Oklahoma Industrial Finance Authority

Financial Statements

June 30, 2022 and 2021
(With Independent Auditors' Report Thereon)

FINLEY & COOK
CERTIFIED PUBLIC ACCOUNTANTS

OKLAHOMA INDUSTRIAL FINANCE AUTHORITY

FINANCIAL STATEMENTS

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FINLEY & COOK
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Oklahoma Industrial Finance Authority

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Oklahoma Industrial Finance Authority (the "Authority"), which is a part of the State of Oklahoma financial reporting entity, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2022 and 2021, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Authority are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the financial statements of the State of Oklahoma that is attributable to the balances and transactions of the Authority. They do not purport to, and do not, present fairly the financial position of the State of Oklahoma as of June 30, 2022 or 2021, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States. Our opinion is not modified with respect to this matter.

(Continued)

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Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages I-1 through I-4 and the schedule of the Authority's proportionate share of the net pension liability and the schedule of the Authority's contributions on pages 34 through 35, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control over financial reporting and compliance.

Finley & Cook, PLLC

Shawnee, Oklahoma
October 17, 2022

OKLAHOMA INDUSTRIAL FINANCE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Our discussion and analysis of the financial performance of the Oklahoma Industrial Finance Authority (the "Authority"), which is a part of the State of Oklahoma financial reporting entity, provides an overview of the Authority's financial activities for the fiscal years ended June 30, 2022 and 2021. Please read it in conjunction with the Authority's financial statements, which begin on page 4. The following tables summarize the net position and changes in net position of the Authority for 2022 and 2021.

Statements of Net Position

	June 30, 2022	June 30, 2021
Assets:		
Current assets	$ 33,317,821	35,496,876
Noncurrent assets	11,266,793	8,391,220
Total assets	44,584,614	43,888,096
Deferred outflows of resources	87,940	175,701
Liabilities:		
Current liabilities	10,157,563	9,876,385
Noncurrent liabilities	30,000,000	30,221,561
Total liabilities	40,157,563	40,097,946
Deferred inflows of resources	380,055	1,210
Net position:		
Restricted	109	108
Unrestricted	4,134,827	3,964,533
Total net position	$ 4,134,936	3,964,641

Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended June 30, 2022	2021
Operating revenues	$ 787,402	965,451
Operating expenses	610,708	858,133
Operating income	176,694	107,318
Non-operating expenses	(6,399)	(44,070)
Changes in net position	170,295	63,248
Net position, beginning of year	3,964,641	3,901,393
Net position, end of year	$ 4,134,936	3,964,641

Financial Highlights

- Total operating revenues decreased $178,000 (18% decrease) to $787,000 in 2022 from $965,000 in 2021. Earnings from investments decreased in 2022, caused by a reduction in investment balances when compared with 2021. Total operating expenses decreased $247,000 (29% decrease) to $611,000 in 2022 from $858,000 in 2021. The decrease was primarily caused by a reduction of administrative expenses when compared with 2021. Administrative expenses decreased $170,000 in 2022 from 2021, resulting from actuarial changes in the pension plan. Bond interest decreased by $52,000 when compared to 2021 because of a modification of a bond which reduced the interest rate floor in 2021 charged on the bond. Investment certificate interest decreased by $25,000 compared to 2021. The reduction in investment certificate interest was a result of a decrease in the variable interest rates in 2022 when compared to 2021. Non-operating expenses decreased $38,000 during 2022, resulting from market value fluctuations compared to 2021.

- Total operating revenues decreased $420,000 (30% decrease) to $966,000 in 2021 from $1,386,000 in 2020. Earnings from investments and notes receivable decreased in 2021, caused by a decrease in average investment and note receivable balances in 2021 when compared with 2020. Total operating expenses decreased $214,000 (20% decrease) to $858,000 in 2021 from $1,072,000 in 2020. The decrease was primarily caused by a reduction in bond interest and investment certificate interest of $278,000 in 2021 when compared with 2020. The reduction in bond interest in 2021 was a result of a reduction in variable interest rates and a modification of a bond which reduced the interest rate floor charged on the bond. The reduction in investment certificate interest was a result of a reduction in variable interest rates, as well as significant reduction in the average balance of the payable in 2021. Administrative expenses increased $66,000 in 2021 from 2020, resulting from actuarial changes in the pension plan. Non-operating revenues decreased $150,000 during 2021, resulting primarily from the sale of real estate in 2020.

