | |
| 01 | Duties | \$ 3,019 | \$ - | \$ 3,019 | \$ 2,987 | \$ 32 |
| Agency Total | | \$ 3,019 | \$ - | \$ 3,019 | \$ 2,987 | \$ 32 |
| Department of Corrections | | | | | | |
| 01 | Duties | \$ 553,419 | \$ - | \$ 553,419 | \$ 510,485 | \$ 42,934 |
| 02 | Duties | 2,141 | - | 2,141 | 2,141 | - |
| 11 | FY19 Carryover | - | 9,916 | 9,916 | 9,829 | 87 |
| 32 | FY18 Carryover | - | 1 | 1 | 1 | - |
| Agency Total | | \$ 555,560 | \$ 9,917 | \$ 565,477 | \$ 522,456 | \$ 43,021 |
| District Attorney's Council | | | | | | |
| 01 | Duties | \$ 58,780 | \$ - | \$ 58,780 | \$ 57,756 | \$ 1,024 |
| 11 | FY19 Carryover | - | 153 | 153 | 153 | - |
| Agency Total | | \$ 58,780 | \$ 153 | \$ 58,933 | \$ 57,909 | \$ 1,024 |
| Pardon and Parole Board | | | | | | |
| 01 | Duties | \$ 2,368 | \$ - | \$ 2,368 | \$ 1,949 | \$ 419 |
| 11 | FY19 Carryover | - | 1,137 | 1,137 | - | 1,137 |
| 21 | FY18 Carryover | - | 34 | 34 | - | 34 |
| Agency Total | | \$ 2,368 | \$ 1,171 | \$ 3,539 | \$ 1,949 | \$ 1,590 |
| State Bureau of Investigation | | | | | | |
| 01 | Duties | \$ 17,180 | \$ - | \$ 17,180 | \$ 17,180 | \$ - |
| Agency Total | | \$ 17,180 | \$ - | \$ 17,180 | \$ 17,180 | \$ - |
| Department of Emergency Management | | | | | | |
| 01 | Duties | \$ 506 | \$ - | \$ 506 | \$ 467 | \$ 39 |
| 02 | Emergency Fund | 5,400 | - | 5,400 | - | 5,400 |
| Agency Total | | \$ 5,906 | \$ - | \$ 5,906 | \$ 467 | \$ 5,439 |
| Board of Medicolegal Investigations | | | | | | |
| 01 | Duties | \$ 17,991 | \$ - | \$ 17,991 | \$ 16,290 | \$ 1,701 |
| 11 | FY19 Carryover | - | 1,480 | 1,480 | 1,480 | - |
| Agency Total | | \$ 17,991 | \$ 1,480 | \$ 19,471 | \$ 17,770 | \$ 1,701 |
| Council on Law Enforcement, Education, and Training | | | | | | |
| 01 | Duties | \$ 3,511 | \$ - | \$ 3,511 | \$ 3,150 | \$ 361 |
| 02 | Duties | - | 76 | 76 | - | 76 |
| Agency Total | | \$ 3,511 | \$ 76 | \$ 3,587 | \$ 3,150 | \$ 437 |
| Bureau of Narcotics and Dangerous Drugs | | | | | | |
| 01 | Duties | \$ 3,276 | \$ - | \$ 3,276 | \$ 3,276 | \$ - |
| Agency Total | | \$ 3,276 | \$ - | \$ 3,276 | \$ 3,276 | \$ - |

| | | GENERAL FUND | | | | |
|---|---|-------------------|------------------|-------------------|-------------------|------------------|
| | | BUDGET | | | | |
| | | ORIGINAL | Amendments | FINAL | ACTUAL | VARIANCE |
| Department of Public Safety | | | | | | |
| 01 | Duties | \$ 77,119 | \$ - | \$ 77,119 | \$ 64,361 | \$ 12,758 |
| 01 | Duties (from HB 3208 St Public Safety fund) | 22,262 | - | 22,262 | 21,504 | 758 |
| 02 | Duties (from HB 3208 St Public Safety fund) | 4,998 | - | 4,998 | 4,998 | - |
| 11 | FY19 Carryover | - | 5,456 | 5,456 | 4,220 | 1,236 |
| 21 | FY18 Carryover | - | 1,529 | 1,529 | 1,529 | - |
| | | <u>\$ 104,379</u> | <u>\$ 6,985</u> | <u>\$ 111,364</u> | <u>\$ 96,612</u> | <u>\$ 14,752</u> |
| Public Safety and Defense Total | | | | | | |
| | | <u>\$ 787,528</u> | <u>\$ 20,350</u> | <u>\$ 807,878</u> | <u>\$ 734,195</u> | <u>\$ 73,683</u> |
| REGULATORY SERVICES | | | | | | |
| Department of Mines | | | | | | |
| 01 | Duties | \$ 802 | \$ - | \$ 802 | \$ 714 | \$ 88 |
| 11 | FY18 Carryover | - | 7 | 7 | - | 7 |
| | Agency Total | <u>\$ 802</u> | <u>\$ 7</u> | <u>\$ 809</u> | <u>\$ 714</u> | <u>\$ 95</u> |
| Corporation Commission | | | | | | |
| 01 | Duties | \$ 17,568 | \$ - | \$ 17,568 | \$ 15,587 | \$ 1,981 |
| 11 | FY19 Carryover | - | 146 | 146 | 146 | - |
| | Agency Total | <u>\$ 17,568</u> | <u>\$ 146</u> | <u>\$ 17,714</u> | <u>\$ 15,733</u> | <u>\$ 1,981</u> |
| Multiple Injury Trust Fund | | | | | | |
| 01 | Fund Obligations | \$ 5,000 | \$ - | \$ 5,000 | \$ 5,000 | \$ - |
| | Agency Total | <u>\$ 5,000</u> | <u>\$ -</u> | <u>\$ 5,000</u> | <u>\$ 5,000</u> | <u>\$ -</u> |
| Department of Labor | | | | | | |
| 01 | Duties | \$ 2,639 | \$ - | \$ 2,639 | \$ 1,644 | \$ 995 |
| 01 | Duties (Special OSHA Fund) | 950 | - | 950 | 343 | 607 |
| 02 | Duties (Special OSHA Fund) | 139 | - | 139 | 111 | 28 |
| 14 | FY19 Carryover | - | 187 | 187 | 174 | 13 |
| | Agency Total | <u>\$ 3,728</u> | <u>\$ 187</u> | <u>\$ 3,915</u> | <u>\$ 2,272</u> | <u>\$ 1,643</u> |
| Regulatory Services Total | | | | | | |
| | | <u>\$ 27,098</u> | <u>\$ 340</u> | <u>\$ 27,438</u> | <u>\$ 23,719</u> | <u>\$ 3,719</u> |
| SOCIAL SERVICES | | | | | | |
| Commission on Children and Youth | | | | | | |
| 10 | Duties | \$ 2,391 | \$ - | \$ 2,391 | \$ 1,371 | \$ 1,020 |
| 11 | FY19 Carryover | - | 470 | 470 | 470 | - |
| | Agency Total | <u>\$ 2,391</u> | <u>\$ 470</u> | <u>\$ 2,861</u> | <u>\$ 1,841</u> | <u>\$ 1,020</u> |
| Office of Disability Concerns | | | | | | |
| 01 | Duties | \$ 283 | \$ - | \$ 283 | \$ 246 | \$ 37 |
| 11 | FY19 Carryover | - | 41 | 41 | 41 | - |
| | Agency Total | <u>\$ 283</u> | <u>\$ 41</u> | <u>\$ 324</u> | <u>\$ 287</u> | <u>\$ 37</u> |

| | | GENERAL FUND | | | | | |
|---|---------------------------------|--------------|------------|--------------|--------------|-------------|--|
| | | BUDGET | | | | | |
| | | ORIGINAL | Amendments | FINAL | ACTUAL | VARIANCE | |
| Office of Juvenile Affairs | | | | | | | |
| 01 | Duties | \$ 96,796 | \$ - | \$ 96,796 | \$ 80,915 | \$ 15,881 | |
| 11 | FY19 Carryover | - | 5,976 | 5,976 | 4,832 | 1,144 | |
| | Agency Total | \$ 96,796 | \$ 5,976 | \$ 102,772 | \$ 85,747 | \$ 17,025 | |
| Department of Veterans Affairs | | | | | | | |
| 01 | Duties | \$ 35,316 | \$ - | \$ 35,316 | \$ 27,542 | \$ 7,774 | |
| 11 | FY19 Carryover | - | 2,840 | 2,840 | 624 | 2,216 | |
| 21 | FY18 Carryover | - | 301 | 301 | 296 | 5 | |
| | Agency Total | \$ 35,316 | \$ 3,141 | \$ 38,457 | \$ 28,462 | \$ 9,995 | |
| J.D. McCarty Center | | | | | | | |
| 01 | Duties | \$ 4,941 | \$ - | \$ 4,941 | \$ 4,395 | \$ 546 | |
| | Agency Total | \$ 4,941 | \$ - | \$ 4,941 | \$ 4,395 | \$ 546 | |
| Department of Rehabilitation Services | | | | | | | |
| 01 | Duties (to disbursing funds) | \$ 36,309 | \$ - | \$ 36,309 | \$ 36,309 | \$ - | |
| | Agency Total | \$ 36,309 | \$ - | \$ 36,309 | \$ 36,309 | \$ - | |
| University Hospitals Authority | | | | | | | |
| 01 | Duties | \$ 69,953 | \$ - | \$ 69,953 | \$ 67,931 | \$ 2,022 | |
| | Agency Total | \$ 69,953 | \$ - | \$ 69,953 | \$ 67,931 | \$ 2,022 | |
| Department of Human Services | | | | | | | |
| 00 | Duties (to Disbursing Funds) | \$ 13,383 | \$ - | \$ 13,383 | \$ - | \$ 13,383 | |
| 01 | Duties (to Disbursing Funds) | \$ 702,559 | \$ - | \$ 702,559 | \$ 702,559 | \$ - | |
| 07 | Duties (to Disbursing Funds) | 25,482 | - | 25,482 | 25,482 | - | |
| | Agency Total | \$ 741,424 | \$ - | \$ 741,424 | \$ 728,041 | \$ 13,383 | |
| Social Services Total | | \$ 987,413 | \$ 9,628 | \$ 997,041 | \$ 953,013 | \$ 44,028 | |
| TRANSPORTATION | | | | | | | |
| Oklahoma Space Industry Development Auth. | | | | | | | |
| 01 | Duties to Space Industries Dev. | \$ 384 | \$ - | \$ 384 | \$ 384 | \$ - | |
| | Agency Total | \$ 384 | \$ - | \$ 384 | \$ 384 | \$ - | |
| Transportation Total | | \$ 384 | \$ - | \$ 384 | \$ 384 | \$ - | |
| General Fund Total | | \$ 5,980,661 | \$ 188,192 | \$ 6,168,853 | \$ 5,817,662 | \$ 351,191 | |
| SUMMARY OF REVENUE BY FUNCTION OF GOVERNMENT | | | | | | | |
| Education Revenue Total | | \$ 66,543 | \$ - | \$ 66,543 | \$ 83,530 | \$ (16,987) | |
| General Government Revenue Total | | \$ 7,201,583 | \$ - | \$ 7,201,583 | \$ 6,852,102 | \$ 349,481 | |
| Heath Services Revenue Total | | \$ 137,960 | \$ - | \$ 137,960 | \$ 145,248 | \$ (7,288) | |
| Public Safety and Defense Total | | \$ 41,147 | \$ - | \$ 41,147 | \$ 38,468 | \$ 2,679 | |
| Regulatory Services Total | | \$ 1,000 | \$ - | \$ 1,000 | \$ 1,233 | \$ (233) | |
| Revenue Total | | \$ 7,448,233 | \$ - | \$ 7,448,233 | \$ 7,120,581 | \$ 327,652 | |

Notes to Required Supplementary Information - Budgetary Reporting

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The *Budgetary Comparison Schedule - Budget to Actual (Non-GAAP Budgetary Basis)* presents comparisons of the original and final legally adopted budget with actual data on a budgetary basis. The schedule represents budgetary comparisons at the legal level of budgetary control (i.e. line item level). The schedule is prepared on a cash basis plus encumbrances where the expenditures are expected to be presented by November 15th in the following fiscal year. Certain appropriations are transferred to continuing funds for expenditure. Unexpended amounts may then be budgeted again in subsequent fiscal years. These transfers are not included in the total expenditures on the *Budgetary Comparison Schedule - Budget to Actual (Non-GAAP Budgetary Basis)*.

Reconciliation of Budgetary Fund Balance to GAAP Fund Balance

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resulting basis, perspective, and entity differences in the revenues in excess of (less than) expenditures and other financing sources (uses) between budgetary and GAAP presentations for the year ended June 30, 2020, is presented below (expressed in thousands) for the general fund:

| | |
|---|----------------------------|
| Budgetary Basis Fund Balance, June 30, 2019 | \$ 3,827,258 |
| Total revenues | 7,120,581 |
| Total expenditures | (5,817,662) |
| Net transfers in (out) of funds | <u>(364,897)</u> |
| Budgetary Basis Fund Balance, June 30, 2020 | \$ 4,765,280 |
| Entity and Perspective Differences: | |
| Non-budgeted Funds and Capital Funds | 2,322,597 |
| Encumbrances | 167,626 |
| Basis Differences: | |
| Add: Net accrued revenues, related receivables, and deferred revenues | 459,409 |
| Less: Net accrued expenditures and related liabilities | <u>(2,242,045)</u> |
| GAAP Basis Fund Balance, June 30, 2020 | <u><u>\$ 5,472,867</u></u> |

Pension Schedules

Required by GASB Statement Number 68

For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

The following information presented for pension plans that are reported as fiduciary component units of the State of Oklahoma are required by the Governmental Accounting Standards Board, Statement 68. For more complete information, including the annual money-weighted rate of return, and schedule of funding progress, audited annual statements can be acquired by contacting the pension plan:

| | | |
|---|---|---|
| Firefighters Pension and Retirement 6601 Broadway Extension, Suite 100 Oklahoma City, OK 73116 https://www.ok.gov/fprs | Law Enforcement Retirement 421 NW 13th Street, Suite 100 Oklahoma City, OK 73103 https://www.olders.state.ok.us | Police Pension and Retirement 1001 NW 63rd Street, Suite 305 Oklahoma City, OK 73116 https://www.ok.gov/opprs |
| Public Employees Retirement PO Box 53007 Oklahoma City, OK 73152 https://www.opers.ok.gov | Uniform Retirement System for Justices and Judges PO Box 53007 Oklahoma City, OK 73152 https://www.opers.ok.gov | Teachers' Retirement System PO Box 53524 Oklahoma City, OK 73152 https://www.ok.gov/trs |
| | Department of Wildlife Conservation PO Box 53465 Oklahoma City, OK 73152 https://www.wildlifedepartment.com | |

Schedules of Contributions and Related Ratios

Single Employer Plans

A. General Fund

Schedule of Contributions Wildlife Commission Retirement Plan Last Ten Fiscal Years (Expressed in thousands)

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---------------|-----------------|-----------------|-------------------|-----------------|-----------------|-------------|---------------|-----------------|-------------|
| Actuarially determined contribution | \$ 2,486 | \$ 2,308 | \$ 2,494 | \$ 2,988 | \$ 3,197 | \$ 3,691 | \$ 4,307 | \$ 4,267 | \$ 3,802 | \$ 3,180 |
| Contributions in relation to the actuarially determined contribution | 2,288 | 2,500 | 3,100 | 4,780 | 3,700 | 4,307 | 4,300 | 4,100 | 4,100 | 3,180 |
| Contribution deficiency (excess) | <u>\$ 198</u> | <u>\$ (192)</u> | <u>\$ (606)</u> | <u>\$ (1,792)</u> | <u>\$ (503)</u> | <u>\$ (616)</u> | <u>\$ 7</u> | <u>\$ 167</u> | <u>\$ (298)</u> | <u>\$ -</u> |
| Covered payroll | \$ 11,632 | \$ 12,082 | \$ 12,208 | \$ 12,806 | \$ 13,388 | \$ 13,667 | \$ 13,599 | \$ 14,300 | \$ 14,662 | \$ 14,633 |
| Contributions as percentage of covered payroll | 19.67% | 20.69% | 25.39% | 37.33% | 27.64% | 31.51% | 31.62% | 28.67% | 27.96% | 21.73% |

Schedule of Net Pension Liability
Wildlife Commission Retirement Plan
Last Seven Fiscal Years
(Expressed in thousands)

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total Pension Liability | | | | | | | |
| Service cost | \$ 1,482 | \$ 1,550 | \$ 1,627 | \$ 1,848 | \$ 1,840 | \$ 1,930 | \$ 1,988 |
| Interest | 8,605 | 8,364 | 8,203 | 7,832 | 7,586 | 7,296 | 7,057 |
| Differences between expected and actual experience | 1,434 | 688 | (883) | 456 | (357) | 293 | (844) |
| Changes in benefit terms | - | - | - | 1,156 | - | - | - |
| Changes of assumptions | - | - | - | 195 | - | - | - |
| Benefit payments | (7,339) | (6,843) | (6,315) | (5,594) | (5,540) | (5,032) | (4,445) |
| Net Change in Total Pension Liability | \$ 4,182 | \$ 3,759 | \$ 2,632 | \$ 5,893 | \$ 3,529 | \$ 4,487 | \$ 3,756 |
| Total Pension Liability - Beginning | 125,110 | 121,351 | 118,719 | 112,826 | 109,297 | 104,810 | 101,054 |
| Total Pension Liability - Ending | <u>\$ 129,292</u> | <u>\$ 125,110</u> | <u>\$ 121,351</u> | <u>\$ 118,719</u> | <u>\$ 112,826</u> | <u>\$ 109,297</u> | <u>\$ 104,810</u> |
| Plan Fiduciary Net Position | | | | | | | |
| Contributions - employer | \$ 2,500 | \$ 3,100 | \$ 4,780 | \$ 3,700 | \$ 4,307 | \$ 4,300 | \$ 4,100 |
| Contributions - member | 604 | 610 | 633 | 663 | 655 | 681 | 698 |
| Net investment income | 7,753 | 8,500 | 10,797 | 492 | 4,097 | 12,370 | 7,483 |
| Benefit payments | (7,339) | (6,843) | (6,315) | (5,593) | (5,540) | (5,032) | (4,445) |
| Administrative expense | (25) | (58) | (52) | (55) | (49) | (38) | (38) |
| Net change in plan fiduciary net position | \$ 3,493 | \$ 5,309 | \$ 9,843 | \$ (793) | \$ 3,470 | \$ 12,281 | \$ 7,798 |
| Plan fiduciary net position - beginning | 114,290 | 108,981 | 99,138 | 99,931 | 96,461 | 84,180 | 76,382 |
| Plan fiduciary net position - ending | <u>\$ 117,783</u> | <u>\$ 114,290</u> | <u>\$ 108,981</u> | <u>\$ 99,138</u> | <u>\$ 99,931</u> | <u>\$ 96,461</u> | <u>\$ 84,180</u> |
| Net pension liability | <u>\$ 11,509</u> | <u>\$ 10,820</u> | <u>\$ 12,370</u> | <u>\$ 19,581</u> | <u>\$ 12,895</u> | <u>\$ 12,836</u> | <u>\$ 20,630</u> |
| Total pension liability | \$ 129,292 | \$ 125,110 | \$ 121,351 | \$ 118,719 | \$ 112,826 | \$ 109,297 | \$ 104,810 |
| Plan fiduciary net position | 117,783 | 114,290 | 108,981 | 99,138 | 99,931 | 96,461 | 84,180 |
| Net pension liability (asset) | <u>\$ 11,509</u> | <u>\$ 10,820</u> | <u>\$ 12,370</u> | <u>\$ 19,581</u> | <u>\$ 12,895</u> | <u>\$ 12,836</u> | <u>\$ 20,630</u> |
| Ratio of plan fiduciary net position to total pension liability | 91.10% | 91.35% | 89.81% | 83.51% | 88.57% | 88.26% | 80.32% |
| Covered payroll | \$ 12,082 | \$ 12,208 | \$ 12,806 | \$ 13,388 | \$ 13,667 | \$ 13,599 | \$ 14,300 |
| Net pension liability as a percentage of covered payroll | 95.26% | 88.63% | 96.60% | 146.26% | 94.35% | 94.39% | 144.27% |

Notes to Schedules:

GASB Statement 68 requires the information presented in the "Schedules of Required Supplementary Information" cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement 68 and is the latest available at the date of publication.

Actuarially Determined Contributions:

The annual required contribution for fiscal year 2020 was determined as part of the July 1, 2020, actuarial valuation using the entry age normal method. The actuarial assumptions included a) a 7.0% investment rate of return (net of administrative expense) and b) projected salary increases of 3.0%-8.0%. The assumptions did not include cost-of-living allowances for active, disabled, or retired members.

Benefit Changes: Information to present a 10-year history is not readily available

Changes in Actuarial Assumptions: Information to present a 10-year history is not readily available

B. Component Units

Schedule of Contributions Oklahoma Law Enforcement Retirement System Last Ten Fiscal Years (Expressed in thousands)

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|-----------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Actuarially determined contribution | \$ 34,527 | \$ 31,265 | \$ 32,467 | \$ 33,110 | \$ 33,291 | \$ 31,838 | \$ 43,775 | \$ 44,734 | \$ 48,634 | \$ 50,094 |
| Contributions in relation to the actuarially determined contribution | \$ 9,504 | \$ 8,922 | \$ 9,083 | \$ 9,262 | \$ 10,219 | \$ 9,438 | \$ 8,566 | \$ 8,296 | \$ 7,414 | \$ 7,694 |
| Contributions--State of Oklahoma insurance premium tax | 24,382 | 24,040 | 23,673 | 21,843 | 22,981 | 22,861 | 21,165 | 19,807 | 18,836 | 16,965 |
| Total Contribution | \$ 33,886 | \$ 32,962 | \$ 32,756 | \$ 31,105 | \$ 33,200 | \$ 32,299 | \$ 29,731 | \$ 28,103 | \$ 26,250 | \$ 24,659 |
| Contribution deficiency (excess) | \$ 641 | \$ (1,697) | \$ (289) | \$ 2,005 | \$ 91 | \$ (461) | \$ 14,044 | \$ 16,631 | \$ 22,384 | \$ 25,435 |
| Covered payroll | \$ 87,674 | \$ 85,407 | \$ 86,121 | \$ 86,496 | \$ 88,683 | \$ 84,880 | \$ 76,838 | \$ 73,423 | \$ 71,598 | \$ 70,967 |
| Contributions as percentage of covered payroll | 38.65% | 38.59% | 38.03% | 35.96% | 37.44% | 38.05% | 38.69% | 38.28% | 36.66% | 34.75% |

Schedule of Net Pension Liability Oklahoma Law Enforcement Retirement System Last Six Fiscal Years (Expressed in thousands)

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|--------------|--------------|--------------|--------------|------------|------------|
| Total Pension Liability | | | | | | |
| Service cost | \$ 22,215 | \$ 22,654 | \$ 23,670 | \$ 23,126 | \$ 22,087 | \$ 20,294 |
| Interest | 80,698 | 78,022 | 75,080 | 72,766 | 66,613 | 64,959 |
| Changes in benefit terms | - | 832 | - | - | - | - |
| Differences between expected and actual experience | 13,873 | (5,997) | (2,307) | 6,137 | 51,090 | (9,771) |
| Changes in assumptions | - | - | 1,107 | - | - | - |
| Benefit payments | (60,647) | (59,048) | (57,612) | (58,348) | (57,187) | (49,777) |
| Net Change in Total Pension Liability | \$ 56,139 | \$ 36,463 | \$ 39,938 | \$ 43,681 | \$ 82,603 | \$ 25,705 |
| Total Pension Liability - Beginning | 1,105,750 | 1,069,287 | 1,029,349 | 998,863 | 916,260 | 890,555 |
| Total Pension Liability - Ending | \$ 1,161,889 | \$ 1,105,750 | \$ 1,069,287 | \$ 1,042,544 | \$ 998,863 | \$ 916,260 |
| Plan Fiduciary Net Position | | | | | | |
| Contributions - employer | \$ 8,922 | \$ 9,083 | \$ 9,262 | \$ 10,219 | \$ 9,438 | \$ 8,566 |
| Contributions - non-employer | 24,040 | 23,673 | 21,843 | 22,981 | 22,861 | 21,165 |
| Contributions - member | 6,691 | 6,667 | 6,832 | 6,866 | 6,390 | 5,787 |
| Net investment income | 40,138 | 80,005 | 106,519 | (22,244) | 34,802 | 121,403 |
| Benefit payments | (60,647) | (59,048) | (57,612) | (58,348) | (57,187) | (49,777) |
| Administrative expense | (1,131) | (1,092) | (1,083) | (1,031) | (1,069) | (927) |
| Net change in plan fiduciary net position | \$ 18,013 | \$ 59,288 | \$ 85,761 | \$ (41,557) | \$ 15,235 | \$ 106,217 |
| Plan fiduciary net position - beginning | 998,633 | 939,345 | 853,584 | 895,141 | 879,906 | 773,689 |
| Plan fiduciary net position - ending | \$ 1,016,646 | \$ 998,633 | \$ 939,345 | \$ 853,584 | \$ 895,141 | \$ 879,906 |
| Net pension liability | \$ 145,243 | \$ 107,117 | \$ 129,942 | \$ 188,960 | \$ 103,722 | \$ 36,354 |
| Total pension liability | \$ 1,161,889 | \$ 1,105,750 | \$ 1,069,287 | \$ 1,042,544 | \$ 998,863 | \$ 916,260 |
| Plan fiduciary net position | 1,016,646 | 998,633 | 939,345 | 853,584 | 895,141 | 879,906 |
| Net pension liability (asset) | \$ 145,243 | \$ 107,117 | \$ 129,942 | \$ 188,960 | \$ 103,722 | \$ 36,354 |
| Ratio of plan fiduciary net position to total pension liability | 87.50% | 90.31% | 87.85% | 81.88% | 89.62% | 96.03% |
| Covered payroll | \$ 85,407 | \$ 86,121 | \$ 86,496 | \$ 88,683 | \$ 84,880 | \$ 76,838 |
| Net pension liability as a percentage of covered payroll | 170.06% | 124.38% | 150.23% | 213.07% | 122.20% | 47.31% |

Notes to Schedule:

GASB Statement 68 requires the information presented in the "Schedules of Required Supplementary Information" cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement 68 and is the latest available at the date of publication.