Financial Highlights, Continued

- Total assets and deferred outflows of resources increased $609,000 (1.4% increase) from $44,064,000 as of June 30, 2021, to $44,673,000 as of June 30, 2022. Total liabilities increased $60,000 (0.15% increase), from $40,098,000 as of June 30, 2021, to $40,158,000 as of June 30, 2022. The increases in total assets and deferred outflows were primarily due to new loans closed in 2022 and the actuarial net pension adjustment for 2022.

- Total assets and deferred outflows of resources decreased $6,372,000 (12.6% decrease) from $50,436,000 as of June 30, 2020, to $44,064,000 as of June 30, 2021. Total liabilities decreased $6,418,000 (13.8% decrease), from $46,516,000 as of June 30, 2020, to $40,098,000 as of June 30, 2021. The decreases in total assets and deferred outflows were primarily due to the early principal payment of $6,999,000 on the Oklahoma Development Finance Authority (ODFA) revenue bond. The decrease in total liabilities was primarily due to the $6,598,000 reduction of the investment certificates payable to the ODFA.

- Restricted assets were consistent in 2022 and 2021 at $100.

- The balance of notes receivable, net of the allowance for doubtful accounts, increased $4,059,000 (139% increase) from $2,928,000 as of June 30, 2021, to $6,987,000 as of June 30, 2022. The increase was a result of new loans closed in 2022. On June 30, 2022, there were seven loans outstanding compared to five loans outstanding on June 30, 2021. On June 30, 2022, the Authority had two loan commitments outstanding totaling $1,516,000

- The balance of notes receivable, net of the allowance for doubtful accounts, decreased $125,000 (4.1% decrease) from $3,053,000 as of June 30, 2020, to $2,928,000 as of June 30, 2021. The decrease was a result of expected principal paydowns on loans and an early payoff of one loan, which was somewhat offset by the funding of one new loan in 2021. At June 30, 2021, there were five loans outstanding compared to six loans outstanding at June 30, 2020. At June 30, 2021, the Authority had two loan commitments outstanding totaling $3,008,000. One loan in the amount of $1,500,000 was funded in July 2021.

- The balance of investments decreased $1,127,000 (20% decrease) from $5,701,000 as of June 30, 2021, to $4,574,000 as of June 30, 2022. The decrease was primarily due to the maturity of a University of Oklahoma general revenue bonds.

- The balance of investments decreased $8,131,000 (58.8% decrease) from $13,832,000 as of June 30, 2020, to $5,701,000 as of June 30, 2021. The decrease was primarily due to the early principal payment of $6,999,000 on the ODFA revenue bond, and the principal paydowns of a University of Oklahoma general revenue bond, and notes with the ODFA.

- The balance of the general obligation bonds was consistent in 2022 and 2021 at $30,000,000.

Economic Factors and Next Year's Outlook

Management is of the opinion that the loan level and the purchase of loans guaranteed by the Oklahoma Credit Enhancement Reserve Fund will remain low to moderate. No changes in the Authority's financial strategies are anticipated for the next year.

Contacting the Authority's Financial Management

This financial report is designed to provide the Board of Directors' accountability of the Authority. If you have questions about this report or need additional financial information, contact the Oklahoma Industrial Finance Authority, 9220 North Kelley Ave., Oklahoma City, OK 73131.

OKLAHOMA INDUSTRIAL FINANCE AUTHORITY

STATEMENTS OF NET POSITION

June 30,		*2022*	*2021*
Assets			
Current assets:			
Cash and cash equivalents	$	32,629,943	35,175,478
Notes receivable		626,784	238,510
Miscellaneous accounts receivable		2,016	6,178
Accrued interest:			
Notes receivable		19,504	9,781
Investments		39,574	66,929
Total current assets		33,317,821	35,496,876
Noncurrent assets:			
Restricted cash and cash equivalents		109	108
Investments, at fair value		4,573,550	5,701,277
Notes receivable, net of allowance for doubtful accounts of $77,730 at both June 30, 2022 and 2021		6,359,848	2,689,835
Net pension asset		333,286	-
Total noncurrent assets		11,266,793	8,391,220
Total assets		44,584,614	43,888,096
Deferred Outflows of Resources			
Debt refundings, net		-	1,888
Deferred amounts related to the pension		87,940	173,813
Total deferred outflows of resources		87,940	175,701

(Continued)

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

OKLAHOMA INDUSTRIAL FINANCE AUTHORITY

STATEMENTS OF NET POSITION, CONTINUED

June 30,	*2022*	*2021*
Liabilities		
Current liabilities:		
Accounts payable	2,688	8,238
Accrued compensated absences	65,376	67,920
Investment certificates payable to the ODFA	10,007,000	9,717,728
Accrued interest payable	82,499	82,499
Total current liabilities	10,157,563	9,876,385
Noncurrent liabilities:		
General obligation bonds	30,000,000	30,000,000
Net pension liability	-	221,561
Total noncurrent liabilities	30,000,000	30,221,561
Total liabilities	40,157,563	40,097,946
Deferred Inflows of Resources		
Deferred amounts related to the pension	380,055	1,210
Net Position		
Restricted	109	108
Unrestricted	4,134,827	3,964,533
Total net position	$ 4,134,936	3,964,641

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

OKLAHOMA INDUSTRIAL FINANCE AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years Ended June 30,	*2022*	*2021*
Operating revenues:		
Interest income:		
Notes receivable	$ 211,043	140,974
Investments	566,359	824,477
Other	10,000	-
Total operating revenues	787,402	965,451
Operating expenses:		
Administrative	92,799	262,810
Bond interest	496,888	549,112
Investment certificate interest	21,021	46,211
Total operating expenses	610,708	858,133
Operating income	176,694	107,318
Non-operating expenses:		
Unrealized losses on investments	(6,399)	(44,070)
Total non-operating expenses	(6,399)	(44,070)
Changes in net position	170,295	63,248
Net position, beginning of year	3,964,641	3,901,393
Net position, end of year	$ 4,134,936	3,964,641

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

OKLAHOMA INDUSTRIAL FINANCE AUTHORITY

STATEMENTS OF CASH FLOWS

Increase (Decrease) in Cash and Cash Equivalents

Years Ended June 30,	*2022*	*2021*
Cash flows from operating activities:		
Collections of interest on notes receivable	$ 201,320	146,296
Collections of interest on investments	593,714	874,709
Miscellaneous collections	10,000	-
Payments of salaries and benefits	(163,813)	(163,283)
Payments of administrative expenses	(23,047)	(29,083)
Payments of interest	(516,021)	(604,962)
Net cash provided by operating activities	102,153	223,677
Cash flows from noncapital and related financing activities:		
Net funding (receipts) of investment certificate payable to the ODFA	289,272	(6,598,121)
Net cash provided by (used in) noncapital and related financing activities	289,272	(6,598,121)
Cash flows from investing activities:		
Net (funding) collections of notes receivable	(4,058,287)	124,171
Principal payments received from sale, maturity, or redemption of investments	1,121,328	8,087,053
Net cash (used in) provided by investing activities	(2,936,959)	8,211,224
Net (decrease) increase in cash and cash equivalents	(2,545,534)	1,836,780
Cash and cash equivalents, unrestricted and restricted, beginning of year	35,175,586	33,338,806
Cash and cash equivalents, unrestricted and restricted, end of year	$ 32,630,052	35,175,586

(Continued)

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

OKLAHOMA INDUSTRIAL FINANCE AUTHORITY

STATEMENTS OF CASH FLOWS, CONTINUED

Increase (Decrease) in Cash and Cash Equivalents

Years Ended June 30,		*2022*	*2021*
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$	176,694	107,318
Adjustments to reconcile operating income to net cash provided by operating activities:			
Amortization of debt refundings		1,888	4,528
Changes in deferred amounts related to pensions		464,718	(122,508)
Changes in operating assets and liabilities:			
Accrued interest—notes receivable		(9,723)	5,322
Accrued interest—investments		27,355	50,232
Miscellaneous accounts receivable		4,162	(860)
Accounts payable		(5,550)	652
Accrued compensated absences		(2,544)	5,221
Accrued interest payable		-	(14,167)
Net pension (asset) liability		(554,847)	187,939
Net cash provided by operating activities	$	102,153	223,677

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Oklahoma Industrial Finance Authority (the "Authority") was established under the Oklahoma Industrial Finance Authority Act of 1959. The beneficiary of the Authority is the State of Oklahoma (the "State"). The Authority assists with the State's industrial development. The Authority makes loans to authorized industrial development agencies or trusts and new or expanding industries within the state. These loans are secured by first or second mortgages on real estate and equipment. The financial statements of the Authority are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the financial statements of the State that is attributable to the balances and transactions of the Authority. They do not purport to, and do not, present fairly the financial position of the State as of June 30, 2022 or 2021, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Fund Accounting

The Authority is organized and operated as an enterprise fund. An enterprise fund accounts for activities for which the intent of the governing body is that the cost of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that the determination of net income is appropriate.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States as prescribed by the Governmental Accounting Standards Board (GASB).