Actuarially Determined Contributions:

The annual required contribution for fiscal year 2020 was determined as part of the July 1, 2020, actuarial valuation using the individual entry age normal method. The actuarial assumptions included: a) a 7.5% investment rate of return (net of administrative expense), b) projected salary increases of 3.50%-9.75%, c) a cost-of-living allowance of 3% for eligible participants, and d) an inflation rate of 2.75%.

Benefit Changes:

2020: House Bill 3350 provides a cost-of-living adjustment to any person receiving a benefit from the System and who continues to receive a benefit on or after July 1, 2020, based on the following retirement dates: zero (0%) if the person was retired two years or less on July 1, 2020; two (2%) if the person has been retired for at least two years but less than five years as of July 1, 2020, and; four (4%) if the person has been retired for five years or more on July 1, 2020. This cost-of-living adjustment is offset by any increase in benefits a person received pursuant to Section 2-305 of Title 47 of the Oklahoma Statutes. The provision became effective May 22, 2020.

2018: House Bill 1340 provides for a single, one-time, non-permanent increase in the payment of retirement benefits. A single payment of 2% of the gross annual retirement benefit will be paid to qualifying members, subject to a cap and floor on the payment. The provision became effective May 8, 2018.

House Bill 2517 clarifies that all benefits payable from the plan, including payments from deferred option plans, shall be paid from general assets of the fund. The provision became effective April 12, 2018.

2014: House Bill 2622 reset the amortization period of the unfunded actuarial liability to 15 years, effective July 1, 2014.

Changes in Actuarial Assumptions:

July 1, 2017 Valuation: The cost of living assumption used was 3% for eligible participants. The inflation assumption was 3%; Beginning with the July 1, 2017, valuation, there will be a salary experience reserve. When base pay raises are small or non-existent, the reserve will be credited with the liability gain resulting from this experience. When pay raises are granted, the reserve will be released to offset any loss (or completely released, if less than the loss).

Uniform Retirement System for Justices and Judges Schedule of Contributions Last Seven Fiscal Years (Expressed in thousands)

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------|-----------------|
| Actuarially determined contribution | \$ 790 | \$ 352 | \$ 1,638 | \$ 3,626 | \$ 3,454 | \$ 4,897 | \$ 7,215 |
| Actual Employer Contributions | 7,384 | 7,146 | 6,504 | 6,013 | 5,832 | 5,295 | 4,611 |
| Contribution deficiency (excess) | <u>\$ (6,594)</u> | <u>\$ (6,794)</u> | <u>\$ (4,866)</u> | <u>\$ (2,387)</u> | <u>\$ (2,378)</u> | <u>\$ (398)</u> | <u>\$ 2,604</u> |
| Covered payroll | \$ 35,113 | \$ 33,839 | \$ 33,359 | \$ 34,811 | \$ 34,537 | \$ 34,282 | \$ 34,325 |
| Contributions as percentage of employee payroll | 21.03% | 21.12% | 19.50% | 17.27% | 16.89% | 15.45% | 13.43% |

Schedule of Net Pension Liability
Uniform Retirement System for Justices and Judges
Last Six Fiscal Years
(Expressed in thousands)

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Total Pension Liability | | | | | | |
| Service cost | \$ 9,003 | \$ 8,897 | \$ 10,085 | \$ 9,689 | \$ 9,602 | \$ 9,489 |
| Interest | 19,623 | 19,162 | 19,229 | 19,341 | 18,812 | 18,529 |
| Differences between expected and actual experience | 7,244 | (2,004) | (6,664) | (7,480) | (4,598) | (7,597) |
| Changes of assumptions | - | - | 3,979 | 5,843 | - | (1,046) |
| Benefit payments | (20,382) | (18,461) | (17,648) | (17,198) | (16,093) | (14,939) |
| Refunds of contributions | (67) | (52) | (89) | (161) | (111) | (57) |
| Net Change in Total Pension Liability | \$ 15,421 | \$ 7,542 | \$ 8,892 | \$ 10,034 | \$ 7,612 | \$ 4,379 |
| Total Pension Liability - Beginning | 290,380 | 282,838 | 276,434 | 266,400 | 258,788 | 254,409 |
| Adoption of GASB 74 | - | - | (2,488) | - | - | - |
| Total Pension Liability - Ending | <u>\$ 305,801</u> | <u>\$ 290,380</u> | <u>\$ 282,838</u> | <u>\$ 276,434</u> | <u>\$ 266,400</u> | <u>\$ 258,788</u> |
| Plan Fiduciary Net Position | | | | | | |
| Contributions - employer | \$ 7,145 | \$ 6,504 | \$ 6,013 | \$ 5,832 | \$ 5,295 | \$ 4,611 |
| Contributions - member | 2,666 | 2,608 | 2,664 | 2,666 | 2,706 | 2,544 |
| Net investment income | 20,128 | 26,189 | 36,312 | 1,441 | 8,174 | 46,211 |
| Benefit payments | (20,384) | (18,461) | (17,648) | (17,198) | (16,093) | (14,939) |
| Administrative expense | (169) | (154) | (153) | (149) | (144) | (132) |
| Refunds of contributions | (65) | (52) | (89) | (161) | (111) | (57) |
| Net change in plan fiduciary net position | \$ 9,321 | \$ 16,634 | \$ 27,099 | \$ (7,569) | \$ (173) | \$ 38,238 |
| Plan fiduciary net position - beginning | 334,897 | 318,263 | 293,727 | 301,296 | 301,469 | 263,231 |
| Adoption of GASB 74 | - | - | (2,563) | - | - | - |
| Plan fiduciary net position - ending | <u>\$ 344,218</u> | <u>\$ 334,897</u> | <u>\$ 318,263</u> | <u>\$ 293,727</u> | <u>\$ 301,296</u> | <u>\$ 301,469</u> |
| Net pension asset | <u>\$ (38,417)</u> | <u>\$ (44,517)</u> | <u>\$ (35,425)</u> | <u>\$ (17,293)</u> | <u>\$ (34,896)</u> | <u>\$ (42,681)</u> |
| Total pension liability | \$ 305,801 | \$ 290,380 | \$ 282,838 | \$ 276,434 | \$ 266,400 | \$ 258,788 |
| Plan fiduciary net position | 344,218 | 334,897 | 318,263 | 293,727 | 301,296 | 301,469 |
| Net pension liability (asset) | <u>\$ (38,417)</u> | <u>\$ (44,517)</u> | <u>\$ (35,425)</u> | <u>\$ (17,293)</u> | <u>\$ (34,896)</u> | <u>\$ (42,681)</u> |
| Ratio of plan fiduciary net position to total pension liability | 112.56% | 115.33% | 112.52% | 106.26% | 113.10% | 116.49% |
| Covered payroll | \$ 33,839 | \$ 33,359 | \$ 34,811 | \$ 34,537 | \$ 34,282 | \$ 34,325 |
| Net pension asset as a percentage of covered payroll | 113.53% | 133.45% | 101.76% | 50.07% | 101.79% | 124.34% |

Notes to Schedule:

GASB Statement 68 requires the information presented in the "Schedules of Required Supplementary Information" cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement 68 and is the latest available at the date of publication.

Actuarially Determined Contributions:

The annual required contribution for fiscal year 2020 was determined as part of the July 1, 2020, actuarial valuation using the entry age normal method. The actuarial assumptions included, a) a 6.50% investment rate of return (net of administrative expense), b) projected salary increases of 3.50%. The assumptions did not include a cost-of-living allowance for active, disabled, or retired members, and c) an inflation rate of 2.50%.

Benefit Changes:

2020: House Bill 3350 provides a cost-of-living adjustment to any person receiving a benefit from the System and who continues to receive a benefit on or after July 1, 2020, based on the following retirement dates: zero (0%) if the person was retired two years or less on July 1, 2020; two (2%) if the person has been retired for at least two years but less than five years as of July 1, 2020, and; four (4%) if the person has been retired for five years or more on July 1, 2020. This cost-of-living adjustment is offset by any increase in benefits a person received pursuant to Section 1104K of Title 20 of the Oklahoma Statutes. The provision became effective May 22, 2020.

2018: House Bill 1340 provides for a single, one-time, non-permanent increase in the payment of retirement benefits. A single payment of 2% of the gross annual retirement benefit will be paid to qualifying members, subject to a cap and floor on the payment. The provision became effective May 8, 2018.

Changes in Actuarial Assumptions:

July 1, 2020, valuation: The price inflation decreased from 2.75% to 2.50%; The investment return decreased from 7.00% to 6.50%; The payroll growth decreased from 3.50% to 3.25%; The mortality assumptions were changed to reflect recent mortality experience.

July 1, 2017, valuation: The investment return decreased from 7.25% to 7.00%; The projected salary increases decreased from 5.00% to 3.75%; The inflation rate decreased from 3.00% to 2.75%.

July 1, 2016 valuation: The investment return decreased from 7.5% to 7.25%

July 1, 2014 valuation: The salary scale assumption was decreased, and the retirement rates were adjusted.

Cost Sharing Pension Plans

Component Units

Schedule of Related Ratios Oklahoma Firefighters Pension and Retirement System Last Ten Fiscal Years (Expressed in thousands)

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Plan fiduciary position as a percentage of the total pension liability | 72.85% | 70.73% | 66.61% | 64.87% | 68.27% | 68.12% | 61.62% | 59.22% | 63.18% | 46.99% |
| Covered payroll | \$ 307,735 | \$ 303,091 | \$ 285,073 | \$ 273,621 | \$ 270,536 | \$ 271,572 | \$ 253,955 | \$ 256,250 | \$ 243,684 | \$ 248,520 |
| Net pension liability as a percentage of covered payroll | 343.37% | 371.39% | 441.19% | 446.50% | 392.34% | 378.66% | 465.75% | 459.40% | 417.04% | 671.78% |
| State portion of net pension liability | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State employer portion of net pension liability | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |

Schedule of Contributions
Oklahoma Firefighters Pension and Retirement System
Last Ten Fiscal Years
(Expressed in thousands)

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|-------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required employer contributions | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Statutorily required employer contributions | 103,592 | 101,700 | 100,333 | 88,134 | 92,330 | 91,236 | 79,545 | 76,311 | 68,246 | 59,876 |
| Total required contributions | <u>\$ 103,592</u> | <u>\$ 101,700</u> | <u>\$ 100,333</u> | <u>\$ 88,134</u> | <u>\$ 92,330</u> | <u>\$ 91,236</u> | <u>\$ 79,545</u> | <u>\$ 76,311</u> | <u>\$ 68,246</u> | <u>\$ 59,876</u> |
| Actual employer contribution | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State of Oklahoma, non-employer contributions | 103,592 | 101,700 | 100,333 | 88,134 | 92,330 | 91,236 | 79,545 | 76,311 | 68,246 | 59,876 |
| Total Contributions | <u>\$ 103,592</u> | <u>\$ 101,700</u> | <u>\$ 100,333</u> | <u>\$ 88,134</u> | <u>\$ 92,330</u> | <u>\$ 91,236</u> | <u>\$ 79,545</u> | <u>\$ 76,311</u> | <u>\$ 68,246</u> | <u>\$ 59,876</u> |
| Annual contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Employer portion of net pension liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Covered payroll | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Actual contributions as a percentage of covered payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

Notes to Schedule:

GASB Statement 68 requires the information presented in the "Schedules of Required Supplementary Information" cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement 68 and is the latest available at the date of publication.

Benefit Changes:

2020: House Bill 3350 provides a cost-of-living adjustment to any person receiving a benefit from the System and who continues to receive a benefit on or after July 1, 2020, based on the following retirement dates: zero (0%) if the person was retired two years or less on July 1, 2020; two (2%) if the person has been retired for at least two years but less than five years as of July 1, 2020, and; four (4%) if the person has been retired for five years or more on July 1, 2020. This cost-of-living adjustment is offset by any increase in benefits a person received pursuant to repealed Section 49-136 of Title 11 of the Oklahoma Statutes after June 30, 2008. The provision became effective May 22, 2020.

2018: House Bill 1340 provides for a single, one-time, non-permanent increase in the payment of retirement benefits. A single payment of 2% of the gross annual retirement benefit will be paid to qualifying members, subject to a cap and floor on the payment. This provision became effective May 8, 2018.

2017: House Bill 1705 modified certain provisions of eligible rollover distributions, provided treatment of certain mandatory distributions occurring on or after a certain date.

2016: Senate Bill 1021 modified the termination date of local boards. The termination date was extended from December 31, 2000, to December 31, 2016.

Senate Bill 1022 clarified certain forms of payments made to members of the Oklahoma Firefighters Pension and Retirement System.

2015: House Bill 2005 prevents any volunteer firefighter who begins service on or after age 45 from becoming a participant in the Oklahoma Firefighters Pension and Retirement System.

House Bill 1002 directs the Oklahoma Firefighters Pension and Retirement System Board of Trustees to use Internal Revenue Service guidelines to determine if a potential rollover from another system may be rolled into the Oklahoma Firefighters Pension and Retirement System. The Board is required to use Internal Revenue Service guidelines to determine the taxable portion of a distribution from the System.

2013: House Bill 2078 and SB 1101 made certain changes to the benefits of members hired on or after November 1, 2013, including the following: Increased the eligibility to retire to age 50 with 22 years of service; Increased the eligibility for a vested benefit to 11 years; Changed the interest earned to Deferred Retirement Option Plan accounts to be the rate earned by System assets, less one percentage point, once the member has left active Deferred Retirement Option Plan.

Changes in Actuarial Assumptions:

July 1, 2013 Valuation: The retirement, disability, and withdrawal rates were changed; The salary increase assumption was changed; The mortality rates were changed.

July 1, 2011 Valuation: Assumption for future ad-hoc cost-of-living adjustments removed due to the adoption of the Oklahoma Pension Legislation Actuarial Analysis Act.

Changes in Actuarial Funding Methods:

2013: House Bill 2078 increased the amount of gross salary contributed by paid firefighters from 8% to 9%, effective November 1, 2013. In addition, the bill increased the amount of gross salary contributed by municipalities and fire districts from 13% to 14%, effective November 1, 2013. The bill also increased the portion of statewide insurance premium tax allocated to the system from 34% to 36%.

Schedule of Related Ratios
Oklahoma Public Employees Retirement System
Last Six Fiscal Years
(Expressed in thousands)

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Plan fiduciary position as a percentage of the total pension liability | 98.63% | 97.96% | 94.28% | 89.48% | 96.00% | 97.90% |
| Covered payroll | \$ 1,249,922 | \$ 1,318,207 | \$ 1,406,150 | \$ 1,443,199 | \$ 1,391,397 | \$ 1,359,348 |
| Net pension liability as a percentage of covered payroll | 8.29% | 11.55% | 30.19% | 54.85% | 20.62% | 10.83% |
| State portion of net pension liability | \$ 103,659 | \$ 152,266 | \$ 424,531 | \$ 793,756 | \$ 286,962 | \$ 147,158 |
| State employer portion of net pension liability | 77.83% | 78.07% | 78.52% | 79.99% | 79.78% | 80.17% |

Schedule of Contributions
Oklahoma Public Employees Retirement System
Last Six Fiscal Years
(Expressed in thousands)

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required employer contributions | \$ 213,938 | \$ 205,894 | \$ 203,294 | \$ 215,582 | \$ 236,347 | \$ 234,246 |
| Actual employer contribution | 213,938 | 205,894 | 203,294 | 215,582 | 236,347 | 234,246 |
| Annual contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Employer portion of net pension liability | 77.83% | 78.07% | 78.52% | 79.99% | 79.78% | 80.17% |
| Covered payroll | \$ 1,233,303 | \$ 1,249,922 | \$ 1,318,207 | \$ 1,406,150 | \$ 1,443,199 | \$ 1,391,397 |
| Actual contributions as a percentage of covered payroll | 17.35% | 16.47% | 15.42% | 15.33% | 16.38% | 16.84% |

Notes to Schedule:

GASB Statement 68 requires the information presented in the "Schedules of Required Supplementary Information" cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement 68 and is the latest available at the date of publication.

Covered payroll beginning in 2017 is for the defined benefit plan members only although employer contributions toward the net pension liability are being received on behalf of defined contribution plan members.

2017 was the first year to exclude health insurance subsidy.

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

2020: House Bill 3350 provides a cost-of-living adjustment to any person receiving a benefit from the System and who continues to receive a benefit on or after July 1, 2020, based on the following retirement dates: zero (0%) if the person was retired two years or less on July 1, 2020; two (2%) if the person has been retired for at least two years but less than five years as of July 1, 2020, and; four (4%) if the person has been retired for five years or more on July 1, 2020. This cost-of-living adjustment is offset by any increase in benefits a person received pursuant to Section 930.11 of Title 74 of the Oklahoma Statutes. The provision became effective May 22, 2020.

2018: House Bill 1340 provides for a single, one-time, non-permanent increase in the payment of retirement benefits. A single payment of 2% of the gross annual retirement benefit will be paid to qualifying members, subject to a cap and floor on the payment. The provision became effective May 8, 2018.

House Bill 2516 clarifies certain system provisions related to billing employers for sick leave and early retirement for elected officials. The provision became effective April 12, 2018.

Senate Bill 527 states that a statewide elected official or legislator who is first elected or appointed on or after November 1, 2018, and who has participating service in the Oklahoma Public Employees Retirement System defined benefit plan prior to November 1, 2015, shall be a member of the defined benefit plan. The provision became effective April 17, 2018.

Changes in Actuarial Assumptions:

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

July 1, 2020, valuation: The price inflation decreased from 2.75% to 2.50%; The investment return decreased from 7.00% to 6.50%; The payroll growth decreased from 3.50% to 3.25%; The mortality assumptions were changed to reflect recent mortality experience.

July 1, 2017, valuation: The investment return decreased from 7.25% to 7.00%; The projected salary increases changed from range of 4.5% - 8.4% to range of 3.5% - 9.5%; The inflation rate decreased from 3.00% to 2.75%.

July 1, 2016 valuation: The investment return decreased from 7.5% to 7.25%

Schedule of Related Ratios
Oklahoma Police Pension and Retirement System
 Last Six Fiscal Years
 (Expressed in thousands)

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|---------|----------|--------|--------|--------|----------|
| Plan fiduciary position as a percentage of the total pension liability | 100.24% | 101.89% | 99.68% | 93.50% | 99.82% | 101.53% |
| Covered payroll | \$ 867 | \$ 826 | \$ 871 | \$ 862 | \$ 632 | \$ 608 |
| Net pension liability as a percentage of covered payroll | (1.97%) | (15.43%) | 2.57% | 51.67% | 1.38% | (11.63%) |
| State portion of net pension liability | \$ (16) | \$ (127) | \$ 22 | \$ 446 | \$ 12 | \$ (72) |
| State employer portion of net pension liability | 0.25% | 0.27% | 0.29% | 0.29% | 0.29% | 0.21% |

Schedule of Contributions
Oklahoma Police Pension and Retirement System
 Last Six Fiscal Years
 (Expressed in thousands)

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| Contractually required employer contributions | \$ 111 | \$ 113 | \$ 117 | \$ 113 | \$ 112 | \$ 173 |
| Statutorily required employer contributions | 40,295 | 39,559 | 39,028 | 34,283 | 35,915 | 35,490 |
| Total required contributions | \$ 40,406 | \$ 39,672 | \$ 39,145 | \$ 34,396 | \$ 36,027 | \$ 35,663 |
| Actual employer contribution | \$ 111 | \$ 113 | \$ 117 | \$ 113 | \$ 112 | \$ 173 |
| State of Oklahoma, non-employer contributions | 40,295 | 39,559 | 39,028 | 34,283 | 35,915 | 35,490 |
| Total Contributions | \$ 40,406 | \$ 39,672 | \$ 39,145 | \$ 34,396 | \$ 36,027 | \$ 35,663 |
| Annual contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Employer portion of net pension liability | 0.25% | 0.27% | 0.29% | 0.29% | 0.29% | 0.21% |
| Covered payroll | \$ 856 | \$ 867 | \$ 826 | \$ 871 | \$ 862 | \$ 632 |
| Actual contributions as a percentage of covered payroll | 4720.33% | 4575.78% | 4739.10% | 3947.35% | 4179.47% | 5642.88% |

Notes to Schedule:

GASB Statement 68 requires the information presented in the "Schedules of Required Supplementary Information" cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement 68 and is the latest available at the date of publication.

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

2020: House Bill 3350 provides a cost-of-living adjustment to any person receiving a benefit from the System and who continues to receive a benefit on or after July 1, 2020, based on the following retirement dates: zero (0%) if the person was retired two years or less on July 1, 2020; two (2%) if the person has been retired for at least two years but less than five years as of July 1, 2020, and; four (4%) if the person has been retired for five years or more on July 1, 2020. This cost-of-living adjustment is offset by any increase in benefits a person received pursuant to repealed Section 50-120 of Title 11 of the Oklahoma Statutes after June 30, 2008. The provision became effective May 22, 2020.

2019: House Bill 2269 provides that participants in the Deferred Option Plan can name a designated recipient; if there is no such designation, the surviving spouse, having been married to the participant for the 30 continuous months preceding death, will be the eligible recipient. The 30-month requirement does not apply in the event of a duty related death. If neither a named recipient nor a surviving spouse is an eligible recipient, payment will be made to the estate of the participant. House Bill 2269 further provides that the Council on Law Enforcement Education and Training will grant the board access to records regarding actively working police officers in participating agencies and municipalities. Lastly, House Bill 2269 allows

for the final benefit payment due a member in the month they are deceased to be paid to a successor-in-interest provided it is less than the limits set in Title 58 § 393 of the state statutes. This provision became effective May 13, 2019.

2018: House Bill 1340 provides for a single, one-time, non-permanent increase in the payment of retirement benefits. A single payment of 2% of the gross annual retirement benefit will be paid to qualifying members, subject to a cap and floor on the payment. The provision became effective May 8, 2018.

House Bill 2515 clarifies that all benefits payable from the plan, including payments from deferred option plans, shall be paid from general assets of the fund. House Bill 2515 further provides that a permanent and total impairment equates to 100% of the accrued retirement benefits. The provision became effective April 12, 2018.