The Authority follows the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, in preparing its financial statements.

Basis of Accounting

The Authority prepares its financial statements on the accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they are earned, and expenses are recognized when the obligation is incurred.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Notes Receivable and Allowance for Doubtful Accounts

Notes receivable are stated at the amount of unpaid principal, reduced by an allowance for doubtful accounts. Interest on notes receivable is calculated using the effective interest method. The allowance for doubtful accounts is established through a provision for bad debts that is charged to expense. Notes receivable are charged against the allowance for doubtful accounts when management believes that the collectibility of the principal is unlikely. The allowance is an amount that management believes will be adequate to absorb possible losses on existing notes receivable that may become uncollectible, based on evaluations of the collectibility of notes receivable and the loss experience with prior notes receivable. The evaluations take into consideration such factors as changes in the nature and volume of the notes receivable portfolio, overall portfolio quality, review of specific problem notes receivable, and current economic conditions that may affect the borrower's ability to pay. Accrual of interest is discontinued on a note receivable when management believes, after considering economic and business conditions and collection efforts, that the borrower's financial condition is such that collection of interest is doubtful.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of 3 months or less when purchased to be cash equivalents.

Debt Refundings

The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or deferred inflow of resources and is amortized on a straight-line basis over the life of the related debt as a component of interest expense. The total amount of the debt refundings as a result of the FY2002 refunding of Series N, P, Q, and R was $329,499. The carrying amount of the debt refundings was fully amortized at June 30, 2022, and was $1,888 at June 30, 2021. Amortization expense of the debt refunding was $1,888 and $4,528 for the years ended June 30, 2022 and 2021, respectively.

Investments

The Authority's investments are recorded at fair value.

Compensated Absences

Employees earn annual vacation leave at the rate of 15 days per year during the first 5 years of service, 18 days per year for 5 to 10 years of service, 20 days per year for 10 to 20 years of service, and 25 days per year for 20 or more years of service. Unused annual leave may be accumulated to a maximum of 240 hours for service under 5 years and 480 hours for service years equal to or greater than 5 years. All accrued annual leave is payable upon layoff, resignation, retirement, or death.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that will affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Income Taxes

The Authority is a governmental agency organized under the laws of the State and is not subject to federal or state income taxes.

Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through October 17, 2022, the date which the financial statements were available to be issued.

Recent Accounting Pronouncements

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). GASB 96 provides accounting and financial reporting guidance for the governmental end users of subscription-based information technology arrangements (SBITAs). GASB 96 defines an SBITA, establishes right-to-use assets and corresponding liabilities, and provides capitalization criteria and the note disclosures required for SBITAs. The Authority will adopt GASB 96 on July 1, 2022, for the June 30, 2023, reporting year. The Authority does not expect GASB 96 to significantly impact the financial statements.

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

(2) CASH AND CASH EQUIVALENTS AND INVESTMENTS

Certain cash and cash equivalents of the Authority are on deposit with the Oklahoma State Treasurer's Office, which invests the funds at the direction and on behalf of the Authority.

The Bond Interest Account and the Bond Redemption Account were established by Oklahoma statutes for the purpose of paying and discharging the interest and principal on the State's Industrial Finance Bonds. The general obligation bond resolutions and supplemental resolutions require the Authority to set aside in the Bond Interest Account an amount sufficient to cover all interest requirements at least 30 days prior to the due date. To guarantee the retirement of Industrial Finance Bonds at maturity, the Authority or the Oklahoma State Treasurer (the "Treasurer") shall pay into the Bond Redemption Account an amount sufficient to cover bond redemption requirements as set forth in the general obligation bond resolutions and supplemental resolutions.