2017: House Bill 1119 updates the rules for distributions to include rollover contributions for Savings Incentive Match Plan Individual Retirement Accounts that are structured and timed in accordance with the Internal Revenue Service regulations.

2016: House Bill 2273 amends the computation of final average salary to be based specifically on paid base salary in which required contributions have been made. Amends and clarifies the definition of paid base salary, including its components and exclusions. Adds additional language regarding the purchase of transferred credited service to comply with Internal Revenue Service rules regarding the use of Roth and non-Roth type individual retirement accounts.

2015: Senate Bill 345 authorizes the Oklahoma Police Pension and Retirement System Board of Trustees to adopt rules for computation of the purchase price for transferred service credit and the purchase methods available, including time periods available to complete the purchase; additional required language regarding distributions necessary for the system to remain an Internal Revenue Service qualified plan.

Changes in Actuarial Assumptions:

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

July 1, 2018, Valuation: The price inflation assumption was decreased from 3.00% to 2.75%; The interest credit on Deferred Retirement Option Plan balances were increased from 7.75% to 11.00%; The real wage growth assumption was set at 0.75%; The cost-of-living adjustment basis assumption was increased from 3.00% to 3.50%; The retirement and termination rates were adjusted to better reflect observed experience; The salary scale was adjusted to better reflect observed experience; The expected severity of disability was increased from 25%-49% to 50%-74%; Surplus unfunded actuarially accrued liability was amortized over an open 30-year period.

Schedule of Related Ratios Teachers' Retirement System Last Six Fiscal Years (Expressed in thousands)

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Plan fiduciary position as a percentage of the total pension liability | 71.56% | 72.74% | 69.32% | 62.24% | 70.31% | 72.43% |
| Covered payroll | \$ 1,183,904 | \$ 1,098,170 | \$ 1,103,585 | \$ 1,111,204 | \$ 1,079,239 | \$ 1,070,909 |
| Net pension liability as a percentage of covered payroll | 143.92% | 145.83% | 159.91% | 202.38% | 149.35% | 125.84% |
| State portion of net pension liability | \$ 1,703,873 | \$ 1,601,483 | \$ 1,764,704 | \$ 2,248,905 | \$ 1,611,824 | \$ 1,347,638 |
| State employer portion of net pension liability | 25.75% | 26.46% | 26.60% | 26.84% | 26.42% | 24.88% |

Schedule of Contributions
Teachers' Retirement System
 Last Six Fiscal Years
 (Expressed in thousands)

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Contractually required employer contributions | \$ 117,760 | \$ 118,076 | \$ 109,857 | \$ 106,483 | \$ 108,240 | \$ 184,726 |
| Statutorily required employer contributions | 359,366 | 371,671 | 344,610 | 301,952 | 315,672 | 336,391 |
| Total required contributions | <u>\$ 477,126</u> | <u>\$ 489,747</u> | <u>\$ 454,467</u> | <u>\$ 408,435</u> | <u>\$ 423,912</u> | <u>\$ 521,117</u> |
| Actual employer contribution | \$ 117,760 | \$ 118,076 | \$ 109,857 | \$ 106,483 | \$ 108,240 | \$ 184,726 |
| State of Oklahoma, non-employer contributions | 359,366 | 371,671 | 344,610 | 301,952 | 315,672 | 336,391 |
| Total Contributions | <u>\$ 477,126</u> | <u>\$ 489,747</u> | <u>\$ 454,467</u> | <u>\$ 408,435</u> | <u>\$ 423,912</u> | <u>\$ 521,117</u> |
| Annual contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Employer portion of net pension liability | 25.75% | 26.46% | 26.60% | 26.84% | 26.42% | 24.88% |
| Covered payroll | \$ 1,220,285 | \$ 1,183,904 | \$ 1,098,170 | \$ 1,103,585 | \$ 1,111,204 | \$ 1,079,239 |
| Actual contributions as a percentage of covered payroll | 39.10% | 41.37% | 41.38% | 37.01% | 38.15% | 48.29% |

Notes to Schedule:

GASB Statement 68 requires the information presented in the "Schedules of Required Supplementary Information" cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement 68 and is the latest available at the date of publication.

Benefit Changes:

2020: House Bill 3350 provides a cost-of-living adjustment to any person receiving a benefit from the System and who continues to receive a benefit on or after July 1, 2020, based on the following retirement dates: zero (0%) if the person was retired two years or less on July 1, 2020; two (2%) if the person has been retired for at least two years but less than five years as of July 1, 2020, and four (4%) if the person has been retired for five years or more on July 1, 2020. The provision became effective May 22, 2020.

2018: House Bill 1340 provides for a single, one-time, non-permanent increase in the payment of retirement benefits. A single payment of 2% of the gross annual retirement benefit will be paid to qualifying members, subject to a cap and floor on the payment. The provision became effective May 8, 2018.

Changes in Actuarial Assumptions:

June 30, 2017, Valuation: Change in the election rate of the supplemental medical insurance benefit.

June 30, 2016, Valuation: Inflation rate was decreased from 3.00% to 2.50%; Assumed investment return was decreased from 8.00% to 7.50%; Wage inflation was decreased from 3.75% to 3.25%; Payroll growth was decreased from 3.25% to 2.75%

Other Postemployment Benefits Schedules Required by GASB Statement number 75

For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

The following information presented for other postemployment benefit plans that are reported as fiduciary component units of the State of Oklahoma are required by the Governmental Accounting Standards Board (GASB), Statement number 75, *Accounting and Reporting for Postemployment Benefits Other Than Pensions*. For more complete information, including the annual money-weighted rate of return and schedule of funding progress, audited annual statements can be acquired by contacting the administering plans:

| | | |
|---|---|---|
| Law Enforcement Retirement 421 N.W. 13th Street, Suite 100 Oklahoma City, OK 73103 https://www.olders.state.ok.us/ | Public Employees Retirement P.O. Box 53007 Oklahoma City, OK 73152 https://www.opers.ok.gov/ | Office of Management and Enterprise Services 2401 N. Lincoln Blvd, Suite 212 Oklahoma City, OK 73105 https://omes.ok.gov |
| Department of Wildlife Conservation P.O. Box 53465 Oklahoma City, OK 73152 https://www.wildlifedepartment.com | Teachers' Retirement System PO Box 53524 Oklahoma City, OK 73152 https://www.ok.gov/trs/ | Uniform Retirement System for Justices and Judges P.O. Box 53007 Oklahoma City, OK 73152 https://www.opers.ok.gov/ |

Schedules of Contributions and Related Ratios

General Fund

Schedule of Contributions Employee Group Insurance Division – Implicit Rate Subsidy Last Four Fiscal Years (expressed in thousands)

| | 2020 | 2019 | 2018 | 2017 |
|--|-----------|--------------|--------------|--------------|
| Actuarially required contributions | \$ 10,475 | \$ 11,698 | \$ 11,008 | \$ 12,706 |
| Contributions in relation to the Actuarially required contributions | \$ 10,475 | \$ 11,698 | \$ 11,008 | \$ 12,706 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - |
| Covered employee payroll | TBD | \$ 1,585,455 | \$ 1,537,569 | \$ 1,521,794 |
| Contributions as a percentage of covered employee payroll | TBD | 0.74% | 0.72% | 0.83% |

Schedule of Total Other Postemployment Benefit Liability
Employee Group Insurance Division – Implicit Rate Subsidy
Last Three Fiscal Years
(expressed in thousands)

| | 2019 | 2018 | 2017 |
|--|-------------------|-------------------|-------------------|
| Total OPEB liability | | | |
| Service cost | \$ 5,181 | \$ 5,190 | \$ 5,920 |
| Interest | 5,634 | 5,307 | 4,497 |
| Difference between expected and actual experience | (611) | (1,242) | - |
| Changes of assumption or other inputs | (12,507) | (540) | (7,404) |
| Benefit payments | (11,699) | (11,009) | (12,706) |
| Net change in total OPEB liability | \$ (14,002) | \$ (2,294) | \$ (9,693) |
| Total OPEB Liability-beginning | 146,202 | 148,496 | 158,189 |
| Total OPEB Liability-ending | <u>\$ 132,200</u> | <u>\$ 146,202</u> | <u>\$ 148,496</u> |
| Covered employee payroll | \$ 1,585,455 | \$ 1,537,569 | \$ 1,521,794 |
| Total OPEB Liability as a percentage of covered employee payroll | 8.34% | 9.51% | 9.76% |

Notes to Schedules:

GASB Statement number 75 requires the information presented in the “Schedules of Required Supplementary Information” cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement number 75 and is the latest available at the date of publication.

Covered employee payroll listed as “TBD” was unavailable at time of issuance.

There are no assets in a trust compliant with GASB Statement number 75 from which to pay benefits.

Schedule of Contributions
Wildlife Commission Health Insurance Allowance
Last Three Fiscal Years
(expressed in thousands)

| | 2020 | 2019 | 2018 |
|---|-------------|-------------|-------------|
| Actuarially required contributions | \$ 390 | \$ 408 | \$ 236 |
| Contributions in relation to the actuarially required contributions | \$ 390 | \$ 408 | \$ 236 |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered employee payroll | \$ 11,632 | \$ 12,082 | \$ 12,208 |
| Contributions as a percentage of covered employee payroll | 3.35% | 3.38% | 1.93% |

Schedule of Total Other Postemployment Benefit Liability
Wildlife Commission Retirement Plan
Last Three Fiscal Years
(expressed in thousands)

| | 2019 | 2018 | 2017 |
|--|-----------------|-----------------|-----------------|
| Total OPEB liability | | | |
| Service cost | \$ 213 | \$ 211 | \$ 121 |
| Interest | 230 | 273 | 177 |
| Changes of benefit terms | - | - | 2,992 |
| Difference between expected and actual experience | 117 | (63) | (28) |
| Changes of assumption or other inputs | 119 | 695 | 180 |
| Benefit payments | (390) | (408) | (238) |
| Net change in total OPEB liability | \$ 289 | \$ 708 | \$ 3,204 |
| Total OPEB Liability-beginning | 8,444 | 7,736 | 4,532 |
| Total OPEB Liability-ending | <u>\$ 8,733</u> | <u>\$ 8,444</u> | <u>\$ 7,736</u> |
| Covered employee payroll | \$ 11,632 | \$ 12,082 | \$ 12,208 |
| Total OPEB Liability as a percentage of covered employee payroll | 75.08% | 69.89% | 63.37% |

Notes to Schedules:

GASB Statement number 75 requires the information presented in the “Schedules of Required Supplementary Information” cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement number 75 and is the latest available at the date of publication.

There are no assets in a trust compliant with GASB Statement number 75 from which to pay benefits.

Component Units

Schedule of Contributions
Oklahoma Law Enforcement Retirement System
Last Four Fiscal Years
(expressed in thousands)

| | 2020 | 2019 | 2018 | 2017 |
|--|----------|----------|----------|----------|
| Actuarially required contributions | \$ 358 | \$ 344 | \$ 380 | \$ 398 |
| Contributions in relation to the actuarially required contributions | \$ 1,279 | \$ 1,285 | \$ 1,285 | \$ 849 |
| Contribution deficiency (excess) | \$ (921) | \$ (941) | \$ (905) | \$ (451) |
| Covered employee payroll | N/A | N/A | N/A | N/A |
| Contributions as a percentage of covered employee payroll | N/A | N/A | N/A | N/A |

Schedule of Net Other Postemployment Benefit Liability
Oklahoma Law Enforcement Retirement System
Last Three Fiscal Years
(expressed in thousands)

| | 2019 | 2018 | 2017 |
|--|------------------|------------------|------------------|
| Total OPEB liability | | | |
| Service cost | \$ 340 | \$ 343 | \$ 357 |
| Interest | 939 | 933 | 958 |
| Difference between expected and actual experience | (597) | (335) | (501) |
| Changes of assumption or other inputs | - | - | (304) |
| Benefit payments | (856) | (855) | (849) |
| Net change in total OPEB liability | \$ (174) | \$ 86 | \$ (339) |
| Total OPEB Liability-beginning | 12,942 | 12,856 | 13,195 |
| Total OPEB Liability-ending | <u>\$ 12,768</u> | <u>\$ 12,942</u> | <u>\$ 12,856</u> |
| Plan fiduciary net position (OPEB) | | | |
| Contributions - state agencies | \$ 1,285 | \$ 1,285 | \$ 849 |
| Net investment (loss) income | 17 | - | - |
| Health insurance premiums paid | (855) | (855) | (849) |
| Net change in fiduciary net position | \$ 447 | \$ 430 | \$ - |
| Fiduciary net position OPEB-beginning | 430 | - | - |
| Fiduciary net position OPEB-ending | <u>\$ 877</u> | <u>\$ 430</u> | <u>\$ -</u> |
| Net OPEB Liability | \$ 11,891 | \$ 12,512 | \$ 12,856 |
| Fiduciary net position as a percentage of the total OPEB liability | 6.87% | 3.32% | 0.00% |
| Covered payroll | N/A | N/A | N/A |
| Net OPEB Liability (Asset) as a percentage of covered payroll | N/A | N/A | N/A |

Notes to Schedules:

GASB Statement number 75 requires the information presented in the "Schedules of Required Supplementary Information" cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement number 75 and is the latest available at the date of publication.

As of June 30, 2018, OPEB had allocated assets of approximately \$428,000 and no allocated assets as of June 30, 2017. As such the return for both years is 0%. The return in future years will be the same for both OPEB and the pension plan.

Covered payroll is not meaningful to formulate a ratio of net OPEB liability as a percentage of covered payroll. Contributions are only received from employers.

Uniform Retirement System for Justices and Judges
Schedule of Contributions
Last Four Fiscal Years
(expressed in thousands)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-----------------|-----------------|-----------------|-----------------|
| Actuarially required contributions | \$ 7 | \$ 3 | \$ 15 | \$ 35 |
| Contributions in relation to the actuarially required contributions | \$ 203 | \$ 187 | \$ 180 | \$ 178 |
| Contribution deficiency (excess) | <u>\$ (196)</u> | <u>\$ (184)</u> | <u>\$ (165)</u> | <u>\$ (143)</u> |
| Covered employee payroll | N/A | N/A | N/A | N/A |
| Contributions as a percentage of covered employee payroll | N/A | N/A | N/A | N/A |

Schedule of Net Other Postemployment Benefit Liability
Uniform Retirement System for Justices and Judges
Last Three Fiscal Years
(expressed in thousands)

| | 2019 | 2018 | 2017 |
|--|-----------------|-----------------|-----------------|
| Total OPEB liability | | | |
| Service cost | \$ 115 | \$ 113 | \$ 122 |
| Interest | 184 | 183 | 174 |
| Difference between expected and actual experience | (12) | (88) | (13) |
| Changes of assumption or other inputs | - | - | 107 |
| Benefit payments | (197) | (183) | (179) |
| Net change in total OPEB liability | \$ 90 | \$ 25 | \$ 211 |
| Total OPEB Liability-beginning | 2,724 | 2,699 | 2,488 |
| Total OPEB Liability-ending | <u>\$ 2,814</u> | <u>\$ 2,724</u> | <u>\$ 2,699</u> |
| Plan fiduciary net position (OPEB) | | | |
| Contributions - state agencies | \$ 187 | \$ 180 | \$ 178 |
| Net investment (loss) income | 190 | 251 | 330 |
| Health insurance premiums paid | (197) | (182) | (179) |
| Administrative expense | (1) | (1) | (1) |
| Net change in fiduciary net position | \$ 179 | \$ 248 | \$ 328 |
| Fiduciary net position OPEB-beginning | 3,139 | 2,891 | 2,563 |
| Fiduciary net position OPEB-ending | <u>\$ 3,318</u> | <u>\$ 3,139</u> | <u>\$ 2,891</u> |
| Net OPEB Liability | \$ (504) | \$ (415) | \$ (192) |
| Fiduciary net position as a percentage of the total OPEB liability | 117.91% | 115.23% | 107.11% |
| Covered payroll | N/A | N/A | N/A |
| Net OPEB Liability (Asset) as a percentage of covered payroll | N/A | N/A | N/A |

Notes to Schedule:

GASB Statement number 75 requires the information presented in the "Schedules of Required Supplementary Information" cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement number 75 and is the latest available at the date of publication.

Covered payroll is not meaningful to formulate a ratio of net OPEB liability as a percentage of covered payroll. Contributions are only received from employers.

Cost Sharing Other Postemployment Plans

Component Units

Schedule of Contributions Oklahoma Public Employees Retirement System Last Four Fiscal Years (expressed in thousands)

| | 2020 | 2019 | 2018 | 2017 |
|--|-------------|-------------|-------------|-------------|
| Actuarially required contributions | \$ 2,844 | \$ 3,332 | \$ 4,517 | \$ 4,780 |
| Contributions in relation to the actuarially required contributions | \$ 14,971 | \$ 14,588 | \$ 14,895 | \$ 14,784 |
| Contribution deficiency (excess) | \$ (12,127) | \$ (11,256) | \$ (10,378) | \$ (10,004) |
| State portion of liability | 77.83% | 77.83% | 78.07% | 78.52% |
| Covered employee payroll | N/A | N/A | N/A | N/A |
| Contributions as a percentage of covered employee payroll | N/A | N/A | N/A | N/A |

Schedule of Net Other Postemployment Benefit Liability
Oklahoma Public Employees Retirement System
Last Three Fiscal Years
(expressed in thousands)

| | 2019 | 2018 | 2017 |
|--|-------------------|-------------------|-------------------|
| Total OPEB liability | | | |
| Service cost | \$ 6,156 | \$ 6,532 | \$ 6,713 |
| Interest | 17,380 | 17,362 | 17,717 |
| Difference between expected and actual experience | (14,617) | (8,274) | (13,158) |
| Changes of assumption or other inputs | 31 | - | 8,695 |
| Benefit payments | (14,441) | (14,708) | (14,918) |
| Net change in total OPEB liability | \$ (5,491) | \$ 912 | \$ 5,049 |
| Change in prior year allocation | | (1,480) | - |
| Total OPEB Liability-beginning | 256,174 | 255,262 | 251,693 |
| Total OPEB Liability-ending | <u>\$ 250,683</u> | <u>\$ 256,174</u> | <u>\$ 256,742</u> |
| Plan fiduciary net position (OPEB) | | | |
| Contributions - state agencies | \$ 14,588 | \$ 14,895 | \$ 14,784 |
| Net investment (loss) income | 14,664 | 19,909 | 28,068 |
| Health insurance premiums paid | (14,442) | (14,708) | (14,918) |
| Administrative expense | (149) | (139) | (144) |
| Net change in fiduciary net position | \$ 14,661 | \$ 19,957 | \$ 27,790 |
| Fiduciary net position OPEB-beginning | 266,277 | 247,748 | 219,958 |
| Change in prior year allocation | | (1,428) | |
| Change in prior year allocation | \$ 266,277 | \$ 246,320 | \$ 219,958 |
| Fiduciary net position OPEB-ending | <u>\$ 280,938</u> | <u>\$ 266,277</u> | <u>\$ 247,748</u> |
| Net OPEB Liability | \$ (30,255) | \$ (10,103) | \$ 8,994 |
| State portion of liability | 77.83% | 78.07% | 78.52% |
| Fiduciary net position as a percentage of the total OPEB liability | 112.07% | 103.94% | 96.50% |
| Covered payroll | N/A | N/A | N/A |
| Net OPEB Liability (Asset) as a percentage of covered payroll | N/A | N/A | N/A |

Notes to Schedule:

GASB Statement number 75 requires the information presented in the "Schedules of Required Supplementary Information" cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement number 75 and is the latest available at the date of publication.

Covered payroll is not meaningful to formulate a ratio of net OPEB liability as a percentage of covered payroll. Contributions are only received from employers.

Schedule of Contributions
Teachers' Retirement System
Last Four Fiscal Years
(expressed in thousands)

| | 2020 | 2019 | 2018 | 2017 |
|--|--------------|--------------|--------------|--------------|
| Actuarially required contributions | \$ 236 | \$ 226 | \$ 771 | \$ 1,698 |
| Contributions in relation to the actuarially required contributions | \$ 236 | \$ 226 | \$ 771 | \$ 1,698 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - |
| State portion of liability | 25.75% | 25.75% | 26.46% | 26.07% |
| Covered employee payroll | \$ 1,220,285 | \$ 1,151,751 | \$ 1,098,170 | \$ 1,061,401 |
| Contributions as a percentage of covered employee payroll | 0.02% | 0.02% | 0.07% | 0.16% |

Schedule of Net Other Postemployment Benefit Liability
Teachers' Retirement System
Last Three Fiscal Years
(expressed in thousands)

| | 2019 | 2018 | 2017 |
|--|--------------------------|--------------------------|--------------------------|
| Total OPEB liability | | | |
| Service cost | \$ 1,586 | \$ 1,701 | \$ 1,733 |
| Interest | 7,814 | 8,208 | 8,274 |
| Difference between expected and actual experience | (2,560) | (2,597) | (3,699) |
| Changes of assumption or other inputs | 466 | - | - |
| Benefit payments | (9,192) | (9,782) | (7,903) |
| Net change in total OPEB liability | <u>\$ (1,886)</u> | <u>\$ (2,470)</u> | <u>\$ (1,595)</u> |
| Total OPEB Liability-beginning | \$ 111,001 | \$ 111,796 | \$ 113,391 |
| Change in prior year allocation | - | 1,675 | - |
| Total OPEB Liability-ending | <u><u>\$ 109,115</u></u> | <u><u>\$ 111,001</u></u> | <u><u>\$ 111,796</u></u> |
| Plan fiduciary net position (OPEB) | | | |
| Contributions - state agencies | \$ 226 | \$ 771 | \$ 1,698 |
| Net investment (loss) income | 5,895 | 11,846 | 16,244 |
| Health insurance premiums paid | (9,192) | (9,782) | (7,903) |
| Administrative expense | (1) | (3) | (7) |
| Net change in fiduciary net position | <u>\$ (3,072)</u> | <u>\$ 2,832</u> | <u>\$ 10,032</u> |
| Fiduciary net position OPEB-beginning | 128,105 | 123,423 | 113,391 |
| Change in prior year allocation | - | 1,850 | - |
| Fiduciary net position OPEB-ending | <u><u>\$ 125,033</u></u> | <u><u>\$ 128,105</u></u> | <u><u>\$ 123,423</u></u> |
| Net OPEB Liability | \$ (15,918) | \$ (17,104) | \$ (11,627) |
| State portion of liability | 25.75% | 26.46% | 26.07% |
| Fiduciary net position as a percentage of the total OPEB liability | 114.59% | 115.41% | 110.40% |
| Covered payroll | \$ 1,151,751 | \$ 1,098,170 | \$ 1,061,401 |
| Net OPEB Liability (Asset) as a percentage of covered payroll | (1.38%) | (1.56%) | (1.10%) |

Notes to Schedule:

GASB Statement number 75 requires the information presented in the "Schedules of Required Supplementary Information" cover the 10 most recent fiscal years. The information above covers the period retroactive to the adoption of GASB Statement number 75 and is the latest available at the date of publication.



Above: Kory Oswald, OMES Public Affairs, adjusts a microphone in the recording studio in the Jim Thorpe Building.



Left: The studio door is decorated with the new state logo and a design that echoes the logo's chevrons.



Description of Fiduciary Funds and Similar Component Units

Fiduciary funds account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governmental organizations, and/or other funds.

PENSION TRUST FUNDS

The pension trust funds account for the transactions, assets, liabilities, and net position held in a trustee capacity for the benefit of the plan members.

WILDLIFE CONSERVATION RETIREMENT PLAN

P.O. Box 53465, Oklahoma City, Oklahoma 73152

<https://www.wildlifedepartment.com>

This Plan is part of the primary government. The Plan accounts for transactions, assets, liabilities, and net position available for payment of plan benefits to employees of the Department of Wildlife Conservation.

The State of Oklahoma has six public employee retirement systems that meet the definition of a component unit, but are presented with the fiduciary funds of the state:

OKLAHOMA FIREFIGHTERS PENSION AND RETIREMENT SYSTEM

6601 Broadway Ext Suite 100, Oklahoma City, Oklahoma 73105

<https://www.ok.gov/fprs>

The system provides retirement benefits for municipal firefighters in the State of Oklahoma.

OKLAHOMA LAW ENFORCEMENT RETIREMENT SYSTEM

421 NW 13th St., Suite 100, Oklahoma City, Oklahoma 73103

<https://www.olars.state.ok.us>

The system provides retirement benefits for qualified law enforcement officers in the State of Oklahoma.

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

P.O. Box 53007, Oklahoma City, Oklahoma 73152

<https://www.opers.ok.gov>

The system administers the Oklahoma public employee retirement plan, which provides retirement benefits for state, county and local employees in the State of Oklahoma.

UNIFORM RETIREMENT SYSTEM FOR JUSTICES AND JUDGES

P.O. Box 53007, Oklahoma City, Oklahoma 73152

<https://www.opers.ok.gov>

The system provides retirement benefits for justices and judges in the State of Oklahoma.

OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

1001 N.W. 63rd Street, Suite 305, Oklahoma City, Oklahoma 73116

www.ok.gov/opprs

The system provides retirement benefits for police officers employed by participating municipalities in the State of Oklahoma.

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

P.O. Box 53524, Oklahoma City, Oklahoma 73152

<https://www.ok.gov/trs>

The system provides retirement allowances and benefits for qualified persons employed by state-supported educational institutions in the State of Oklahoma.

AGENCY FUNDS

Agency funds account for the receipt and disbursement of various monies and property collected by the state, acting in the capacity of an agent, for distribution to non-state parties.

Taxes Held for Outside Entities is maintained by the Oklahoma Tax Commission to account for taxes: (1) held for distribution to county and city governments, (2) to cover anticipated tax refunds, (3) paid conditionally on an increase in gross value of oil and/or gas sold by a producer waiting on approval or settlement of an appeal, and (4) that were intercepted by the Tax Commission to be disbursed to claimants.

Funds Held in Escrow are monies held in an account until certain conditions or requirements are met. These include: (1) Cash Performance Bonds maintained by the Department of Mines until mining is complete and reclamation meets specifications, (2) Unlocated Mineral Owner's Fund maintained by the Corporation Commission (3) Workers' Compensation Claims Under Appeal maintained by the Workers' Compensation Court of Existing Claims, (4) Unsettled Premium Tax Suits, an escrow account maintained by the Oklahoma Insurance Department for depositing of protested taxes and/or fees imposed under Oklahoma law, (5) Other monies accounted for by the State Department of Health for bond requirements for disposal sites, by the Department of Public Safety for the retention and refund of financial responsibility security amounts, and (6) funds in escrow at the Attorney General's Office received as a result of litigation.

Assets Held for Beneficiaries are monies maintained for: (1) clients in institutions under the jurisdiction of the Office of Juvenile Affairs, Department of Human Services (DHS), the Department of Corrections, the Department of Veterans Affairs, and the Department of Mental Health, (2) DHS custodial parents from the collection from absent parents, and (3) DHS clients placed in agency custody.

Other is monies accounted for (1) by the Department of Human Capital Management for the Office of Management and Enterprise Services for payment of employee claims against SoonerFlex flexible spending accounts, (2) deposits held by Capital Asset Management of the Office of Management and Enterprise Services for bid process documents, (3) donations held by the District Attorney's Council for the Murrah Crime Victims Compensation Fund, and (4) funds held by the Department of Transportation which had accrued to its former health insurance rate stabilization account and are being returned to the accounts contributors.

State of Oklahoma
Combining Statement of Fiduciary Net Position
Pension Trust Funds
(Including Similar Component Units)
For the Fiscal Year ended June 30, 2020
(expressed in thousands)

| | Primary Government | Fiduciary Component Units | | | | | | |
|--|--|---|--|---|---|---|--|----------------------|
| | Wildlife Conservation Retirement Plan | Oklahoma Firefighters Pension and Retirement System | Oklahoma Law Enforcement Retirement System | Oklahoma Public Employees Retirement System | Uniform Retirement System for Justices and Judges | Oklahoma Police Pension and Retirement System | Teachers' Retirement System of Oklahoma | Total |
| Assets | | | | | | | | |
| Cash/Cash Equivalents | \$ 5,146 | \$ 65,193 | \$ 43,867 | \$ 308,627 | \$ 9,772 | \$ 37,594 | \$ 619,192 | \$ 1,089,391 |
| Investments, at fair value | | | | | | | | |
| Equity Securities | 79,305 | 1,814,389 | 549,239 | 3,225,420 | 233,243 | 1,675,418 | 9,972,348 | 17,549,362 |
| Governmental Securities | 11,957 | 46,132 | 61,776 | 2,153,480 | 76,302 | 37,917 | 1,301,313 | 3,688,877 |
| Debt Securities | 10,296 | 372,636 | 210,897 | 1,197,054 | 38,741 | 436,756 | 2,306,628 | 4,573,008 |
| Mutual Funds | 0 | 0 | 0 | 3,420,499 | 0 | 0 | 0 | 3,420,499 |
| Other Investments | 11,768 | 616,707 | 145,983 | 10,160 | 0 | 421,521 | 2,777,338 | 3,983,477 |
| Securities Lending Investments | 0 | 90,425 | 65,417 | 427,163 | 17,654 | 70,726 | 1,032,140 | 1,703,525 |
| Interest and Investment Revenue Receivable | 0 | 3,051 | 819 | 21,091 | 504 | 1,789 | 60,806 | 88,060 |
| Contributions Receivable: | | | | | | | | |
| Employer | 0 | 1,395 | 0 | 4,952 | 0 | 2,844 | 43,076 | 52,267 |
| Employee | 0 | 889 | 564 | 1,457 | 0 | 1,750 | 26,609 | 31,269 |
| Other Receivables | 0 | 34 | 0 | 0 | 0 | 0 | 0 | 34 |
| Due from Broker | 0 | 0 | 0 | 230,328 | 7,731 | 1,303 | 76,901 | 316,263 |
| Due from Component Units | 0 | 0 | 0 | 740 | 0 | 0 | 0 | 740 |
| Due from Other Funds | 0 | 20,146 | 4,664 | 10,081 | 780 | 7,835 | 39,916 | 83,422 |
| Capital Assets, Net | 0 | 889 | 767 | 0 | 0 | 0 | 4,201 | 5,857 |
| Other Assets | 0 | 0 | 3,739 | 1,136 | 0 | 0 | 0 | 4,875 |
| Total Assets | \$ 118,472 | \$ 3,031,886 | \$ 1,087,732 | \$ 11,012,188 | \$ 384,727 | \$ 2,695,453 | \$ 18,260,468 | \$ 36,590,926 |
| Liabilities | | | | | | | | |
| Accounts Payable and Accrued Liabilities | \$ 0 | \$ 66,782 | \$ 675 | \$ 0 | \$ 0 | \$ 601 | \$ 0 | \$ 68,058 |
| Securities Lending Payable | 0 | 90,425 | 65,417 | 427,163 | 17,654 | 70,726 | 1,032,140 | 1,703,525 |
| Due to Broker | 0 | 3,393 | 13,605 | 487,216 | 16,111 | 2,505 | 192,802 | 715,632 |
| Due to Other Funds | 0 | 5 | 3 | 10 | 0 | 5 | 18 | 41 |
| Benefits in the Process of Payment | 0 | 0 | 3,000 | 0 | 0 | 179 | 97,577 | 100,756 |
| Other Liabilities | 0 | 140 | 54 | 0 | 0 | 126 | 8,316 | 8,636 |
| Total Liabilities | \$ 0 | \$ 160,745 | \$ 82,754 | \$ 914,389 | \$ 33,765 | \$ 74,142 | \$ 1,330,853 | \$ 2,596,648 |
| Net Position Restricted for Employees' Pension Benefits | \$ 118,472 | \$ 2,871,141 | \$ 1,004,978 | \$ 10,097,799 | \$ 350,962 | \$ 2,621,311 | \$ 16,929,615 | \$ 33,994,278 |

State of Oklahoma
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
(Including Similar Component Units)
For the fiscal year ending June 30, 2020
(expressed in thousands)

| | Primary Government | Fiduciary Component Units | | | | | | |
|--|--|---|--|---|---|---|--|---------------|
| | Wildlife Conservation Retirement Plan | Oklahoma Firefighters Pension and Retirement System | Oklahoma Law Enforcement Retirement System | Oklahoma Public Employees Retirement System | Uniform Retirement System for Justices and Judges | Oklahoma Police Pension and Retirement System | Teachers' Retirement System of Oklahoma | Total |
| Additions | | | | | | | | |
| Contributions | | | | | | | | |
| Employer Contributions | \$ 2,287 | \$ 44,915 | \$ 10,783 | \$ 294,118 | \$ 7,587 | \$ 44,226 | \$ 458,306 | \$ 862,222 |
| Employee Contributions | 582 | 28,604 | 6,770 | 67,808 | 2,766 | 27,310 | 340,057 | 473,897 |
| Other Contributions | 0 | 103,592 | 24,382 | 0 | 0 | 40,295 | 359,366 | 527,635 |
| Total Contributions | \$ 2,869 | \$ 177,111 | \$ 41,935 | \$ 361,926 | \$ 10,353 | \$ 111,831 | \$ 1,157,729 | \$ 1,863,754 |
| Investment Income | | | | | | | | |
| Net Appreciation in Fair Value of Investments | \$ 3,524 | \$ 93,610 | \$ 2,450 | \$ 311,353 | \$ 12,974 | \$ 54,283 | \$ (194,036) | \$ 284,158 |
| Interest and Investment Revenue | 2,597 | 35,280 | 15,653 | 158,746 | 2,995 | 18,960 | 373,111 | 607,342 |
| | \$ 6,121 | \$ 128,890 | \$ 18,103 | \$ 470,099 | \$ 15,969 | \$ 73,243 | \$ 179,075 | \$ 891,500 |
| Less Investment Expenses | 229 | 19,789 | 5,611 | 20,270 | 288 | 17,147 | 58,840 | 122,174 |
| Net Investment Income | \$ 5,892 | \$ 109,101 | \$ 12,492 | \$ 449,829 | \$ 15,681 | \$ 56,096 | \$ 120,235 | \$ 769,326 |
| Total Additions | \$ 8,761 | \$ 286,212 | \$ 54,427 | \$ 811,755 | \$ 26,034 | \$ 167,927 | \$ 1,277,964 | \$ 2,633,080 |
| Deductions | | | | | | | | |
| Administrative and General Expenses | \$ 46 | \$ 2,157 | \$ 1,481 | \$ 5,725 | \$ 176 | \$ 2,042 | \$ 5,270 | \$ 16,897 |
| Benefit Payments and Refunds | 8,026 | 248,295 | 65,491 | 661,292 | 22,419 | 163,431 | 1,467,115 | 2,636,069 |
| Total Deductions | \$ 8,072 | \$ 250,452 | \$ 66,972 | \$ 667,017 | \$ 22,595 | \$ 165,473 | \$ 1,472,385 | \$ 2,652,966 |
| Net Increase | \$ 689 | \$ 35,760 | \$ (12,545) | \$ 144,738 | \$ 3,439 | \$ 2,454 | \$ (194,421) | \$ (19,886) |
| Net Position Restricted for Employees' Pension Benefits | | | | | | | | |
| Beginning of Year | 117,783 | 2,835,381 | 1,017,523 | 9,953,060 | 347,524 | 2,618,857 | 17,124,036 | 34,014,164 |
| End of Year | \$ 118,472 | \$ 2,871,141 | \$ 1,004,978 | \$ 10,097,799 | \$ 350,962 | \$ 2,621,311 | \$ 16,929,615 | \$ 33,994,278 |

State of Oklahoma
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2020
(expressed in thousands)

| | Taxes Held for Outside Entity | Assets Held in Escrow | Assets Held for Beneficiaries | Other | Total |
|-----------------------|----------------------------------|--------------------------|----------------------------------|------------------|-------------------|
| Assets | | | | | |
| Assets | | | | | |
| Cash/Cash Equivalents | \$ 234,070 | \$ 90,351 | \$ 28,772 | \$ 46,090 | \$ 399,283 |
| Accounts Receivable | 4,335 | 51 | 0 | 0 | 4,386 |
| Taxes Receivable | 153,924 | 0 | 0 | 0 | 153,924 |
| Inventory | 0 | 0 | 0 | 8,023 | 8,023 |
| Total Assets | <u>\$ 392,329</u> | <u>\$ 90,402</u> | <u>\$ 28,772</u> | <u>\$ 54,113</u> | <u>\$ 565,616</u> |
| Liabilities | | | | | |
| Accounts Payable | \$ 0 | \$ 0 | \$ 607 | \$ 0 | \$ 607 |
| Tax Refunds Payable | 2,168 | 0 | 0 | 0 | 2,168 |
| Deferred Revenue | 20,300 | 51 | 0 | 0 | 20,351 |
| Due to Others | 369,861 | 90,351 | 28,165 | 54,113 | 542,490 |
| Total Liabilities | <u>\$ 392,329</u> | <u>\$ 90,402</u> | <u>\$ 28,772</u> | <u>\$ 54,113</u> | <u>\$ 565,616</u> |

State of Oklahoma
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year ended June 30, 2020
(expressed in thousands)

| | Balance July 1, 2019 | Additions | Deletions | Balance June 30, 2020 |
|--|-------------------------|---------------------|---------------------|--------------------------|
| Taxes Held for Outside Entities | | | | |
| Assets | | | | |
| Cash/Cash Equivalents | \$ 228,160 | \$ 737,023 | \$ 731,113 | \$ 234,070 |
| Accounts Receivable | 0 | 4,335 | 0 | 4,335 |
| Taxes Receivable | 147,652 | 153,924 | 147,652 | 153,924 |
| Total Assets | <u>\$ 375,812</u> | <u>\$ 895,282</u> | <u>\$ 878,765</u> | <u>\$ 392,329</u> |
| Liabilities | | | | |
| Tax Refunds Payable | \$ 114,111 | \$ 2,168 | \$ 114,111 | \$ 2,168 |
| Deferred Revenue | 0 | 20,300 | 0 | 20,300 |
| Due to Others | 261,701 | 872,814 | 764,654 | 369,861 |
| Total Liabilities | <u>\$ 375,812</u> | <u>\$ 895,282</u> | <u>\$ 878,765</u> | <u>\$ 392,329</u> |
| Funds Held in Escrow | | | | |
| Assets | | | | |
| Cash/Cash Equivalents | \$ 85,267 | \$ 31,208 | \$ 26,124 | \$ 90,351 |
| Accounts Receivable | 102 | 51 | 102 | 51 |
| Total Assets | <u>\$ 85,369</u> | <u>\$ 31,259</u> | <u>\$ 26,226</u> | <u>\$ 90,402</u> |
| Liabilities | | | | |
| Account Payable | \$ 61 | \$ 0 | \$ 61 | \$ 0 |
| Deferred Revenue | 0 | 51 | 0 | 51 |
| Due to Others | 85,308 | 31,208 | 26,165 | 90,351 |
| Total Liabilities | <u>\$ 85,369</u> | <u>\$ 31,259</u> | <u>\$ 26,226</u> | <u>\$ 90,402</u> |
| Assets Held for Beneficiaries | | | | |
| Assets | | | | |
| Cash/Cash Equivalents | \$ 10,103 | \$ 485,940 | \$ 467,271 | \$ 28,772 |
| Total Assets | <u>\$ 10,103</u> | <u>\$ 485,940</u> | <u>\$ 467,271</u> | <u>\$ 28,772</u> |
| Liabilities | | | | |
| Account Payable | \$ 492 | \$ 607 | \$ 492 | \$ 607 |
| Due to Others | 9,611 | 485,333 | 466,779 | 28,165 |
| Total Liabilities | <u>\$ 10,103</u> | <u>\$ 485,940</u> | <u>\$ 467,271</u> | <u>\$ 28,772</u> |
| Other | | | | |
| Assets | | | | |
| Cash/Cash Equivalents | \$ 44,360 | \$ 9,714 | \$ 7,984 | \$ 46,090 |
| Inventory | 7,603 | 8,023 | 7,603 | 8,023 |
| Total Assets | <u>\$ 51,963</u> | <u>\$ 17,737</u> | <u>\$ 15,587</u> | <u>\$ 54,113</u> |
| Liabilities | | | | |
| Due to Others | 51,963 | 17,737 | 15,587 | 54,113 |
| Total Liabilities | <u>\$ 51,963</u> | <u>\$ 17,737</u> | <u>\$ 15,587</u> | <u>\$ 54,113</u> |
| Total - All Agency Funds | | | | |
| Assets | | | | |
| Cash/Cash Equivalents | \$ 367,890 | \$ 1,263,885 | \$ 1,232,492 | \$ 399,283 |
| Accounts Receivable | 102 | 4,386 | 102 | 4,386 |
| Taxes Receivable | 147,652 | 153,924 | 147,652 | 153,924 |
| Inventory | 7,603 | 8,023 | 7,603 | 8,023 |
| Total Assets | <u>\$ 523,247</u> | <u>\$ 1,430,218</u> | <u>\$ 1,387,849</u> | <u>\$ 565,616</u> |
| Liabilities | | | | |
| Account Payable | \$ 553 | \$ 607 | \$ 553 | \$ 607 |
| Tax Refunds Payable | 114,111 | 2,168 | 114,111 | 2,168 |
| Deferred Revenue | 0 | 20,351 | 0 | 20,351 |
| Due to Others | 408,583 | 1,407,092 | 1,273,185 | 542,490 |
| Total Liabilities | <u>\$ 523,247</u> | <u>\$ 1,430,218</u> | <u>\$ 1,387,849</u> | <u>\$ 565,616</u> |

Description of Nonmajor Component Units

The State of Oklahoma has seven nonmajor component units which are described below:

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

7403 N. Kelley Ave., Oklahoma City, OK 73111
<https://www.oeta.tv>

The authority provides educational television services to all Oklahoma citizens on a coordinated statewide basis.

OKLAHOMA INDUSTRIAL FINANCE AUTHORITY

9220 N. Kelley Ave., Oklahoma City, OK 73131

The authority assists with the state's industrial development by making loans to authorized industrial development agencies or trusts and new or expanding industries within Oklahoma. The loans are financed by issuance of general obligation bonds.

MULTIPLE INJURY TRUST FUND

421 NW 13th Street, Suite 105, Oklahoma City, OK 73103

The fund provides additional compensation to a worker with a pre-existing injury who suffers a second injury.

UNIVERSITY HOSPITALS AUTHORITY & TRUST

P.O. Box 26307, Oklahoma City, OK 73126
<https://uhatok.com>

The authority consists of The University Hospital and Children's Hospital of Oklahoma. The University Hospital is affiliated with the University of Oklahoma Health Sciences Center. The University Hospital is financed primarily through patient service charges.

OKLAHOMA DEVELOPMENT FINANCE AUTHORITY

9220 N. Kelley Ave., Oklahoma City, OK 73131

The authority provides financing for both public and private entities in the state. The authority obtains funds through the issuance of bonds and notes.

OKLAHOMA CAPITAL INVESTMENT BOARD

13905 Quail Pointe Drive, Suite A, Oklahoma City, OK 73134
<https://www.ocib.org>

The authority assists the state with industrial development by mobilizing equity and near-equity capital for investment to potential creation of jobs and growth that will diversify and stabilize the economy.

OKLAHOMA STATE UNIVERSITY MEDICAL AUTHORITY

1111 W. 17th Street, Tulsa, OK 74107
<https://medicine.okstate.edu>

The Authority is charged with overseeing the 50-year Academic Affiliation Agreement signed between Tulsa Regional Medical Center and OSU Center for Health Sciences. The agreement provides for funding, teaching and training facilities to the graduate medical program associated with the Oklahoma State University Center for Health Sciences.

State of Oklahoma
Combining Statement of Net Position
Nonmajor Component Units
June 30, 2020
(expressed in thousands)

| | Oklahoma Educational Television Authority | Oklahoma Industrial Finance Authority | Multiple Injury Trust Fund | University Hospitals Authority | Oklahoma Development Finance Authority | Oklahoma Capital Investment Board | Oklahoma State Univ. Medical Authority | Nonmajor Component Units Total |
|--|--|--|-------------------------------------|--------------------------------------|---|--|---|---|
| Assets | | | | | | | | |
| Current Assets | | | | | | | | |
| Cash/Cash Equivalents - Unrestricted | \$ 7,210 | \$ 33,339 | \$ 4,024 | \$ 90,628 | \$ 17,650 | \$ 155 | \$ 21,062 | \$ 174,068 |
| Investments | 33,125 | 0 | 0 | 20,147 | 0 | 7,842 | 0 | 61,114 |
| Accounts Receivable | 846 | 0 | 0 | 25,202 | 0 | 0 | 9,270 | 35,318 |
| Interest and Investment Revenue Receiv | 0 | 132 | 17 | 150 | 0 | 0 | 0 | 299 |
| Notes Receivable | 0 | 817 | 0 | 0 | 29 | 0 | 0 | 846 |
| Other Receivables | 44 | 5 | 0 | 0 | 0 | 0 | 29,876 | 29,925 |
| Due from Other Component Units | 0 | 0 | 0 | 0 | 277 | 0 | 0 | 277 |
| Due from Primary Government | 0 | 0 | 11,575 | 82,121 | 27 | 0 | 0 | 93,723 |
| Prepaid Items | 91 | 0 | 0 | 300 | 0 | 0 | 2,191 | 2,582 |
| Other Current Assets | 0 | 0 | 0 | 0 | 1,254 | 0 | 4,502 | 5,756 |
| Total Current Assets | \$ 41,316 | \$ 34,293 | \$ 15,616 | \$ 218,548 | \$ 19,237 | \$ 7,997 | \$ 66,901 | \$ 403,908 |
| Noncurrent Assets | | | | | | | | |
| Cash/Cash Equivalents - Restricted | \$ 0 | \$ 0 | \$ 0 | \$ 188 | \$ 0 | \$ 0 | \$ 0 | \$ 188 |
| Investments - Restricted | 0 | 0 | 0 | 587 | 4 | 0 | 0 | 591 |
| Long-Term Investments - Unrestricted | 0 | 13,832 | 0 | 0 | 0 | 0 | 0 | 13,832 |
| Long Term Notes Receivable, Restricted | 0 | 2,236 | 0 | 0 | 0 | 0 | 0 | 2,236 |
| Capital Assets | | | | | | | | |
| Depreciable, Net | 6,541 | 0 | 7 | 248,251 | 1,122 | 0 | 37,559 | 293,480 |
| Land | 26 | 0 | 0 | 4,009 | 286 | 0 | 0 | 4,321 |
| Construction in Progress | 0 | 0 | 0 | 0 | 0 | 0 | 17,645 | 17,645 |
| Other Noncurrent Assets | | | | | | | | |
| Unrestricted | 0 | 0 | 0 | 42,307 | 0 | 0 | 298 | 42,605 |
| Restricted | 0 | 0 | 0 | 36 | 0 | 0 | 0 | 36 |
| Total Noncurrent Assets | \$ 6,567 | \$ 16,068 | \$ 7 | \$ 295,378 | \$ 1,412 | \$ 0 | \$ 55,502 | \$ 374,934 |
| Total Assets | \$ 47,883 | \$ 50,361 | \$ 15,623 | \$ 513,926 | \$ 20,649 | \$ 7,997 | \$ 122,403 | \$ 778,842 |
| Deferred Outflows | | | | | | | | |
| Deferred Outflows from Pensions | 263 | 68 | 0 | 243 | 0 | 0 | 0 | 574 |
| Defeasance of Bonds | 0 | 7 | 0 | 0 | 0 | 0 | 0 | 7 |
| Total Deferred Outflows | \$ 263 | \$ 75 | \$ 0 | \$ 243 | \$ 0 | \$ 0 | \$ 0 | \$ 581 |
| Liabilities | | | | | | | | |
| Current Liabilities | | | | | | | | |
| Accounts Payable and Accrued Liabilities | \$ 748 | \$ 7 | \$ 65 | \$ 106,461 | \$ 934 | \$ 28 | \$ 6,700 | \$ 114,943 |
| Unearned Revenue | 120 | 0 | 0 | 0 | 0 | 0 | 0 | 120 |
| Claims and Judgements | 0 | 0 | 48,463 | 0 | 0 | 0 | 0 | 48,463 |
| Interest Payable | 0 | 97 | 116 | 0 | 0 | 0 | 112 | 325 |
| Compensated Absences | 83 | 63 | 87 | 195 | 0 | 0 | 0 | 428 |
| Due to Fiduciary Funds | 0 | 0 | 0 | 21 | 0 | 0 | 0 | 21 |
| Due to Other Component Units | 0 | 0 | 0 | 91 | 0 | 0 | 0 | 91 |
| Due to Primary Government | 2 | 0 | 8 | 0 | 0 | 0 | 0 | 10 |
| Capital Leases | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 100 |
| Notes Payable | 0 | 0 | 2,525 | 0 | 0 | 0 | 2,233 | 4,758 |
| Other Current Liabilities | 4 | 16,316 | 0 | 0 | 190 | 0 | 4,206 | 20,716 |
| Total Current Liabilities | \$ 957 | \$ 16,483 | \$ 51,264 | \$ 106,768 | \$ 1,124 | \$ 28 | \$ 13,351 | \$ 189,975 |
| Noncurrent Liabilities | | | | | | | | |
| Claims and Judgements | \$ 0 | \$ 0 | \$ 450,971 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 450,971 |
| Capital Leases | 0 | 0 | 0 | 0 | 0 | 0 | 52 | 52 |
| Compensated Absences | 153 | 0 | 0 | 0 | 0 | 0 | 0 | 153 |
| Net Pension Liability | 139 | 34 | 0 | 161 | 0 | 0 | 0 | 334 |
| Notes Payable | 0 | 0 | 4,121 | 0 | 0 | 0 | 2,400 | 6,521 |
| General Obligation Bonds | 0 | 30,000 | 0 | 0 | 0 | 0 | 0 | 30,000 |
| Revenue Bonds | 0 | 0 | 0 | 0 | 9,999 | 0 | 0 | 9,999 |
| Other Noncurrent Liabilities | 90 | 0 | 0 | 0 | 98 | 0 | 0 | 188 |
| Total Noncurrent Liabilities | \$ 382 | \$ 30,034 | \$ 455,092 | \$ 161 | \$ 10,097 | \$ 0 | \$ 2,452 | \$ 498,218 |
| Total Liabilities | \$ 1,339 | \$ 46,517 | \$ 506,356 | \$ 106,929 | \$ 11,221 | \$ 28 | \$ 15,803 | \$ 688,193 |
| Deferred Inflows of Resources | | | | | | | | |
| Deferred Inflows from Pensions | \$ 75 | \$ 18 | \$ 0 | \$ 86 | \$ 0 | \$ 0 | \$ 0 | \$ 179 |
| Total Deferred Inflows | \$ 75 | \$ 18 | \$ 0 | \$ 86 | \$ 0 | \$ 0 | \$ 0 | \$ 179 |
| Net Position | | | | | | | | |
| Net Investment in Capital Assets | \$ 6,567 | \$ 0 | \$ 0 | \$ 252,260 | \$ 1,407 | \$ 0 | \$ 49,473 | \$ 309,707 |
| Restricted for: | | | | | | | | |
| Other Special Purpose Expendable | 2,604 | 0 | 0 | 811 | 0 | 0 | 0 | 3,415 |
| Unrestricted | 37,561 | 3,901 | (490,733) | 154,083 | 8,021 | 7,969 | 57,127 | (222,071) |
| Total Net Position | \$ 46,732 | \$ 3,901 | \$ (490,733) | \$ 407,154 | \$ 9,428 | \$ 7,969 | \$ 106,600 | \$ 91,051 |