The balances in the previously mentioned accounts at June 30 consisted of cash and cash equivalents and were as follows:

	2022	2021
Bond Redemption Account	$ 109	108

At June 30, 2022 and 2021, cash and cash equivalents amounted to $32,630,052 and $35,175,586, respectively, of which $109 and $108, respectively, was restricted cash, which was on deposit with the Treasurer's internal investment pool, OK INVEST.

Investment Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, except for its policy regarding its investments in Small Business Administration (SBA) guaranteed investment pools, for which the Authority's policy focuses on the following limits:

a) 80% or more of the SBA investments are to be at variable rates.

b) Limited to a maximum premium of 102%.

c) Total amount of purchases with interest caps are to be less than 30% of total SBA investments.

(2) CASH AND CASH EQUIVALENTS AND INVESTMENTS, CONTINUED

Investment Credit Risk

The Authority has no investment policy that limits its investment choices other than the limitation of state law imposed on the Treasurer as follows:

a) U.S. Treasury bills, notes, and bonds and U.S. government agency securities with certain ratings and maturity limitations.

b) Collateralized or insured certificates of deposit and other evidences of deposit issued by a bank, savings bank, savings and loan association, or credit union located in the state of Oklahoma.

c) Certain ratings and maturity limitations, negotiable certificates of deposit, banker's acceptances, and commercial paper.

d) Obligations of state and local governments, including obligations of Oklahoma state public trusts, with certain ratings and maturity limitations.

e) Collateralized repurchase agreements and tri-party repurchase agreements.

f) Money market mutual funds and short-term bond funds regulated by the SEC and in which investments consist of obligations of the U.S. government and its agencies and instrumentalities and repurchase agreements collateralized by obligations of the U.S. government and its agencies and instrumentalities.

The Treasurer has determined that current holdings in OK INVEST should be limited to obligations of the U.S. government and its agencies and instrumentalities, collateralized certificates of deposit, tri-party repurchase agreements collateralized at 100% with the collateral held by a third party in the name of the Treasurer, and money market mutual funds which either directly or indirectly invest in U.S. Treasury and/or agency securities and repurchase agreements related to such securities. OK INVEST is not insured or guaranteed by the State, the Federal Deposit Insurance Corporation, or any other government agency.

(2) CASH AND CASH EQUIVALENTS AND INVESTMENTS, CONTINUED

Investment Credit Risk, Continued

At June 30, 2022, the Authority's cash and cash equivalents and investments, at fair value, in obligations not directly guaranteed by the U.S. government were as follows, none of which were rated, except for the University of Oklahoma general revenue bonds, which were rated A+ by Standard & Poor's:

Description	Institution	Amount	Maturity***
Cash and cash equivalents:			
OK INVEST	Oklahoma State Treasurer	$ 32,630,052	N/A
Investments:			
ODFA revenue bond**	ODFA	$ 3,000,000	8/31/2045
ODFA Woodward Industrial Foundation note**	ODFA	538,244	2/1/2027
ODFA Muskogee City—County Port Authority Note #1**	ODFA	500,830	10/1/2028
ODFA Muskogee City—County Port Authority Note #2**	ODFA	391,652	4/1/2033
University of Oklahoma general revenue bonds	Board of Regents of the University of Oklahoma	125,000	7/1/2022
SBA investment pools*	SBA	17,824	2/25/2024
Total investments		$ 4,573,550	

* The SBA investments are indirectly guaranteed by the U.S. government.

** Investments are secured by a financial guarantee insurance policy issued by the Oklahoma Credit Enhancement Reserve Fund, which has an AA+ rating by Standard & Poor's.

*** The weighted average maturity of the University of Oklahoma general revenue bonds, the SBA investment pools, and total investments was 0.00, 1.66, and 17.36 years, respectively.

N/A Not applicable.

See Independent Auditors' Report.