State of Oklahoma
Combining Statement of Activities
Nonmajor Component Units
For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

| | | Program Revenues | | | General Revenue | | Net Position Beginning of Year | Net Position End of Year |
|---|-------------------|-------------------------|--|--------------------------|--|------------------------|--------------------------------------|--------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Net (Expense) Revenue | Payments from Primary Government | Change in Net Asset | | |
| | Expenses | | | | | | | |
| Nonmajor Component Units: | | | | | | | | |
| Oklahoma Educational Television Authority | \$ 11,241 | \$ 9,502 | \$ 0 | \$ (1,739) | \$ 2,843 | \$ 1,104 | \$ 45,628 | \$ 46,732 |
| Oklahoma Industrial Finance Authority | 1,119 | 1,539 | 0 | 420 | 0 | 420 | 3,481 | 3,901 |
| Multiple Injury Trust Fund | 57,016 | 213 | 0 | (56,803) | 51,852 | (4,951) | (485,782) | (490,733) |
| University Hospitals Authority | 303,366 | 245,327 | 0 | (58,039) | 69,953 | 11,914 | 395,240 | 407,154 |
| Oklahoma Development Finance Authority | 1,051 | 1,528 | 0 | 477 | 0 | 477 | 8,951 | 9,428 |
| Oklahoma Capital Investment Board | 385 | 2,508 | 0 | 2,123 | 0 | 2,123 | 5,846 | 7,969 |
| OSU Medical Authority | 173,318 | 163,459 | 42,204 | 32,345 | 0 | 32,345 | 74,255 | 106,600 |
| Total Nonmajor Component Units | <u>\$ 547,496</u> | <u>\$ 424,076</u> | <u>\$ 42,204</u> | <u>\$ (81,216)</u> | <u>\$ 124,648</u> | <u>\$ 43,432</u> | <u>\$ 47,619</u> | <u>\$ 91,051</u> |



A sign at the northern border on U.S. Highway 77 welcomes travelers to Oklahoma.



Using the Statistical Section

The statistical section of the Comprehensive Annual Financial Report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the state's overall financial health. The information is grouped into the following five categories:

Financial Trends – Net Position by Component, Changes in Net Position, Fund Balances, and Changes in Fund Balance

These schedules contain trend information to help the reader understand how the state's financial performance and well-being have changed over time.

Revenue Capacity – Personal Income by Industry, Personal Income Tax Filers and Liability by Adjusted Gross Income, and Tax Collections

These schedules contain information to help the reader assess the ability of the state to generate and collect taxes.

Debt Capacity – Percentage of Annual Debt Service Expenditures for General Bonded Debt to Total Expenditures, Ratios of Outstanding Debt by Type, and Revenue Bond Coverage

These schedules present information to help the reader assess the affordability of the state's current levels of outstanding debt, its ability to issue additional debt in the future, and its ability to repay the outstanding debt.

Demographic and Economic Information – Major Employers by Size, Demographic and Economic Statistics, and School Enrollments

These schedules offer demographic and economic indicators to help the reader understand the environment within which the state's financial activities take place and to help make comparisons over time and with other governments.

Operating Information – Government Employees by Function, Capital Asset Utilization by Function, Operating Indicators for Governmental Functions, and Additional Information and Sources of Statistical Data

These schedules contain information about the state's operations and resources to help the reader understand how the state's financial information relates to the services the state provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from CAFR of the relevant year.

State of Oklahoma
Schedule of Net Position by Component
Last Ten Fiscal Years
(expressed in thousands)

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities | | | | | |
| Net investment in capital assets | \$ 8,710,430 | \$ 9,276,689 | \$ 9,650,570 | \$ 9,992,791 | \$ 10,425,644 |
| Restricted | 3,647,627 | 3,957,319 | 4,182,822 | 4,698,509 | 4,930,516 |
| Unrestricted | 1,895,301 | 2,091,507 | 2,106,533 | 2,029,441 | 1,696,768 |
| Total governmental activities net position | <u>\$ 14,253,358</u> | <u>\$ 15,325,515</u> | <u>\$ 15,939,925</u> | <u>\$ 16,720,741</u> | <u>\$ 17,052,928</u> |
| Business-type activities | | | | | |
| Net investment in capital assets | \$ 202 | \$ 126 | \$ 1,037 | \$ 1,415 | \$ 1,914 |
| Restricted | 867,777 | 1,102,997 | 1,353,998 | 1,573,491 | 1,601,651 |
| Unrestricted | 5,346 | 273,981 | 602,997 | 636,300 | 582,633 |
| Total business-type activities net position | <u>\$ 873,325</u> | <u>\$ 1,377,104</u> | <u>\$ 1,958,032</u> | <u>\$ 2,211,206</u> | <u>\$ 2,186,198</u> |
| Primary government | | | | | |
| Net investment in capital assets | \$ 8,710,632 | \$ 9,276,815 | \$ 9,651,607 | \$ 9,994,206 | \$ 10,427,558 |
| Restricted | 4,515,404 | 5,060,316 | 5,536,820 | 6,272,000 | 6,532,167 |
| Unrestricted | 1,900,647 | 2,365,488 | 2,709,530 | 2,665,741 | 2,279,401 |
| Total primary government net position | <u>\$ 15,126,683</u> | <u>\$ 16,702,619</u> | <u>\$ 17,897,957</u> | <u>\$ 18,931,947</u> | <u>\$ 19,239,126</u> |

State of Oklahoma
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
(expressed in thousands)

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | | | | | |
| Nonspendable | \$ 64,817 | \$ 73,539 | \$ 84,743 | \$ 74,278 | \$ 76,851 |
| Restricted | 1,020,229 | 1,244,592 | 1,240,573 | 1,340,771 | 1,572,465 |
| Committed | 2,630,649 | 2,755,138 | 2,788,761 | 2,632,260 | 2,634,649 |
| Assigned | - | - | 1,960 | 1,777 | 1,045 |
| Unassigned | 62,301 | 144,365 | 133,796 | 133,796 | 96,297 |
| Total General Fund | <u>\$ 3,777,996</u> | <u>\$ 4,217,634</u> | <u>\$ 4,249,833</u> | <u>\$ 4,182,882</u> | <u>\$ 4,381,307</u> |
| All Other Governmental Funds | | | | | |
| Nonspendable | \$ 2,539,403 | \$ 2,549,833 | \$ 2,829,731 | \$ 3,226,796 | \$ 3,228,359 |
| Restricted | 23,294 | 15,980 | 12,438 | 7,417 | 1,265 |
| Committed | - | - | - | 53,430 | 48,967 |
| Assigned | 2,928 | 66,135 | 60,952 | 70,096 | 79,460 |
| Unassigned | 26,355 | 25,724 | 39,056 | - | - |
| Total All Other Governmental Funds | <u>\$ 2,591,980</u> | <u>\$ 2,657,672</u> | <u>\$ 2,942,177</u> | <u>\$ 3,357,739</u> | <u>\$ 3,358,051</u> |
| Total All Governmental Fund Balances | <u>\$ 6,369,976</u> | <u>\$ 6,875,306</u> | <u>\$ 7,192,010</u> | <u>\$ 7,540,621</u> | <u>\$ 7,739,358</u> |

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities | | | | | |
| Net investment in capital assets | \$ 10,865,784 | \$ 11,031,695 | \$ 11,318,869 | \$ 11,401,782 | \$ 11,790,323 |
| Restricted | 4,140,040 | 4,392,708 | 4,554,212 | 5,238,284 | 4,595,067 |
| Unrestricted | 1,397,498 | 1,484,206 | 1,853,248 | 3,368,454 | 4,206,145 |
| Total governmental activities net position | <u>\$ 16,403,322</u> | <u>\$ 16,908,609</u> | <u>\$ 17,726,329</u> | <u>\$ 20,008,520</u> | <u>\$ 20,591,535</u> |
| Business-type activities | | | | | |
| Net investment in capital assets | \$ 2,856 | \$ 2,477 | \$ 2,085 | \$ 1,543 | \$ 1,118 |
| Restricted | 1,468,588 | 1,423,476 | 1,471,069 | 1,554,235 | 1,618,334 |
| Unrestricted | 528,198 | 532,518 | 575,621 | 613,370 | 669,724 |
| Total business-type activities net position | <u>\$ 1,999,642</u> | <u>\$ 1,958,471</u> | <u>\$ 2,048,775</u> | <u>\$ 2,169,148</u> | <u>\$ 2,289,176</u> |
| Primary government | | | | | |
| Net investment in capital assets | \$ 10,868,640 | \$ 11,034,172 | \$ 11,320,954 | \$ 11,403,325 | \$ 11,791,441 |
| Restricted | 5,608,628 | 5,816,184 | 6,025,281 | 6,792,519 | 6,213,401 |
| Unrestricted | 1,925,696 | 2,016,724 | 2,428,869 | 3,981,824 | 4,875,869 |
| Total primary government net position | <u>\$ 18,402,964</u> | <u>\$ 18,867,080</u> | <u>\$ 19,775,104</u> | <u>\$ 22,177,668</u> | <u>\$ 22,880,711</u> |

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | | | | | |
| Nonspendable | \$ 80,281 | \$ 78,555 | \$ 77,093 | \$ 106,736 | \$ 119,268 |
| Restricted | 815,862 | 790,129 | 1,145,684 | 1,331,237 | 776,452 |
| Committed | 2,445,893 | 2,245,651 | 2,274,589 | 3,735,918 | 4,562,479 |
| Assigned | 609 | 542 | - | - | - |
| Unassigned | 25,866 | 23,338 | 112,912 | 201,560 | 14,668 |
| Total General Fund | <u>\$ 3,368,511</u> | <u>\$ 3,138,215</u> | <u>\$ 3,610,278</u> | <u>\$ 5,375,451</u> | <u>\$ 5,472,867</u> |
| All Other Governmental Funds | | | | | |
| Nonspendable | \$ 3,212,407 | \$ 3,508,054 | \$ 3,625,586 | \$ 3,785,281 | \$ 3,697,597 |
| Restricted | 5,081 | - | - | - | - |
| Committed | 29,394 | 41,833 | 65,263 | 60,210 | 41,490 |
| Assigned | 77,296 | 52,692 | 41,789 | 61,556 | 79,528 |
| Unassigned | - | - | - | - | - |
| Total All Other Governmental Funds | <u>\$ 3,324,178</u> | <u>\$ 3,602,579</u> | <u>\$ 3,732,638</u> | <u>\$ 3,907,047</u> | <u>\$ 3,818,615</u> |
| Total All Governmental Fund Balances | <u>\$ 6,692,689</u> | <u>\$ 6,740,794</u> | <u>\$ 7,342,916</u> | <u>\$ 9,282,498</u> | <u>\$ 9,291,482</u> |

State of Oklahoma
Changes in Net Position by Component
Last Ten Fiscal Years
(expressed in thousands)

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenses | | | | | |
| Governmental Activities: | | | | | |
| Education-General | \$ 3,506,316 | \$ 2,413,027 | \$ 2,405,694 | \$ 3,322,341 | \$ 3,424,751 |
| Education-Payment to Higher Education | 1,065,225 | 1,982,235 | 2,003,101 | 1,037,785 | 1,030,060 |
| Government Administration | 1,663,883 | 1,763,437 | 1,866,501 | 1,830,570 | 1,114,539 |
| Health Services | 4,866,858 | 5,432,791 | 5,462,257 | 5,766,102 | 5,660,101 |
| Legal and Judiciary | 241,360 | 236,979 | 245,372 | 261,344 | 205,622 |
| Museums | 13,539 | 15,455 | 15,916 | 17,691 | 18,189 |
| Natural Resources | 257,998 | 223,444 | 353,243 | 264,233 | 288,333 |
| Public Safety and Defense | 850,190 | 825,787 | 820,506 | 863,080 | 787,751 |
| Regulatory Services | 127,211 | 116,789 | 129,206 | 131,756 | 153,511 |
| Social Services | 2,269,749 | 2,126,879 | 2,222,255 | 2,240,638 | 2,187,576 |
| Transportation | 934,272 | 845,784 | 941,132 | 1,043,522 | 1,086,603 |
| Interest on Long-Term Debt | 100,363 | 95,097 | 112,030 | 71,270 | 58,330 |
| Governmental Activities | <u>\$ 15,896,964</u> | <u>\$ 16,077,704</u> | <u>\$ 16,577,213</u> | <u>\$ 16,850,332</u> | <u>\$ 16,015,366</u> |
| Business-Type Activities: | | | | | |
| Employment Security Commission | \$ 776,001 | \$ 537,575 | \$ 386,399 | \$ 289,959 | \$ 281,058 |
| Water Resources Board | 40,769 | 39,979 | 39,398 | 35,286 | 32,641 |
| Office of Management and Enterprise Services | - | - | 843,065 | 925,327 | 1,023,920 |
| Lottery Commission | 132,812 | 127,729 | 128,642 | 123,180 | 112,624 |
| Business-Type Activities | <u>\$ 949,582</u> | <u>\$ 705,283</u> | <u>\$ 1,397,504</u> | <u>\$ 1,373,752</u> | <u>\$ 1,450,243</u> |
| Total Primary Government Expenses | <u>\$ 16,846,546</u> | <u>\$ 16,782,987</u> | <u>\$ 17,974,717</u> | <u>\$ 18,224,084</u> | <u>\$ 17,465,609</u> |
| Program Revenues | | | | | |
| Governmental Activities: | | | | | |
| Charges for Services: | | | | | |
| Government Administration | \$ 226,054 | \$ 263,050 | \$ 469,439 | \$ 189,753 | \$ 558,328 |
| Health Services | 174,185 | 476,950 | 472,502 | 557,041 | 544,828 |
| Social Services | 171,890 | 62,997 | 26,317 | 61,925 | 11,962 |
| All Others | 570,744 | 564,370 | 697,964 | 627,565 | 628,232 |
| Total Charges for Services | <u>\$ 1,142,873</u> | <u>\$ 1,367,367</u> | <u>\$ 1,666,222</u> | <u>\$ 1,436,284</u> | <u>\$ 1,743,350</u> |
| Operating Grants and Contributions | 7,982,737 | 7,181,699 | 6,939,234 | 7,326,805 | 6,744,975 |
| Total Governmental Activities | <u>\$ 9,125,610</u> | <u>\$ 8,549,066</u> | <u>\$ 8,605,456</u> | <u>\$ 8,763,089</u> | <u>\$ 8,488,325</u> |
| Business-Type Activities: | | | | | |
| Charges for Services: | | | | | |
| Employment Security Commission | \$ 352,458 | \$ 634,373 | \$ 535,290 | \$ 475,453 | \$ 305,538 |
| Water Resources Board | 76,225 | 59,461 | 54,877 | 55,315 | 53,329 |
| Office of Management and Enterprise Services | - | - | 860,767 | 941,890 | 964,432 |
| Lottery Commission | 198,274 | 199,973 | 200,324 | 191,564 | 171,989 |
| Total Charges for Services | <u>\$ 626,957</u> | <u>\$ 893,807</u> | <u>\$ 1,651,258</u> | <u>\$ 1,664,222</u> | <u>\$ 1,495,288</u> |
| Operating Grants and Contributions | 421,483 | 260,936 | 138,918 | 37,901 | 10,935 |
| Total Business-Type Activities | <u>\$ 1,048,440</u> | <u>\$ 1,154,743</u> | <u>\$ 1,790,176</u> | <u>\$ 1,702,123</u> | <u>\$ 1,506,223</u> |
| Total Primary Government Revenue | <u>\$ 10,172,410</u> | <u>\$ 9,703,247</u> | <u>\$ 10,396,260</u> | <u>\$ 10,465,028</u> | <u>\$ 9,997,863</u> |
| Net (Expense) Revenue: | | | | | |
| Governmental Activities | \$ (6,771,354) | \$ (7,528,638) | \$ (7,971,757) | \$ (8,087,243) | \$ (7,527,041) |
| Business-Type Activities | 98,858 | 449,460 | 392,672 | 328,371 | 55,980 |
| Total Primary Government | <u>\$ (6,672,496)</u> | <u>\$ (7,079,178)</u> | <u>\$ (7,579,085)</u> | <u>\$ (7,758,872)</u> | <u>\$ (7,471,061)</u> |
| General Revenues | | | | | |
| Governmental Activities: | | | | | |
| Taxes | \$ 7,736,326 | \$ 8,371,138 | \$ 8,342,838 | \$ 8,691,182 | \$ 8,612,118 |
| Investment Earnings | 117,128 | 80,488 | 68,601 | 59,298 | 60,007 |
| Contributions to Permanent Funds | 61,738 | 64,861 | 87,515 | 60,516 | 59,287 |
| Special Item | - | 7,384 | 615 | - | (451) |
| Transfers | 69,574 | 65,880 | 77,745 | 81,020 | 76,211 |
| Total Governmental Activities | <u>\$ 7,984,766</u> | <u>\$ 8,589,751</u> | <u>\$ 8,577,314</u> | <u>\$ 8,892,016</u> | <u>\$ 8,807,172</u> |
| Business-Type Activities: | | | | | |
| Transfers | \$ (69,574) | \$ (65,880) | \$ (77,745) | \$ (81,020) | \$ (76,211) |
| Total Business-Type Activities | <u>\$ (69,574)</u> | <u>\$ (65,880)</u> | <u>\$ (77,745)</u> | <u>\$ (81,020)</u> | <u>\$ (76,211)</u> |
| Total General Revenues and Transfers | <u>\$ 7,915,192</u> | <u>\$ 8,523,871</u> | <u>\$ 8,499,569</u> | <u>\$ 8,810,996</u> | <u>\$ 8,730,961</u> |
| Change in Net Position (Governmental) | \$ 1,213,412 | \$ 1,061,113 | \$ 605,557 | \$ 804,773 | \$ 1,280,131 |
| Change in Net Position (Business-Type) | 29,284 | 383,580 | 314,927 | 247,351 | (20,231) |
| Net Position - Beginning of Year (as restated) | <u>13,883,987</u> | <u>15,257,926</u> | <u>16,977,473</u> | <u>17,879,823</u> | <u>17,979,226</u> |
| Net Position - End of Year | <u>\$ 15,126,683</u> | <u>\$ 16,702,619</u> | <u>\$ 17,897,957</u> | <u>\$ 18,931,947</u> | <u>\$ 19,239,126</u> |

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenses | | | | | |
| Governmental Activities: | | | | | |
| Education-General | \$ 3,435,184 | \$ 3,361,645 | \$ 3,507,277 | \$ 4,009,839 | \$ 4,368,484 |
| Education-Payment to Higher Education | 942,707 | 889,389 | 761,036 | 790,651 | 811,713 |
| Government Administration | 2,114,501 | 1,870,606 | 2,111,959 | 2,193,051 | 2,256,074 |
| Health Services | 5,710,985 | 5,613,009 | 5,603,631 | 5,965,780 | 6,246,163 |
| Legal and Judiciary | 262,081 | 267,320 | 252,845 | 254,928 | 281,942 |
| Museums | 12,502 | 11,316 | 11,281 | 12,914 | 14,492 |
| Natural Resources | 290,366 | 318,494 | 281,187 | 457,332 | 327,926 |
| Public Safety and Defense | 859,395 | 895,929 | 885,841 | 885,374 | 963,910 |
| Regulatory Services | 193,245 | 97,804 | 115,590 | 152,337 | 153,295 |
| Social Services | 2,356,625 | 2,199,151 | 2,137,520 | 2,180,094 | 2,451,123 |
| Transportation | 1,109,349 | 1,128,688 | 1,148,291 | 1,096,785 | 1,209,426 |
| Interest on Long-Term Debt | 78,130 | 76,321 | 56,493 | 58,197 | 61,262 |
| Governmental Activities | <u>\$ 17,365,070</u> | <u>\$ 16,729,672</u> | <u>\$ 16,872,951</u> | <u>\$ 18,057,282</u> | <u>\$ 19,145,810</u> |
| Business-Type Activities: | | | | | |
| Employment Security Commission | \$ 395,192 | \$ 320,111 | \$ 250,465 | \$ 225,242 | \$ 2,323,744 |
| Water Resources Board | 34,673 | 34,932 | 37,489 | 41,106 | 46,636 |
| Office of Management and Enterprise Services | 1,051,966 | 1,031,753 | 1,051,302 | 1,089,343 | 1,073,135 |
| Lottery Commission | 121,139 | 97,619 | 161,388 | 174,641 | 204,300 |
| Business-Type Activities | <u>\$ 1,602,970</u> | <u>\$ 1,484,415</u> | <u>\$ 1,500,644</u> | <u>\$ 1,530,332</u> | <u>\$ 3,647,815</u> |
| Total Primary Government Expenses | <u>\$ 18,968,040</u> | <u>\$ 18,214,087</u> | <u>\$ 18,373,595</u> | <u>\$ 19,587,614</u> | <u>\$ 22,793,625</u> |
| Program Revenues | | | | | |
| Governmental Activities: | | | | | |
| Charges for Services: | | | | | |
| Government Administration | \$ 330,500 | \$ 447,826 | \$ 350,687 | \$ 442,407 | \$ 328,246 |
| Health Services | 625,906 | 633,940 | 579,414 | 666,742 | 604,394 |
| Social Services | 36,311 | 9,984 | 72,277 | 35,236 | 62,066 |
| All Others | 659,458 | 698,598 | 766,977 | 951,162 | 850,446 |
| Total Charges for Services | <u>\$ 1,652,175</u> | <u>\$ 1,790,348</u> | <u>\$ 1,769,355</u> | <u>\$ 2,095,547</u> | <u>\$ 1,845,152</u> |
| Operating Grants and Contributions | 6,785,553 | 7,131,617 | 6,681,680 | 7,152,628 | 7,806,615 |
| Total Governmental Activities | <u>\$ 8,437,728</u> | <u>\$ 8,921,965</u> | <u>\$ 8,451,035</u> | <u>\$ 9,248,175</u> | <u>\$ 9,651,767</u> |
| Business-Type Activities: | | | | | |
| Charges for Services: | | | | | |
| Employment Security Commission | \$ 254,001 | \$ 278,815 | \$ 285,454 | \$ 285,617 | \$ 266,405 |
| Water Resources Board | 61,237 | 42,455 | 47,802 | 74,888 | 67,240 |
| Office of Management and Enterprise Services | 984,734 | 1,026,482 | 1,083,430 | 1,099,660 | 1,128,164 |
| Lottery Commission | 190,074 | 151,917 | 221,643 | 242,592 | 268,482 |
| Total Charges for Services | <u>\$ 1,490,046</u> | <u>\$ 1,499,669</u> | <u>\$ 1,638,329</u> | <u>\$ 1,702,757</u> | <u>\$ 1,730,291</u> |
| Operating Grants and Contributions | 8,302 | 9,031 | 15,620 | 16,137 | 2,102,239 |
| Total Business-Type Activities | <u>\$ 1,498,348</u> | <u>\$ 1,508,700</u> | <u>\$ 1,653,949</u> | <u>\$ 1,718,894</u> | <u>\$ 3,832,530</u> |
| Total Primary Government Revenue | <u>\$ 9,936,752</u> | <u>\$ 10,430,665</u> | <u>\$ 10,104,984</u> | <u>\$ 10,967,069</u> | <u>\$ 13,484,297</u> |
| Net (Expense) Revenue: | | | | | |
| Governmental Activities | \$ (8,927,342) | \$ (7,807,707) | \$ (8,421,916) | \$ (8,809,107) | \$ (9,494,043) |
| Business-Type Activities | (104,622) | 24,285 | 153,305 | 188,562 | 184,715 |
| Total Primary Government | <u>\$ (9,031,964)</u> | <u>\$ (7,783,422)</u> | <u>\$ (8,268,611)</u> | <u>\$ (8,620,545)</u> | <u>\$ (9,309,328)</u> |
| General Revenues | | | | | |
| Governmental Activities: | | | | | |
| Taxes | \$ 8,232,688 | \$ 8,131,948 | \$ 9,231,672 | \$ 10,550,834 | \$ 9,856,879 |
| Investment Earnings | 60,792 | 53,157 | 58,075 | 97,978 | 114,855 |
| Contributions to Permanent Funds | 58,810 | 59,460 | 54,765 | 54,269 | 54,564 |
| Special Item | - | - | - | - | - |
| Transfers | 78,979 | 65,456 | 63,001 | 67,556 | 64,687 |
| Total Governmental Activities | <u>\$ 8,431,269</u> | <u>\$ 8,310,021</u> | <u>\$ 9,407,513</u> | <u>\$ 10,770,637</u> | <u>\$ 10,090,985</u> |
| Business-Type Activities: | | | | | |
| Transfers | \$ (78,979) | \$ (65,456) | \$ (63,001) | \$ (67,556) | \$ (64,687) |
| Total Business-Type Activities | <u>\$ (78,979)</u> | <u>\$ (65,456)</u> | <u>\$ (63,001)</u> | <u>\$ (67,556)</u> | <u>\$ (64,687)</u> |
| Total General Revenues and Transfers | <u>\$ 8,352,290</u> | <u>\$ 8,244,565</u> | <u>\$ 9,344,512</u> | <u>\$ 10,703,081</u> | <u>\$ 10,026,298</u> |
| Change in Net Position (Governmental) | \$ (496,073) | \$ 502,314 | \$ 985,597 | \$ 1,961,530 | \$ 596,942 |
| Change in Net Position (Business-Type) | (183,601) | (41,171) | 90,304 | 121,006 | 120,028 |
| Net Position - Beginning of Year (as restated) | 19,082,638 | 18,405,937 | 18,699,203 | 20,095,132 | 22,163,741 |
| Net Position - End of Year | <u>\$ 18,402,964</u> | <u>\$ 18,867,080</u> | <u>\$ 19,775,104</u> | <u>\$ 22,177,668</u> | <u>\$ 22,880,711</u> |

State of Oklahoma

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(Modified accrual basis of accounting)

(expressed in thousands)

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Revenues | | | | | |
| Taxes: | | | | | |
| Income Taxes-Individual | \$ 2,527,208 | \$ 2,722,648 | \$ 2,854,034 | \$ 2,893,520 | \$ 2,965,231 |
| Income Taxes-Corporate | 351,074 | 443,358 | 583,829 | 396,087 | 373,518 |
| Sales Tax | 2,191,359 | 2,400,752 | 2,523,139 | 2,599,078 | 2,553,978 |
| Gross Production Taxes | 818,572 | 837,302 | 512,875 | 666,825 | 543,656 |
| Motor Vehicle Taxes | 638,189 | 692,046 | 678,075 | 788,668 | 772,697 |
| Fuel Taxes | 405,555 | 410,949 | 403,641 | 420,105 | 424,048 |
| Tobacco Taxes | 270,307 | 278,797 | 270,682 | 248,623 | 252,978 |
| Insurance Taxes | 113,951 | 124,653 | 145,420 | 167,489 | 183,722 |
| Beverage Taxes | 95,115 | 100,547 | 105,145 | 109,390 | 112,718 |
| Other Taxes | 324,996 | 360,086 | 265,997 | 401,397 | 429,572 |
| Licenses, Permits and Fees | 405,062 | 598,030 | 626,597 | 672,008 | 695,364 |
| Interest and Investment Revenue | 699,254 | 336,295 | 509,424 | 692,697 | 318,679 |
| Federal Grants | 7,499,163 | 6,934,571 | 6,647,031 | 6,746,151 | 6,652,689 |
| Sales and Services | 166,584 | 190,779 | 174,523 | 200,086 | 180,315 |
| Other | 521,740 | 614,350 | 865,023 | 508,809 | 810,615 |
| Total Revenues | \$ 17,028,129 | \$ 17,045,163 | \$ 17,165,435 | \$ 17,510,933 | \$ 17,269,780 |
| Expenditures | | | | | |
| Education | \$ 4,572,304 | \$ 4,395,104 | \$ 4,406,724 | \$ 4,359,511 | \$ 4,459,227 |
| Government Administration | 1,634,351 | 1,741,287 | 1,857,921 | 2,204,090 | 1,522,733 |
| Health Services | 4,851,630 | 5,436,158 | 5,447,207 | 5,745,842 | 5,636,440 |
| Legal and Judiciary | 232,245 | 231,292 | 239,421 | 250,376 | 248,668 |
| Museums | 13,801 | 14,281 | 14,915 | 14,532 | 9,698 |
| Natural Resources | 250,174 | 211,946 | 337,867 | 246,556 | 273,081 |
| Public Safety and Defense | 798,995 | 764,714 | 768,059 | 798,173 | 786,197 |
| Regulatory Services | 115,076 | 111,911 | 122,354 | 128,460 | 150,864 |
| Social Services | 2,252,188 | 2,091,972 | 2,196,864 | 2,214,898 | 2,177,124 |
| Transportation | 182,708 | 208,009 | 212,248 | 225,768 | 203,021 |
| Capital Outlay | 1,551,017 | 1,302,447 | 1,104,103 | 894,684 | 1,451,605 |
| Debt Service | | | | | |
| Principal Retirement | 118,163 | 98,831 | 221,187 | 361,488 | 408,643 |
| Interest and fiscal Charges | 72,074 | 95,097 | 112,030 | 71,269 | 60,833 |
| Total Expenditures | \$ 16,644,726 | \$ 16,703,049 | \$ 17,040,900 | \$ 17,515,647 | \$ 17,388,134 |
| Revenues in Excess of (Less Than) Expenditures | \$ 383,403 | \$ 342,114 | \$ 124,535 | \$ (4,714) | \$ (118,354) |
| Other Financing Sources (Uses) | | | | | |
| Transfers In | 71,919 | 73,168 | 67,955 | 81,020 | 83,587 |
| Transfers Out | (2,345) | (7,287) | - | - | (7,376) |
| Bonds Issued | 559,045 | 68,805 | 22,795 | 235,505 | 189,250 |
| Notes Issued | - | - | - | - | - |
| Refunding Bonds Issued | - | 6,140 | 67,555 | - | - |
| Bond Issue Premiums | 38,627 | 11,282 | 8,099 | 25,679 | 18,398 |
| Bond Issue Discounts | - | (35) | (121) | - | - |
| Payment to Refunded Bond Escrow Agent | (246,044) | - | - | - | - |
| Capital Leases and Certificates of Participation | 2,640 | 5,659 | 5,256 | 322 | 365 |
| Sale of Capital Assets | 7,601 | 8,139 | 11,928 | 10,798 | 87,267 |
| Total Other Financing Sources (Uses) | \$ 431,443 | \$ 165,871 | \$ 183,467 | \$ 353,324 | \$ 371,491 |
| Net Changes in Fund Balances | \$ 814,846 | \$ 507,985 | \$ 308,002 | \$ 348,610 | \$ 253,137 |
| Fund Balances - Beginning of Year (as restated) | 5,555,130 | 6,367,321 | 6,884,008 | 7,192,011 | 7,486,221 |
| Fund Balances - End of Year | \$ 6,369,976 | \$ 6,875,306 | \$ 7,192,010 | \$ 7,540,621 | \$ 7,739,358 |
| Debt Service as a Percentage of Noncapital Expenditures | 1.3% | 1.3% | 2.1% | 2.6% | 2.9% |

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-----------------------|----------------------|----------------------|----------------------|----------------------|
| Revenues | | | | | |
| Taxes: | | | | | |
| Income Taxes-Individual | \$ 2,944,246 | \$ 2,948,868 | \$ 3,240,777 | \$ 3,469,633 | \$ 3,369,765 |
| Income Taxes-Corporate | 333,838 | 169,639 | 251,163 | 312,862 | 221,699 |
| Sales Tax | 2,481,242 | 2,460,238 | 2,823,427 | 3,076,488 | 2,977,345 |
| Gross Production Taxes | 326,608 | 412,898 | 596,196 | 1,037,656 | 620,205 |
| Motor Vehicle Taxes | 761,052 | 757,223 | 868,042 | 887,074 | 935,103 |
| Fuel Taxes | 432,607 | 432,780 | 441,978 | 539,150 | 492,155 |
| Tobacco Taxes | 257,813 | 254,935 | 261,234 | 360,886 | 402,268 |
| Insurance Taxes | 181,133 | 164,008 | 181,614 | 176,198 | 172,060 |
| Beverage Taxes | 116,246 | 118,449 | 122,541 | 139,737 | 137,382 |
| Other Taxes | 397,902 | 412,914 | 444,700 | 453,214 | 445,347 |
| Licenses, Permits and Fees | 682,750 | 711,014 | 780,649 | 808,705 | 822,181 |
| Interest and Investment Revenue | 254,610 | 655,229 | 435,657 | 496,851 | 221,631 |
| Federal Grants | 6,667,592 | 6,695,846 | 6,440,084 | 6,811,030 | 7,695,068 |
| Sales and Services | 212,169 | 222,086 | 217,647 | 236,892 | 242,319 |
| Other | 729,640 | 759,334 | 700,142 | 977,713 | 756,848 |
| Total Revenues | \$ 16,779,448 | \$ 17,175,461 | \$ 17,805,851 | \$ 19,784,089 | \$ 19,511,376 |
| Expenditures | | | | | |
| Education | \$ 4,373,024 | \$ 4,247,212 | \$ 4,262,822 | \$ 4,799,146 | \$ 5,173,956 |
| Government Administration | 1,699,571 | 1,935,755 | 1,981,752 | 2,043,121 | 2,158,980 |
| Health Services | 5,704,161 | 5,614,255 | 5,595,980 | 5,954,945 | 6,190,644 |
| Legal and Judiciary | 251,114 | 254,551 | 255,739 | 263,275 | 270,298 |
| Museums | 9,074 | 7,444 | 7,650 | 12,553 | 12,997 |
| Natural Resources | 281,530 | 295,638 | 252,484 | 449,324 | 298,966 |
| Public Safety and Defense | 826,716 | 837,157 | 838,098 | 833,423 | 901,917 |
| Regulatory Services | 191,627 | 95,621 | 114,355 | 150,625 | 147,474 |
| Social Services | 2,347,661 | 2,192,547 | 2,145,461 | 2,179,379 | 2,454,286 |
| Transportation | 237,427 | 203,290 | 215,428 | 233,357 | 247,456 |
| Capital Outlay | 1,764,073 | 1,575,479 | 1,506,734 | 1,400,527 | 1,620,009 |
| Debt Service | | | | | |
| Principal Retirement | 191,272 | 179,384 | 140,272 | 157,460 | 215,446 |
| Interest and fiscal Charges | 76,228 | 72,994 | 59,145 | 53,036 | 61,517 |
| Total Expenditures | \$ 17,953,478 | \$ 17,511,327 | \$ 17,375,920 | \$ 18,530,171 | \$ 19,753,946 |
| Revenues in Excess of (Less Than) Expenditures | \$ (1,174,030) | \$ (335,866) | \$ 429,931 | \$ 1,253,918 | \$ (242,570) |
| Other Financing Sources (Uses) | | | | | |
| Transfers In | 85,002 | 81,634 | 78,997 | 90,891 | 98,455 |
| Transfers Out | (6,023) | (16,178) | (15,996) | (23,335) | (33,768) |
| Bonds Issued | 39,535 | 265,665 | 27,215 | 268,105 | 167,425 |
| Notes Issued | - | - | 61,505 | - | - |
| Refunding Bonds Issued | - | - | - | - | - |
| Bond Issue Premiums | 5,276 | 39,067 | 10,023 | 23,381 | 27,651 |
| Bond Issue Discounts | - | - | - | - | - |
| Payment to Refunded Bond Escrow Agent | - | - | - | - | - |
| Capital Leases and Certificates of Participation | - | 440 | - | - | - |
| Sale of Capital Assets | 14,451 | 13,343 | 10,447 | 23,870 | 10,324 |
| Total Other Financing Sources (Uses) | \$ 138,241 | \$ 383,971 | \$ 172,191 | \$ 382,912 | \$ 270,087 |
| Net Changes in Fund Balances | \$ (1,035,789) | \$ 48,105 | \$ 602,122 | \$ 1,636,830 | \$ 27,517 |
| Fund Balances - Beginning of Year (as restated) | 7,728,478 | 6,692,689 | 6,740,794 | 7,645,668 | 9,263,965 |
| Fund Balances - End of Year | <u>\$ 6,692,689</u> | <u>\$ 6,740,794</u> | <u>\$ 7,342,916</u> | <u>\$ 9,282,498</u> | <u>\$ 9,291,482</u> |
| Debt Service as a Percentage of Noncapital Expenditures | 1.7% | 1.6% | 1.3% | 1.2% | 1.5% |

State of Oklahoma
Personal Income by Industry
Last Ten Years
(expressed in millions)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|---------------|----------------|----------------|
| Total Personal Income | \$ 133,149 | \$ 142,862 | \$ 154,958 | \$ 161,188 | \$ 167,292 | \$ 178,250 | \$ 179,238 | \$ 170,791 | \$ 182,302 | \$ 187,327 |
| Farm Earnings | 955 | 881 | 1,253 | 1,128 | 1,303 | 2,043 | 1,390 | 949 | 672 | 1,300 |
| Nonfarm Earnings | 92,177 | 101,345 | 108,094 | 113,571 | 118,038 | 126,040 | 126,433 | 117,485 | 125,858 | 127,887 |
| Private Earnings | 70,174 | 79,024 | 87,058 | 92,367 | 96,706 | 103,580 | 103,347 | 94,363 | 102,252 | 103,000 |
| Forestry, Fishing & Agriculture | 193 | 273 | 244 | 268 | 357 | 229 | 255 | 275 | 273 | 258 |
| Mining, Oil & Natural Gas Extraction | 5,813 | 9,467 | 14,809 | 14,736 | 15,626 | 13,859 | 11,878 | 8,100 | 10,625 | 9,587 |
| Utilities | 1,407 | 1,468 | 1,537 | 1,573 | 2,044 | 1,637 | 1,648 | 1,526 | 1,502 | 1,742 |
| Construction | 4,861 | 5,390 | 6,381 | 7,296 | 7,509 | 7,767 | 7,964 | 7,348 | 7,612 | 7,719 |
| Manufacturing - Durable | 5,717 | 5,907 | 6,486 | 6,725 | 7,108 | 7,311 | 6,885 | 6,749 | 7,747 | 7,865 |
| Manufacturing - Nondurable | 3,240 | 3,675 | 3,500 | 3,839 | 3,915 | 3,147 | 3,255 | 3,014 | 3,969 | 4,283 |
| Wholesale Trade | 3,667 | 4,026 | 4,298 | 4,559 | 4,839 | 4,844 | 4,763 | 4,875 | 4,671 | 4,764 |
| Retail Trade | 6,414 | 6,749 | 7,080 | 7,329 | 7,603 | 7,253 | 7,450 | 7,147 | 7,107 | 7,271 |
| Transportation and Warehousing | 3,931 | 5,063 | 4,316 | 5,739 | 5,893 | 14,222 | 14,538 | 11,522 | 12,333 | 11,303 |
| Services | 34,931 | 37,006 | 38,407 | 40,303 | 41,812 | 43,311 | 44,711 | 43,807 | 46,413 | 48,208 |
| Government | 22,003 | 22,321 | 21,036 | 21,204 | 21,332 | 22,460 | 23,086 | 23,122 | 23,606 | 24,887 |
| Federal, civilian | 4,797 | 4,884 | 4,409 | 4,277 | 4,308 | 4,582 | 4,786 | 4,921 | 5,104 | 5,240 |
| Military | 3,261 | 3,240 | 2,438 | 2,355 | 2,216 | 2,171 | 2,195 | 2,228 | 2,320 | 2,449 |
| State and Local | 13,945 | 14,197 | 14,189 | 14,572 | 14,808 | 15,707 | 16,105 | 15,973 | 16,182 | 17,198 |
| Highest Personal Income Tax Rate | 5.50% | 5.50% | 5.25% | 5.25% | 5.25% | 5.25% | 5.00% | 5.00% | 5.00% | 5.00% |
| Corporate Income Tax Rate | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% |

Source: U. S. Department of Commerce, Bureau of Economic Analysis, and the Oklahoma Tax Commission.
Data is the latest available at time of printing.

State of Oklahoma
 Personal Income Tax Filers and Liability by Adjusted Gross Income
 Calendar (Tax) Years 2019 and 2010

| Calendar Year 2019 | | | | |
|--|-----------------------------|--------------------------------|--|--------------------------------|
| <u>Adjusted Gross Income Level</u> | <u>Number of Filers</u> | <u>Percentage of Total</u> | <u>Personal Income Tax Liability</u> | <u>Percentage of Total</u> |
| \$100,001 and higher | 302,415 | 17% | \$1,931,550,923 | 59% |
| \$75,001 - \$100,000 | 147,144 | 8% | 411,752,653 | 13% |
| \$50,001 - \$75,000 | 237,734 | 13% | 444,225,490 | 14% |
| \$25,001 - \$50,000 | 444,014 | 25% | 396,734,147 | 12% |
| \$10,001 - \$25,000 | 368,220 | 20% | 68,697,133 | 2% |
| \$10,000 and lower | 298,518 | 17% | 574,931 | 0% |
| Total | 1,798,045 | 100% | \$3,253,535,277 | 100% |

| Calendar Year 2010 | | | | |
|--|-----------------------------|--------------------------------|--|--------------------------------|
| <u>Adjusted Gross Income Level</u> | <u>Number of Filers</u> | <u>Percentage of Total</u> | <u>Personal Income Tax Liability</u> | <u>Percentage of Total</u> |
| \$100,001 and higher | 187,157 | 11% | \$1,303,670,005 | 52% |
| \$75,001 - \$100,000 | 120,412 | 7% | 352,969,400 | 14% |
| \$50,001 - \$75,000 | 210,253 | 12% | 406,073,107 | 16% |
| \$25,001 - \$50,000 | 413,541 | 24% | 365,235,976 | 15% |
| \$10,001 - \$25,000 | 431,395 | 26% | 76,952,989 | 3% |
| \$10,000 and lower | 328,143 | 20% | 884,417 | 0% |
| Total | 1,690,901 | 100% | \$2,505,785,894 | 100% |

Source: Oklahoma Tax Commission

State of Oklahoma

Tax Collections

Last Ten Fiscal Years

| Taxes | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| Aircraft Excise Tax | \$ 4,358,022 | \$ 5,884,147 | \$ 4,910,204 | \$ 4,074,978 | \$ 3,243,398 |
| Alcoholic Beverage Excise Tax | 22,777,383 | 23,614,156 | 25,553,610 | 26,372,098 | 26,987,301 |
| Beverage Tax | 24,934,826 | 24,979,667 | 24,653,353 | 23,896,702 | 23,283,684 |
| Bingo Tax | 136,038 | 132,086 | 127,801 | 105,890 | 80,475 |
| Business Activity Tax | 4,869,667 | 50,733,207 | 45,051,074 | 33,395,208 | 816,420 |
| Charity Games Tax | 20,623 | 28,177 | 42,535 | 34,835 | 37,195 |
| Cigarette Tax | 215,941,799 | 227,840,813 | 210,231,001 | 195,926,775 | 197,553,535 |
| City Use Tax - Collect/Deposit | 1,000,347 | 1,259,015 | 1,229,331 | 1,313,014 | 1,356,836 |
| Coin Operated Device Decal | 2,197,531 | 4,044,697 | 4,191,200 | 3,602,660 | 3,794,511 |
| Controlled Dangerous Substance Tax | 30,586 | 34,874 | 57,556 | 72,283 | 63,393 |
| County Tax (Use & Lodging) | 237,749 | 280,394 | 314,817 | 357,102 | 372,177 |
| Diesel Fuel Excise Tax | 69,230,643 | 77,027,777 | 73,785,574 | 80,309,870 | 79,234,208 |
| Documentary Stamp Tax | 10,981,645 | 11,991,469 | 15,282,903 | 15,763,766 | 18,191,408 |
| Farm Implement Tax Stamps | 8,033 | 8,328 | 10,818 | 11,611 | 11,697 |
| Franchise Tax | 32,647,715 | 758,202 | 540,824 | 1,126,420 | 56,540,151 |
| Freight Car Tax | 619,364 | 665,287 | 717,516 | 837,888 | 826,793 |
| Fuels Excise Tax | 49,665 | - | - | - | - |
| Gaming Exclusivity Fees | 123,560,707 | 124,300,610 | 129,286,255 | 123,376,190 | 128,443,759 |
| Gasoline Excise Tax | 197,712,177 | 206,179,731 | 203,403,445 | 202,091,479 | 207,370,800 |
| Gross Production Tax - Oil and Gas | 631,755,429 | 724,903,048 | 373,494,633 | 477,781,300 | 401,619,064 |
| Horse Track Gaming | 16,915,904 | 18,612,058 | 20,483,704 | 20,615,037 | 20,592,150 |
| Income Tax (Individual) | 2,385,413,131 | 2,723,887,073 | 2,844,880,206 | 2,835,207,273 | 3,152,729,993 |
| Income Tax (Corporate) | 330,905,421 | 412,808,773 | 594,181,209 | 408,109,649 | 375,873,186 |
| Inheritance and Estate Tax | 5,661,243 | 1,814,854 | 135,523 | 873,332 | 1,056,925 |
| Insurance Premium Tax | 170,627,316 | 199,620,667 | 213,675,180 | 223,090,507 | 244,415,684 |
| Medical Marijuana Excise Tax | - | - | - | - | - |
| Mixed Beverage Gross Receipts Tax | 35,344,321 | 39,241,847 | 43,357,002 | 46,127,916 | 50,193,262 |
| Occupational Health and Safety Tax | 2,672,792 | 3,027,902 | 2,681,651 | 2,597,953 | 2,171,916 |
| Pari-Mutuel Taxes | 1,117,663 | 1,272,843 | 1,287,912 | 1,168,333 | 1,163,885 |
| Pari-Mutuel - Other Tax | 11,155 | 7,633 | 9,352 | 6,961 | 6,028 |
| Petroleum Excise Tax | 13,077,225 | 14,309,381 | 12,450,983 | 16,135,417 | 14,152,206 |
| Rural Electric Co-operative Tax | 1,642,867 | 1,770,676 | 1,842,173 | 2,055,243 | 2,214,029 |
| Sales Tax | 1,982,182,368 | 2,165,311,137 | 2,275,444,163 | 2,335,326,717 | 2,424,380,716 |
| Sales Tax - City | 12,948,170 | 14,906,819 | 15,541,756 | 14,952,187 | 16,725,211 |
| Sales Tax - County | 2,853,587 | 3,304,647 | 3,374,051 | 3,328,337 | 3,800,593 |
| Special Fuel Decal | 503,848 | 396,838 | 460,204 | 450,950 | 351,812 |
| Special Fuel Use Tax | 1,522,816 | 1,539,054 | 1,421,676 | 1,485,281 | 1,534,694 |
| Tag Agent Remittance Tax | 307,579,624 | 348,562,103 | 330,838,092 | 388,643,946 | 376,730,773 |
| Telephone Surcharge | 796,832 | 722,113 | 719,897 | 634,760 | 570,979 |
| Tobacco Products Tax | 30,947,514 | 34,415,644 | 37,643,515 | 40,243,152 | 44,462,393 |
| Tribal Compact in Lieu of Tax Payments | 40,180,597 | 41,910,495 | 43,741,973 | 31,908,905 | 27,372,341 |
| Unclaimed Property Assessment | 9,424,634 | 12,083,796 | 10,575,619 | 10,235,907 | 9,433,401 |
| Unclassified Tax Receipts | 188,102 | 366,977 | 49,413 | 43 | 436,149 |
| Use Tax | 176,061,390 | 206,228,223 | 221,082,285 | 237,162,483 | 240,423,735 |
| Vehicle Revenue Tax Stamps | 40,797 | 43,650 | 51,598 | 47,408 | 46,974 |
| Workers' Compensation Awards - Assessments | 25,534,690 | 22,723,364 | 34,801,759 | 55,465,606 | 63,469,440 |
| Workers' Compensation Insurance Premium Tax | 8,802,817 | 8,693,887 | 9,949,807 | 10,210,365 | 9,789,096 |
| Other Taxes | 21,172,515 | 23,170,322 | 28,001,415 | 32,368,659 | 37,118,891 |
| Total | <u>\$6,927,199,288</u> | <u>\$7,785,418,461</u> | <u>\$7,861,566,568</u> | <u>\$7,908,902,396</u> | <u>\$8,271,043,267</u> |

Prepared using cash basis to aid in budgetary analysis.
Source: Oklahoma Tax Commission as adjusted.

| Taxes | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| Aircraft Excise Tax | \$ 4,828,624 | \$ 5,391,211 | \$ 4,053,797 | \$ 3,829,965 | \$ 3,794,099 |
| Alcoholic Beverage Excise Tax | 26,646,189 | 28,106,231 | 28,556,548 | 36,983,470 | 44,835,030 |
| Beverage Tax | 22,887,790 | 22,331,800 | 21,877,356 | 9,072,758 | - |
| Bingo Tax | 61,400 | 29,185 | 101,233 | 66,773 | 44,609 |
| Business Activity Tax | 107,215 | 33,469 | 20,356 | 5,816 | 3,071 |
| Charity Games Tax | 18,534 | 13,514 | 17,394 | 10,673 | 10,906 |
| Cigarette Tax | 198,606,624 | 185,771,745 | 197,801,584 | 246,346,627 | 291,607,978 |
| City Use Tax - Collect/Deposit | 658,449 | 694,396 | 899,474 | 1,185,318 | 1,340,884 |
| Coin Operated Device Decal | 3,719,626 | 3,585,473 | 3,557,522 | 3,384,094 | 2,844,719 |
| Controlled Dangerous Substance Tax | 55,753 | 42,755 | 45,251 | 52,406 | 30,856 |
| County Tax (Use & Lodging) | 181,421 | 161,073 | 178,659 | 254,255 | 275,990 |
| Diesel Fuel Excise Tax | 68,837,914 | 80,680,616 | 83,928,077 | 128,861,400 | 134,645,265 |
| Documentary Stamp Tax | 18,008,889 | 19,078,660 | 21,022,186 | 21,555,093 | 21,995,939 |
| Farm Implement Tax Stamps | 10,666 | 7,886 | 8,177 | 9,225 | 10,657 |
| Franchise Tax | 56,198,494 | 52,175,517 | 59,063,475 | 57,322,320 | 52,706,327 |
| Freight Car Tax | 850,181 | 797,132 | 1,016,667 | 1,081,051 | 1,049,614 |
| Fuels Excise Tax | - | - | - | - | - |
| Gaming Exclusivity Fees | 134,390,332 | 135,437,136 | 139,811,191 | 148,309,097 | 133,807,934 |
| Gasoline Excise Tax | 214,758,884 | 204,215,392 | 213,150,162 | 263,009,336 | 263,346,685 |
| Gross Production Tax - Oil and Gas | 196,635,110 | 270,569,184 | 480,533,689 | 858,159,342 | 678,981,057 |
| Horse Track Gaming | 20,890,153 | 20,738,589 | 25,459,166 | 28,358,978 | 26,307,770 |
| Income Tax (Individual) | 2,941,832,022 | 2,881,519,924 | 3,207,252,928 | 3,497,148,830 | 3,315,561,478 |
| Income Tax (Corporate) | 371,445,751 | 167,149,379 | 233,637,308 | 316,809,235 | 344,452,299 |
| Inheritance and Estate Tax | 126,278 | 256,834 | 176,713 | - | - |
| Insurance Premium Tax | 257,217,612 | 243,245,651 | 280,967,940 | 271,859,078 | 290,845,768 |
| Medical Marijuana Excise Tax | - | - | - | 4,648,134 | 39,063,301 |
| Mixed Beverage Gross Receipts Tax | 52,872,099 | 54,204,358 | 57,325,035 | 71,952,273 | 74,148,353 |
| Occupational Health and Safety Tax | 2,280,573 | 1,615,273 | 1,590,164 | 1,336,057 | 1,260,132 |
| Pari-Mutuel Taxes | 1,068,502 | 1,085,121 | 1,105,126 | 1,030,908 | 1,260,912 |
| Pari-Mutuel - Other Tax | 24,116 | 8,318 | 10,119 | 8,654 | 9,242 |
| Petroleum Excise Tax | 8,148,238 | 11,897,143 | 15,825,493 | 19,884,698 | 15,062,434 |
| Rural Electric Co-operative Tax | 2,031,514 | 2,048,871 | 2,163,108 | 2,321,431 | 2,307,049 |
| Sales Tax | 2,268,723,336 | 2,192,792,253 | 2,511,931,524 | 2,667,670,936 | 2,530,660,596 |
| Sales Tax - City | 8,964,736 | 8,283,457 | 8,903,019 | 9,347,469 | 9,308,745 |
| Sales Tax - County | 1,919,312 | 1,632,995 | 1,602,075 | 1,696,214 | 1,596,107 |
| Special Fuel Decal | 159,254 | 930,292 | 760,693 | 1,763,447 | 892,110 |
| Special Fuel Use Tax | 1,541,979 | 1,068,339 | 1,175,495 | 1,547,063 | 1,494,373 |
| Tag Agent Remittance Tax | 385,676,774 | 391,613,483 | 404,913,340 | 415,230,477 | 412,766,236 |
| Telephone Surcharge | 493,779 | 403,749 | 288,787 | 565,043 | 272,190 |
| Tobacco Products Tax | 47,592,850 | 50,725,702 | 52,835,101 | 56,054,853 | 57,622,723 |
| Tribal Compact in Lieu of Tax Payments | 28,901,523 | 30,894,381 | 38,587,904 | 56,755,231 | 59,239,982 |
| Unclaimed Property Assessment | 10,200,000 | 11,033,333 | 9,366,667 | 9,366,667 | 10,200,000 |
| Unclassified Tax Receipts | 209,126 | 5,884 | 46,065 | 522,069 | - |
| Use Tax | 208,492,766 | 219,582,282 | 276,137,946 | 375,238,267 | 409,580,822 |
| Vehicle Revenue Tax Stamps | 47,338 | 45,594 | 46,494 | 47,278 | 46,462 |
| Workers' Compensation Awards - Assessments | 57,157,971 | 48,609,051 | 49,240,983 | 47,490,599 | 41,611,770 |
| Workers' Compensation Insurance Premium Tax | 9,129,743 | 6,500,000 | 6,500,000 | 6,000,000 | 5,750,000 |
| Other Taxes | 33,803,335 | 35,231,845 | 35,434,656 | 39,398,595 | 42,153,143 |
| Total | <u>\$7,668,412,775</u> | <u>\$7,392,244,476</u> | <u>\$8,478,926,647</u> | <u>\$9,683,551,503</u> | <u>\$9,324,805,616</u> |

State of Oklahoma
Percentage of Annual Debt Service Expenditures
for General Bonded Debt to Total Expenditures
Governmental Funds
For Last Ten Fiscal Years
(expressed in thousands)

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Debt Service | | | | | | | | | | |
| Principal | | | | | | | | | | |
| Retirement | \$ 118,163 | \$ 98,831 | \$ 221,187 | \$ 361,488 | \$ 408,643 | \$ 191,272 | \$ 179,384 | \$ 140,272 | \$ 157,460 | \$ 215,446 |
| Interest and | | | | | | | | | | |
| Fiscal Charges | 72,074 | 95,097 | 112,030 | 71,269 | 60,833 | 76,228 | 72,994 | 59,145 | 53,036 | 61,517 |
| Total Debt Service | \$ 190,237 | \$ 193,928 | \$ 333,217 | \$ 432,757 | \$ 469,476 | \$ 267,500 | \$ 252,378 | \$ 199,417 | \$ 210,496 | \$ 276,963 |
| Total | | | | | | | | | | |
| Expenditures | \$ 15,093,709 | \$ 15,400,602 | \$ 15,936,797 | \$ 16,620,964 | \$ 15,936,529 | \$ 16,189,405 | \$ 15,935,848 | \$ 15,869,186 | \$ 17,129,644 | \$ 18,133,937 |
| Ratio | 1.260% | 1.259% | 2.091% | 2.604% | 2.946% | 1.652% | 1.584% | 1.257% | 1.229% | 1.527% |

State of Oklahoma
Ratios of Outstanding Debt by Type
Primary Government
Last Ten Fiscal Years
(expressed in thousands)

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental Activities Debt: | | | | | | | | | | |
| General Obligation Bonds | \$ 175,645 | \$ 175,645 | \$ 136,585 | \$ 131,955 | \$ 107,395 | \$ 82,100 | \$ 55,875 | \$ 28,530 | \$ - | \$ - |
| General Obligation Bonds as a Percentage of General Revenue ^a | 2.26% | 2.03% | 1.59% | 1.49% | 1.21% | 0.97% | 0.67% | 0.30% | 0.00% | 0.00% |
| Per Capita (actual-not in thousands) ^b | \$ 46 | \$ 46 | \$ 36 | \$ 34 | \$ 28 | \$ 21 | \$ 14 | \$ 7 | \$ - | \$ - |
| Revenue bonds | 1,428,820 | 1,424,555 | 1,353,449 | 1,255,988 | 1,283,082 | 1,157,304 | 1,311,850 | 1,233,266 | 1,391,031 | 1,361,390 |
| Notes Payable | 229,929 | 212,592 | 194,560 | 173,985 | 47,245 | 30,520 | 16,575 | 69,995 | 61,505 | 59,360 |
| Capital Leases | 12,719 | 8,710 | 10,712 | 8,271 | 6,526 | 4,202 | 2,740 | 1,362 | 544 | 78 |
| Total Governmental Activities | <u>\$ 1,847,113</u> | <u>\$ 1,821,502</u> | <u>\$ 1,695,306</u> | <u>\$ 1,570,199</u> | <u>\$ 1,444,248</u> | <u>\$ 1,274,126</u> | <u>\$ 1,387,040</u> | <u>\$ 1,333,153</u> | <u>\$ 1,453,080</u> | <u>\$ 1,420,828</u> |
| Business-Type Activities Debt: | | | | | | | | | | |
| Revenue Bonds | \$ 759,493 | \$ 832,597 | \$ 931,413 | \$ 801,159 | \$ 778,800 | \$ 867,324 | \$ 854,028 | \$ 904,908 | \$ 1,002,415 | \$ 903,998 |
| Total Business-Type Activities | <u>\$ 759,493</u> | <u>\$ 832,597</u> | <u>\$ 931,413</u> | <u>\$ 801,159</u> | <u>\$ 778,800</u> | <u>\$ 867,324</u> | <u>\$ 854,028</u> | <u>\$ 904,908</u> | <u>\$ 1,002,415</u> | <u>\$ 903,998</u> |
| Total Primary Government | <u>\$ 2,606,606</u> | <u>\$ 2,654,099</u> | <u>\$ 2,626,719</u> | <u>\$ 2,371,358</u> | <u>\$ 2,223,048</u> | <u>\$ 2,141,450</u> | <u>\$ 2,241,068</u> | <u>\$ 2,238,061</u> | <u>\$ 2,455,495</u> | <u>\$ 2,324,826</u> |
| Total Primary Government Debt as a Percentage of Personal Income ^c | 1.92% | 1.84% | 1.68% | 1.46% | 1.32% | 1.20% | 1.34% | 1.31% | 1.35% | 1.24% |
| Per Capita (actual-not in thousands) ^b | \$ 679 | \$ 694 | \$ 684 | \$ 618 | \$ 569 | \$ 543 | \$ 569 | \$ 568 | \$ 621 | \$ 585 |

a - General Revenue values can be found in the Changes in Net Position statistics schedule.

b - Population data can be found in the Demographic and Economic Statistics schedule. The amount for the current year is estimated. Population data for the current year was unavailable at printing.

c - Debt by Type information can be found in the notes to the financial statements. The percentage for the current year is estimated. Current year personal income data was unavailable at printing.

State of Oklahoma
Revenue Bond Coverage
Enterprise Fund and Component Units
For the Last Ten Fiscal Years
(expressed in thousands)

| | <u>Fiscal Year Ended</u> | <u>Gross Revenues (1)</u> | <u>Operating Expenses (2)</u> | <u>Net Revenues for Debt Service</u> | <u>Debt Service Requirements</u> | <u>Debt Serv. Coverage</u> |
|---|------------------------------|-------------------------------|-----------------------------------|--|--------------------------------------|--------------------------------|
| COMPONENT UNITS: | | | | | | |
| Oklahoma Student Loan Authority (June 30 year end) | 2020 | \$ 21,248 | \$ 16,407 | \$ 4,841 | \$ 3,485 | 1.39 |
| | 2019 | 21,509 | 12,486 | 9,023 | 5,110 | 1.77 |
| | 2018 | 19,324 | 12,961 | 6,363 | 4,932 | 1.29 |
| | 2017 | 14,981 | 10,734 | 4,247 | 4,181 | 1.02 |
| | 2016 | 12,890 | 9,488 | 3,402 | 4,010 | 0.85 |
| | 2015 | 12,614 | 9,552 | 3,062 | 4,323 | 0.71 |
| | 2014 | 14,229 | 9,720 | 4,509 | 5,251 | 0.86 |
| | 2013 | 19,195 | 9,319 | 9,876 | 7,002 | 1.41 |
| | 2012 | 16,201 | 2,134 | 14,067 | 6,823 | 2.06 |
| | 2011 | 19,831 | (296) | 20,127 | 7,734 | 2.60 |
| Oklahoma Housing Finance Agency (September 30 year end) | 2019 | \$ 37,084 | \$ 13,925 | \$ 23,159 | \$ 25,880 | 0.89 |
| | 2018 | 13,765 | 12,164 | 1,601 | 11,423 | 0.14 |
| | 2017 | 16,080 | 12,149 | 3,931 | 14,160 | 0.28 |
| | 2016 | 31,793 | 11,914 | 19,879 | 18,524 | 1.07 |
| | 2015 | 35,347 | 12,395 | 22,952 | 25,043 | 0.92 |
| | 2014 | 39,286 | 15,461 | 23,825 | 41,461 | 0.57 |
| | 2013 | 18,003 | 19,773 | (1,770) | 115,088 | -0.02 |
| | 2012 | 47,532 | 14,855 | 32,678 | 88,459 | 0.37 |
| | 2011 | 63,923 | 14,131 | 49,792 | 69,559 | 0.72 |
| | 2010 | 64,490 | 15,346 | 49,144 | 44,125 | 1.11 |
| Oklahoma Turnpike Authority (December 31 year end) | 2019 | \$ 374,572 | \$ 114,533 | \$ 260,039 | \$ 136,825 | 1.90 |
| | 2018 | 343,609 | 105,857 | 237,752 | 96,111 | 2.47 |
| | 2017 | 318,082 | 101,888 | 216,194 | 90,346 | 2.39 |
| | 2016 | 278,200 | 93,972 | 184,228 | 93,246 | 1.98 |
| | 2015 | 263,317 | 85,532 | 177,785 | 94,634 | 1.88 |
| | 2014 | 257,863 | 82,048 | 175,815 | 108,314 | 1.62 |
| | 2013 | 242,226 | 81,593 | 160,633 | 91,893 | 1.75 |
| | 2012 | 241,379 | 86,706 | 154,674 | 101,570 | 1.52 |
| | 2011 | 235,369 | 87,918 | 147,451 | 99,141 | 1.49 |
| | 2010 | 237,047 | 72,396 | 164,651 | 100,389 | 1.64 |
| Grand River Dam Authority (December 31 year end) | 2019 | \$ 444,096 | \$ 278,935 | \$ 165,161 | \$ 75,502 | 2.19 |
| | 2018 | 441,177 | 290,887 | 150,290 | 64,871 | 2.32 |
| | 2017 | 445,125 | 322,537 | 122,588 | 75,601 | 1.62 |
| | 2016 | 441,662 | 300,547 | 141,115 | 74,787 | 1.89 |
| | 2015 | 425,083 | 229,863 | 195,220 | 75,542 | 2.58 |
| | 2014 | 485,012 | 307,941 | 177,071 | 79,109 | 2.24 |
| | 2013 | 432,799 | 251,386 | 181,413 | 134,919 | 1.34 |
| | 2012 | 423,614 | 272,188 | 151,425 | 135,799 | 1.12 |
| | 2011 | 418,551 | 254,480 | 164,071 | 136,623 | 1.20 |
| | 2010 | 398,415 | 196,671 | 201,744 | 142,448 | 1.42 |

| | <u>Fiscal Year Ended</u> | <u>Gross Revenues (1)</u> | <u>Operating Expenses (2)</u> | <u>Net Revenues for Debt Service</u> | <u>Debt Service Requirements</u> | <u>Debt Serv. Coverage</u> |
|---|------------------------------|-------------------------------|-----------------------------------|--|--------------------------------------|--------------------------------|
| Oklahoma Municipal Power Authority | 2019 | \$ 188,435 | \$ 128,810 | \$ 59,625 | \$ 50,208 | 1.19 |
| (December 31 year end) | 2018 | 192,733 | 136,649 | 56,084 | 51,832 | 1.08 |
| | 2017 | 188,903 | 132,271 | 56,632 | 52,010 | 1.09 |
| | 2016 | 186,775 | 131,533 | 55,242 | 50,392 | 1.10 |
| | 2015 | 185,981 | 132,151 | 53,830 | 45,125 | 1.19 |
| | 2014 | 192,273 | 136,025 | 56,248 | 49,563 | 1.13 |
| | 2013 | 179,321 | 135,198 | 44,123 | 39,685 | 1.11 |
| | 2012 | 175,506 | 124,308 | 51,198 | 43,857 | 1.17 |
| | 2011 | 175,983 | 126,187 | 49,796 | 44,848 | 1.11 |
| | 2010 | 163,991 | 117,610 | 46,381 | 40,299 | 1.15 |
| Higher Education | 2020 | \$ 5,506,178 | \$ 4,561,979 | \$ 944,197 | \$ 443,894 | 2.13 |
| (June 30 year end) | 2019 | 5,336,055 | 4,445,789 | 890,266 | 164,939 | 5.40 |
| | 2018 | 5,195,741 | 4,480,202 | 715,539 | 183,513 | 3.90 |
| | 2017 | 5,138,290 | 4,432,737 | 705,553 | 251,231 | 2.81 |
| | 2016 | 4,762,338 | 4,308,023 | 454,315 | 291,597 | 1.56 |
| | 2015 | 4,843,892 | 4,122,226 | 721,666 | 113,085 | 6.38 |
| | 2014 | 5,015,949 | 4,107,758 | 908,191 | 274,979 | 3.30 |
| | 2013 | 5,953,195 | 3,944,790 | 2,008,405 | 147,220 | 13.64 |
| | 2012 | 5,389,947 | 3,932,409 | 1,457,538 | 148,780 | 9.80 |
| | 2011 | 4,722,834 | 3,562,033 | 1,160,801 | 207,268 | 5.60 |
| ENTERPRISE FUND: | | | | | | |
| Oklahoma Water Resources Board | 2020 | \$ 26,836 | \$ 9,680 | \$ 17,156 | \$ 38,944 | 0.44 |
| (June 30 year end) | 2019 | 25,754 | 781 | 24,973 | 39,446 | 0.63 |
| | 2018 | 21,604 | 641 | 20,963 | 56,558 | 0.37 |
| | 2017 | 20,714 | 645 | 20,069 | 76,004 | 0.26 |
| | 2016 | 22,601 | 1,460 | 21,141 | 40,318 | 0.52 |
| | 2015 | 20,918 | 766 | 20,152 | 42,672 | 0.47 |
| | 2014 | 20,600 | 1,287 | 19,313 | 50,395 | 0.38 |
| | 2013 | 20,128 | 1,427 | 18,701 | 56,376 | 0.33 |
| | 2012 | 17,580 | 1,036 | 16,544 | 40,532 | 0.41 |
| | 2011 | 14,705 | 1,529 | 13,176 | 34,638 | 0.38 |

(1) Gross revenues including interest and investment income, but excluding revenues restricted to other debt.

(2) Operating expenses, exclusive of depreciation and operating interest (where applicable)

- Revenue bond coverage is not intended to portray compliance with bond indenture agreements.

- Debt service requirements do not include one-time debt service payments from refunding bonds.

State of Oklahoma
Major Employers by Size
Non-Government
For years 2010 and 2019

| Non-Governmental Major Employers 2010 | Non-Governmental Major Employers 2019 | Employment 2019 | Percentage of Total State Employment 2019 |
|--|--|--------------------|---|
| Wal-Mart Stores, Inc. | Wal-Mart Associates Inc. | 32,100 | 1.80% |
| Integrus Health | Integrus Health, Inc. | 8,800 | 0.49% |
| Marian/Saint John Health System | Chickasaw Nation | 7,400 | 0.42% |
| YUM! Brands | Hobby Lobby Stores Inc. | 6,500 | 0.37% |
| AMR Corporation | Mercy Health | 6,200 | 0.35% |
| Sonic Corporation | Choctaw Nation of Oklahoma | 6,100 | 0.34% |
| Saint Francis Hospital Inc. | Saint Francis Hospital Inc. | 6,100 | 0.34% |
| Mercy Health System | Braum's Inc. | 5,300 | 0.30% |
| McDonalds | American Airlines | 5,100 | 0.29% |
| Conoco Phillips | Lowe's Home Centers Inc. | 5,000 | 0.28% |

Source: Oklahoma Department of Commerce

Note: The information above is compiled by the Department of Commerce and is the latest available at the date of publication.

State of Oklahoma

Demographic and Economic Statistics

Last Ten Fiscal Years

| Year | Population ^a (in thousands) | | | | Personal Income ^a | Per Capita Personal Income ^a | | | Civilian Labor Force ^b | | |
|------|--|--------|-------------------------|--------|---------------------------------|---|-----------|--------------------------------|-----------------------------------|------------|----------------------|
| | Change from Prior | | Change from Prior | | State of Oklahoma | State of | | Oklahoma as a Percentage | Employed | Unemployed | Unemployment Rate |
| | U. S. | Period | Oklahoma | Period | | U. S. | Oklahoma | of U.S. | | | |
| 2010 | 309,350 | 0.76% | 3,762 | 2.03% | \$ 133,149 | \$ 39,945 | \$ 35,396 | 88.61% | 1,631,000 | 124,000 | 7.1% |
| 2011 | 311,592 | 0.72% | 3,792 | 0.80% | 142,862 | 41,560 | 37,679 | 90.66% | 1,662,000 | 109,000 | 6.2% |
| 2012 | 313,914 | 0.75% | 3,815 | 0.61% | 154,958 | 43,735 | 40,620 | 92.88% | 1,709,000 | 94,000 | 5.2% |
| 2013 | 316,129 | 0.71% | 3,851 | 0.94% | 161,188 | 44,765 | 41,861 | 93.51% | 1,718,000 | 99,000 | 5.4% |
| 2014 | 318,857 | 0.86% | 3,878 | 0.70% | 167,292 | 46,129 | 43,138 | 93.52% | 1,704,000 | 80,000 | 4.5% |
| 2015 | 321,419 | 0.80% | 3,911 | 0.85% | 178,250 | 48,112 | 45,573 | 94.72% | 1,764,000 | 78,000 | 4.2% |
| 2016 | 323,128 | 0.53% | 3,924 | 0.33% | 167,503 | 49,246 | 42,692 | 86.69% | 1,739,000 | 89,000 | 4.9% |
| 2017 | 325,719 | 0.80% | 3,931 | 0.18% | 170,791 | 50,392 | 43,449 | 86.22% | 1,756,000 | 79,000 | 4.3% |
| 2018 | 327,167 | 0.44% | 3,943 | 0.31% | 182,302 | 54,446 | 46,233 | 84.92% | 1,779,000 | 63,000 | 3.4% |
| 2019 | 328,240 | 0.33% | 3,957 | 0.36% | 187,328 | 56,490 | 47,341 | 83.80% | 1,781,000 | 61,000 | 3.3% |

a - source U.S. Bureau of Economic Analysis as adjusted.

b - source Oklahoma Employment Security Commission.

State of Oklahoma

School Enrollments

Last Ten Fiscal Years

| | | | | | | | | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <u>Public School Enrollments:</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
| Early Childhood | 39,784 | 40,688 | 37,929 | 40,121 | 40,129 | 39,474 | 36,377 | 36,679 | 36,790 | 37,212 |
| Kindergarten | 51,037 | 52,114 | 52,339 | 54,649 | 55,127 | 53,453 | 49,620 | 49,334 | 50,039 | 50,299 |
| Elementary School | 246,305 | 248,398 | 252,235 | 266,499 | 257,154 | 248,631 | 251,280 | 249,922 | 247,719 | 246,294 |
| Junior High/Middle School | 138,626 | 140,964 | 130,505 | 141,539 | 123,812 | 142,131 | 140,895 | 141,909 | 145,575 | 151,095 |
| Senior High School | 177,366 | 175,949 | 173,193 | 154,144 | 184,074 | 187,031 | 188,966 | 190,312 | 192,690 | 193,470 |
| No-High School Districts (Grades 1-8) | 23,938 | 23,596 | 23,549 | 17,215 | 24,151 | 18,179 | 22,637 | 22,644 | 21,652 | 21,689 |
| Special Education (Early Childhood) | 1,684 | 1,798 | 1,535 | 1,542 | 2,070 | 2,169 | 2,274 | 2,418 | 2,646 | 2,193 |
| Out-of-Home Placements | <u>1,720</u> | <u>1,915</u> | <u>1,905</u> | <u>1,616</u> | <u>1,783</u> | <u>1,602</u> | <u>1,661</u> | <u>1,598</u> | <u>1,475</u> | <u>1,398</u> |
| Total | <u>680,460</u> | <u>685,422</u> | <u>673,190</u> | <u>677,325</u> | <u>688,300</u> | <u>692,670</u> | <u>693,710</u> | <u>694,816</u> | <u>698,586</u> | <u>703,650</u> |
| <u>Higher Education:</u> | | | | | | | | | | |
| Public Institutions | 255,503 | 256,213 | 251,096 | 236,865 | 228,768 | 225,858 | 221,207 | 216,191 | 210,090 | 223,812 |
| Private Institutions | <u>25,856</u> | <u>26,830</u> | <u>27,708</u> | <u>26,175</u> | <u>17,997</u> | <u>17,494</u> | <u>17,837</u> | <u>16,909</u> | <u>15,762</u> | <u>23,933</u> |
| Total | <u>281,359</u> | <u>283,043</u> | <u>278,804</u> | <u>263,040</u> | <u>246,765</u> | <u>243,352</u> | <u>239,044</u> | <u>233,100</u> | <u>225,852</u> | <u>247,745</u> |
| <u>Career-Technology Education:</u> | | | | | | | | | | |
| Secondary * | 148,831 | 148,831 | 151,720 | 149,501 | 152,227 | 150,958 | 156,673 | 159,686 | 156,737 | 154,804 |
| Adult | <u>354,949</u> | <u>354,949</u> | <u>376,783</u> | <u>372,687</u> | <u>394,650</u> | <u>366,538</u> | <u>354,839</u> | <u>363,222</u> | <u>401,432</u> | <u>300,320</u> |
| Total | <u>503,780</u> | <u>503,780</u> | <u>528,503</u> | <u>522,188</u> | <u>546,877</u> | <u>517,496</u> | <u>511,512</u> | <u>522,908</u> | <u>558,169</u> | <u>455,124</u> |

* - These students may also be included in public school enrollments above.

Sources: Department of Education, Regents for Higher Education, and Department of Career and Technology Education

State of Oklahoma
Government Employees by Function
Last Ten Fiscal Years
(excluding higher education)

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Function: | | | | | | | | | | |
| Education | 864 | 832 | 836 | 817 | 782 | 767 | 740 | 768 | 724 | 818 |
| Government Administration | 2,036 | 2,275 | 2,828 | 2,829 | 2,633 | 2,624 | 2,529 | 2,508 | 2,382 | 2,409 |
| Health Services | 4,403 | 4,254 | 4,337 | 4,434 | 4,519 | 4,497 | 4,429 | 3,873 | 5,642 | 4,346 |
| Legal and Judiciary | 2,216 | 2,276 | 2,275 | 2,220 | 2,255 | 2,216 | 2,135 | 2,086 | 2,155 | 2,132 |
| Museums | 151 | 149 | 151 | 145 | 140 | 129 | 112 | 116 | 118 | 124 |
| Natural Resources | 2,356 | 2,292 | 2,266 | 2,254 | 2,360 | 2,325 | 2,329 | 2,291 | 1,767 | 2,266 |
| Public Safety and Defense | 6,428 | 6,311 | 6,320 | 6,367 | 6,338 | 6,409 | 6,564 | 6,586 | 6,594 | 6,739 |
| Regulatory Services | 1,291 | 1,280 | 1,289 | 1,302 | 1,023 | 1,030 | 1,087 | 1,126 | 1,067 | 1,110 |
| Social Services | 11,674 | 11,033 | 10,960 | 11,268 | 11,518 | 10,911 | 10,109 | 9,475 | 7,771 | 9,621 |
| Transportation | 2,960 | 2,893 | 2,865 | 2,906 | 2,868 | 2,912 | 2,840 | 2,886 | 2,376 | 2,917 |
| Total | 34,379 | 33,595 | 34,127 | 34,542 | 34,436 | 33,820 | 32,874 | 31,715 | 30,596 | 32,482 |

Source: The Human Capital Management division of the Office of Management and Enterprise Services.

State of Oklahoma
Capital Assets Utilization by Function
Primary Government
Last Ten Fiscal Years
(net of depreciation, expressed in thousands)

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------------------------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities: | | | | | | | | | | |
| Education | \$ 28,402 | \$ 29,906 | \$ 29,628 | \$ 33,274 | \$ 32,602 | \$ 33,110 | \$ 32,936 | \$ 32,736 | \$ 33,017 | \$ 33,873 |
| Government Administration | 235,887 | 289,578 | 291,033 | 289,411 | 286,592 | 276,274 | 250,684 | 238,202 | 142,663 | 136,050 |
| Health Services | 146,835 | 162,355 | 157,101 | 151,996 | 151,408 | 157,047 | 166,329 | 167,742 | 165,904 | 166,674 |
| Legal and Judiciary | 310 | 349 | 1,066 | 824 | 529 | 1,168 | 818 | 526 | 2,376 | 2,216 |
| Museums | 12,662 | 12,505 | 13,169 | 13,920 | 12,942 | 13,894 | 13,754 | 13,614 | 13,548 | 13,410 |
| Natural Resources | 180,892 | 193,947 | 200,208 | 218,155 | 233,997 | 251,259 | 270,754 | 271,772 | 290,751 | 307,321 |
| Public Safety and Defense | 502,434 | 524,859 | 529,224 | 522,170 | 507,035 | 444,173 | 429,586 | 424,454 | 428,682 | 439,443 |
| Regulatory Services | 1,173 | 904 | 859 | 726 | 947 | 804 | 676 | 496 | 5,852 | 8,480 |
| Social Services | 118,942 | 115,417 | 104,439 | 86,288 | 87,785 | 85,479 | 77,556 | 88,957 | 99,458 | 118,215 |
| Transportation | 8,730,234 | 9,159,061 | 9,433,515 | 9,692,860 | 9,957,686 | 10,335,267 | 10,690,785 | 10,974,397 | 11,236,685 | 11,543,699 |
| Governmental activities, net | <u>\$ 9,957,771</u> | <u>\$ 10,488,881</u> | <u>\$ 10,760,242</u> | <u>\$ 11,009,624</u> | <u>\$ 11,271,523</u> | <u>\$ 11,598,475</u> | <u>\$ 11,933,878</u> | <u>\$ 12,212,896</u> | <u>\$ 12,418,936</u> | <u>\$ 12,769,381</u> |
| Business-type activities, net | <u>\$ 202</u> | <u>\$ 126</u> | <u>\$ 1,037</u> | <u>\$ 1,415</u> | <u>\$ 1,914</u> | <u>\$ 2,856</u> | <u>\$ 2,477</u> | <u>\$ 2,085</u> | <u>\$ 1,543</u> | <u>\$ 1,118</u> |

State of Oklahoma

Operating Indicators for Governmental Functions

Last Ten Fiscal Years

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| Government Administration | | | | | | | | | | |
| Office of Management and Enterprise Services | | | | | | | | | | |
| Number of motor vehicles maintained | 1,203 | 1,217 | 1,168 | 1,104 | 1,093 | 1,076 | 1,050 | 1,007 | 1,007 | 1,068 |
| Number of buildings managed | 18 | 19 | 20 | 20 | 28 | 28 | 28 | 28 | 28 | 28 |
| Health Services | | | | | | | | | | |
| Department of Health | | | | | | | | | | |
| Protective services: | | | | | | | | | | |
| Retail food establishment inspections | 23,368 | 45,874 | 43,083 | 44,939 | 45,417 | 47,457 | 45,887 | 47,414 | 35,878 | 29,175 |
| Food inspections | 44,878 | 46,662 | 43,671 | 47,831 | 48,417 | 48,913 | 47,238 | 48,602 | 56,750 | 36,389 |
| Long-Term Care: | | | | | | | | | | |
| Facility licensing, inspections and complaints | 1,912 | 4,078 | 2,223 | 2,492 | 2,275 | 2,901 | 2,231 | 2,227 | 2,266 | 1,399 |
| Residents (approximate) | 21,202 | 18,512 | 19,340 | 19,006 | 18,987 | 18,880 | 18,722 | 18,135 | 19,754 | 16,424 |
| Mental Health and Substance Abuse Department | | | | | | | | | | |
| Number of clients: | | | | | | | | | | |
| Mental Health | 56,478 | 65,356 | 65,314 * | 166,181 | 167,464 | 172,096 | 175,823 | 177,882 | 182,583 | 183,767 |
| Substance Abuse | 18,881 | 19,351 | 18,208 | 37,292 | 39,747 | 39,257 | 37,709 | 32,847 | 33,413 | 31,733 |
| Hospitals - Inpatient Care | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 |
| Legal and Judiciary | | | | | | | | | | |
| Oklahoma Indigent Defense system | | | | | | | | | | |
| Provides legal representation for indigent citizens charged with committing criminal acts. | | | | | | | | | | |
| Represented - Total Court Appointments | 41,965 | 43,712 | 43,980 | 48,401 | 49,723 | 58,025 | 60,747 | 61,115 | 64,897 | 58,853 |
| Included above: Non-capital trial cases | 33,000 | 35,000 | 43,167 | 47,543 | 48,964 | 57,318 | 59,986 | 60,317 | 64,133 | 58,220 |
| Capital trial cases | 112 | 98 | 67 | 53 | 50 | 44 | 58 | 56 | 37 | 31 |
| General appeals cases | 609 | 540 | 595 | 648 | 565 | 663 | 703 | 742 | 727 | 602 |
| Average cost: Non-capital case (Staff Attorney) | \$380 | \$368 | \$361 | \$346 | \$304 | \$334 | \$333 | \$474 | \$499 | 639 |
| Capital case (Staff Attorney) | \$21,196 | \$21,551 | \$25,955 | \$36,710 | \$37,075 | \$40,252 | \$48,385 | \$41,224 | \$61,864 | 49,522 |
| Museums | | | | | | | | | | |
| J. M. Davis Memorial | | | | | | | | | | |
| Museum - 40,000 sq. ft. | | | | | | | | | | |
| Number of artifacts (approximate) | 48,012 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Visitors per year (approximate) | 22,000 | 35,000 | 30,000 | 30,000 | 28,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| Oklahoma Historical Society | | | | | | | | | | |
| Center - 18 acres; 215,000 sq. ft.; 7 Galleries; | | | | | | | | | | |
| 6 acres outdoor exhibits | | | | | | | | | | |
| Number of artifacts (on exhibit, approximate) | >2,000 | >2,000 | >2,000 | >2,000 | >2,000 | >2,000 | >2,000 | 2,500 | 2,500 | 2,500 |
| Visitors and researchers per year (approximate) | 185,491 | 254,634 | 214,723 | 183,251 | 183,000 | 182,000 | 185,000 | 199,000 | 196,000 | 196,000 |
| Will Rogers Memorial | | | | | | | | | | |
| Museum - 26,631 sq. ft., 28 acres - 12 Galleries, Theater | | | | | | | | | | |
| and Children's Museum; Library - 1,518 sq. ft.; Birthplace - 161 acres | | | | | | | | | | |
| Archives - number of documents, photographs | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 36,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| Visitors and researchers per year (approximate) | 120,000 | 133,000 | 32,000 | 29,000 | 31,000 | 26,000 | 40,000 | 40,000 | 40,000 | 40,000 |
| Natural Resources | | | | | | | | | | |
| Wildlife Conservation | | | | | | | | | | |
| Number of Anglers in State (last census) | 697,000 | 729,000 | 729,000 | 729,000 | 729,000 | 729,000 | 729,000 | 729,000 | 508,000 | 508,000 ^ |
| Number of Hunters (last census) | 445,000 | 244,000 | 244,000 | 244,000 | 244,000 | 244,000 | 244,000 | 244,000 | 149,000 | 149,000 ^ |
| Number of Wildlife Watchers (last census) | 1,110,000 | 1,263,000 | 1,263,000 | 1,263,000 | 1,263,000 | 1,263,000 | 1,263,000 | 1,263,000 | 1,703,000 | 1,703,000 ^ |

* - 2014 increase due to ODMHSAS becoming responsible for Medicaid outpatient behavioral health.

^ - Reporting source changed participation from state to regional in 2019; state reporting extrapolated from regional statistics

Source: State and federal agency reports. Data above is the latest available at the date of publication.

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Public Safety and Defense | | | | | | | | | | |
| Department of Public Safety | | | | | | | | | | |
| Driver's Licenses Issued | 690,131 | 694,557 | 741,938 | 835,807 | 727,169 | 726,740 | 758,277 | 773,495 | 743,173 | 797,078 |
| Citations Processed | 162,748 | 158,914 | 182,073 | 198,518 | 200,826 | 213,616 | 205,905 | 162,542 | 171,885 | 144,414 |
| Collision Reports Processed | 74,714 | 73,462 | 68,406 | 82,067 | 74,267 | 72,537 | 83,320 | 79,615 | 77,254 | 70,880 |
| Department of Corrections | | | | | | | | | | |
| Capacity (Number of Beds) | 25,364 | 25,469 | 25,846 | 26,473 | 27,256 | 27,064 | 27,399 | 26,863 | 25,770 | 22,449 |
| Prison Population | 24,384 | 24,526 | 25,159 | 26,874 | 27,889 | 27,987 | 26,710 | 27,010 | 26,821 | 24,979 |
| As a percentage of capacity | 96.1% | 96.3% | 97.3% | 101.5% | 102.3% | 103.4% | 97.5% | 100.5% | 104.1% | 111.3% |
| Cost to house an inmate: | | | | | | | | | | |
| Per diem cost/day - Maximum Security | \$75.85 | \$78.50 | \$87.01 | \$100.80 | \$87.20 | \$84.01 | \$94.13 | \$98.19 | \$91.41 | \$90.48 |
| Per diem cost/day - Medium Security | \$38.98 | \$38.94 | \$40.17 | \$47.47 | \$42.83 | \$45.46 | \$45.73 | \$46.73 | \$48.63 | \$52.35 |
| Regulatory Services | | | | | | | | | | |
| Oklahoma Corporation Commission | | | | | | | | | | |
| Number of regulated utilities | 484 | 421 | 418 | 420 | 411 | 410 | 359 | 361 | 365 | 350 |
| Hearings and administrative proceedings | 30,504 | 31,805 | 40,052 | 40,594 | 43,642 | 44,269 | 46,463 | 56,740 | 73,510 | 53,551 |
| Motor carrier vehicles registered | | | | | | | | | | |
| (power units) | 132,927 | 135,230 | 139,569 | 152,280 | 157,188 | 156,722 | 178,913 | 143,774 | 145,406 | 147,433 |
| Oil and gas wells plugged | | | | | | | | | | |
| (operator plugged) | 2,926 | 1,948 | 1,319 | 1,485 | 1,226 | 2,403 | 1,072 | 1,253 | 574 | 1,233 |
| Oil and gas wells plugged | | | | | | | | | | |
| (abandoned, plugged by OCC) | 0 | 0 | 167 | 206 | 176 | 132 | 44 | 119 | 138 | 110 |
| Motor Fuel Facilities inspected | 4,341 | 4,326 | 5,760 | 6,011 | 4,371 | 4,384 | 4,923 | 4,912 | 4,655 | 3,442 |
| Retail fuel dispenser (pump) inspections | 77,444 | 70,649 | 75,939 | 80,397 | 80,742 | 83,649 | 73,169 | 74,072 | 73,694 | 56,324 |
| Social Services | | | | | | | | | | |
| Department of Human Services | | | | | | | | | | |
| Adoption subsidies (end of fiscal year) | 12,384 | 13,114 | 13,706 | 14,123 | 15,333 | 16,611 | 18,417 | 19,337 | 20,208 | 20,208# |
| Adult protective services (state fiscal year) | 17,135 | 16,012 | 15,223 | 15,010 | 14,807 | 9,821 | 8,499 | 5,932 | 4,306 | 4,306# |
| Childcare services provided | | | | | | | | | | |
| (monthly average) | 39,017 | 36,444 | 34,722 | 33,322 | 32,336 | 31,713 | 44,942 | 43,642 | 49,950 | 49,053 |
| Licensed facilities (monthly average) | 4,376 | 4,213 | 3,960 | 3,825 | 3,558 | 3,438 | 3,317 | 3,185 | 3,038 | 2,986 |
| Licensed capacity (monthly average) | 136,816 | 135,585 | 132,625 | 131,150 | 126,123 | 124,200 | 122,253 | 120,930 | 117,031 | 115,771 |
| Child protective services-Substantiated | | | | | | | | | | |
| (state fiscal year) | 8,110 | 9,842 | 11,418 | 14,172 | 15,252 | 15,187 | 15,289 | 15,951 | 15,809 | 15,911 |
| Child support enforcement | | | | | | | | | | |
| (cases-quarterly average) | 198,390 | 202,743 | 203,209 | 206,746 | 207,677 | 206,701 | 201,459 | 194,836 | 189,917 | 185,424 |
| Developmental Disabilities Persons Served | | | | | | | | | | |
| (end of fiscal year) | 14,602 | 9,894 | 9,772 | 9,777 | 9,693 | 8,905 | 8,186 | 7,845 | 7,770 | 7,919 |
| Elderly support services | | | | | | | | | | |
| (meals/state fiscal year) | 6,098,275 | 6,265,779 | 6,105,823 | 6,056,081 | 6,324,185 | 6,630,634 | 6,570,061 | 6,256,572 | 5,338,165 | 4,629,964 |
| Food stamps | | | | | | | | | | |
| (unduplicated count/state fiscal year) | 609,723 | 891,555 | 889,137 | 615,412 | 867,968 | 874,873 | 850,855 | 825,583 | 804,641 | 816,375 |
| Foster care children (end of fiscal year) | 8,502 | 9,132 | 10,233 | 11,483 | 10,942 | 9,984 | 9,923 | 9,277 | 8,631 | 8,631# |
| Oklahoma Employment Security Commission | | | | | | | | | | |
| Initial unemployment claims | 183,849 | 155,885 | 124,170 | 108,758 | 105,258 | 109,028 | 90,007 | 73,761 | 90,668 | 857,192 |
| Unemployment insurance paid (in thousands) | \$340,696 | \$271,280 | \$263,654 | \$247,149 | \$270,420 | \$386,313 | \$313,657 | \$234,472 | \$209,215 | \$858,138 |
| Transportation | | | | | | | | | | |
| Oklahoma Department of Transportation | | | | | | | | | | |
| State Highway System (miles) | 12,882 | 12,882 | 12,882 | 12,882 | 12,265 | 12,265 | 12,265 | 12,265 | 12,265 | 12,254 |
| Bridges on the State Highway System | 6,800 | 6,800 | 6,800 | 6,800 | 6,828 | 6,828 | 6,828 | 6,828 | 6,828 | 6,794 |
| System usage growth next 20 years (est.) | | | | | | | | | | |
| Automobiles | 65% | 65% | 65% | 65% | 65% | 65% | 26% | 26% | 27% | 20% |
| Trucks | 65% | 65% | 65% | 65% | 65% | 65% | 52% | 52% | 30% | 40% |
| Freight railroads operating in Oklahoma | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 23 |
| Passenger railroad | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Rail passengers (average per year) | 81,000 | 81,000 | 81,000 | 81,000 | 82,000 | 82,000 | 82,000 | 82,000 | 82,000 | 68,000 |
| Railroad track (miles) | 3,746 | 3,746 | 3,746 | 3,746 | 3,740 | 3,740 | 3,740 | 3,740 | 3,740 | 3,244 |
| Public Waterway Ports | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |

- Data unavailable, prior year data reported

State of Oklahoma

Additional Information and Sources of Statistical Data

Fiscal Year 2020

Additional Information:

The population of Oklahoma has steadily increased since 2010, averaging 0.8% per year.

At the end of December 2019, the United States (U. S.) Bureau of Labor Statistics reported the state's unemployment rate was 3.4% compared to the national rate of 3.7%.

Oklahoma's total personal income rate has increased at an average of 3.7% annually since 2010. During the same period, Oklahoma's personal income per capita increased annually by an average of 2.6% compared to 3.1% nationally.

As a result, annual total tax collections since 2011 have increased by \$2,458,677,017 or 35.5%.

Please refer to the preceding Statistical Section tables, Management's Discussion and Analysis, the Financial Statements and Notes for more details and analysis.

Sources of Statistical Data:

Data provided in the statistical section of the CAFR is the latest available at the time of publication.

Primary sources of statistical data provided in the Statistical Section of the CAFR include:

- Oklahoma Department of Commerce
- Oklahoma Department of Labor
- Oklahoma Employment Security Commission
- Oklahoma Tax Commission
- Oklahoma Department of Education
- Oklahoma Regents for Higher Education
- Oklahoma Department of Career and Technology
- Oklahoma Office of Management and Enterprise Services
- U. S. Bureau of Labor Statistics
- U. S. Census Bureau
- U. S. Department of Commerce
- U. S. Bureau of Economic Analysis

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