(2) CASH AND CASH EQUIVALENTS AND INVESTMENTS, CONTINUED

Investment Credit Risk, Continued

At June 30, 2021, the Authority's cash and cash equivalents and investments, at fair value, in obligations not directly guaranteed by the U.S. government were as follows, none of which were rated, except for the University of Oklahoma general revenue bonds, which were rated A+ by Standard & Poor's:

Description	Institution	Amount	Maturity***
Cash and cash equivalents:			
OK INVEST	Oklahoma State Treasurer	$ 35,175,586	N/A
Investments:			
ODFA revenue bond**	ODFA	$ 3,000,000	8/31/2045
ODFA Woodward Industrial Foundation note**	ODFA	634,817	2/1/2027
ODFA Muskogee City—County Port Authority Note #1**	ODFA	573,592	10/1/2028
ODFA Muskogee City—County Port Authority Note #2**	ODFA	422,744	4/1/2033
University of Oklahoma general revenue bonds	Board of Regents of the University of Oklahoma	1,041,399	7/1/2021–7/1/2022
SBA investment pools*	SBA	28,725	2/25/2024
Total investments		$ 5,701,277	

* The SBA investments are indirectly guaranteed by the U.S. government.

** Investments are secured by a financial guarantee insurance policy issued by the Oklahoma Credit Enhancement Reserve Fund, which has an AA+ rating by Standard & Poor's.

*** The weighted average maturity of the University of Oklahoma general revenue bonds, the SBA investment pools, and total investments was 0.12, 2.66, and 15.01 years, respectively.

N/A Not applicable.

(2) CASH AND CASH EQUIVALENTS AND INVESTMENTS, CONTINUED

Concentrations of Investment Credit Risk

The Authority has no limit on the amount it may deposit or invest in any one issuer. The Authority had the following concentrations of credit risk in cash and cash equivalents and investments at June 30, 2022: 88%, or $32,630,052, deposited in OK INVEST; and 8%, or $3,000,000, invested in an Oklahoma Development Finance Authority (ODFA) revenue bond. The Authority had the following concentrations of credit risk in cash and cash equivalents and investments at June 30, 2021: 86.1%, or $35,175,586, deposited in OK INVEST; and 7.3%, or $3,000,000, invested in an ODFA revenue bond.

Deposits in the Treasurer's internal investment pool, OK INVEST, are recorded at cost due to the short-term nature and use of the cash accounts. Investments in SBA investment pools are recorded at fair value, based on quoted market prices received from pricing services for comparable securities. The University of Oklahoma general revenue bonds are recorded at fair value based on quoted market prices received from pricing services for identical securities. The ODFA revenue bond; the ODFA Woodward Industrial Foundation note; the ODFA Muskogee City—County Port Authority Note #1; and the ODFA Muskogee City—County Port Authority Note #2 have been recorded at fair value based on discounted cash flows using current estimated market rates, as determined by the Authority's management, offered on instruments with similar credit risks and maturities.

On February 19, 2009, the Authority purchased for investment $2,145,000 of general revenue bonds issued by the Board of Regents of the University of Oklahoma. The bonds began maturing on July 1, 2019, through July 1, 2022. The bonds bear interest at 5.28%, which is payable on January 1 and July 1. Interest and principal will be repaid from "pledged revenues" of the University of Oklahoma, as defined in the bond agreement.

(2) CASH AND CASH EQUIVALENTS AND INVESTMENTS, CONTINUED

Related-Party Investments

On September 12, 1996, the Authority purchased for investment a revenue bond issued by the ODFA, a public trust and instrumentality of the State. Both the Authority and the ODFA share common board members and employees. The principal amount of the bond was $9,999,000. On August 31, 2020, the Authority and the ODFA amended and restated the bond, to allow the ODFA to make an early principal payment of $6,999,000 on the bond, to extend the maturity date on the bond to August 31, 2045, and to change the interest rate to a variable rate equivalent to the Authority's cost of funds on its outstanding variable rate bond issues, plus 300 basis points (3.00%) per annum. Prior to August 31, 2020, the bond bore interest at a variable rate equivalent to the Authority's cost of funds on its outstanding variable rate bond issues, adjusted quarterly. As of June 30, 2022 and 2021, the interest rate paid by the bond was 4.65% for both years. The Authority can dispose of the bond at any time for a price equal to the outstanding principal plus interest accrued to the date of the sale. The bond is secured by a financial guarantee insurance policy issued by the Oklahoma Credit Enhancement Reserve Fund.

On June 4, 1999, the Authority issued a $1,395,856 note to the ODFA. The proceeds were then loaned to the Woodward Industrial Foundation by the ODFA for use in building a spec building as part of the ODFA's Spec Building Program. Interest-only payments were to be made for the first 72 months beginning July 1, 1999. The first monthly installment of principal and interest was originally due on July 1, 2005, with an original final scheduled maturity of June 1, 2020. The note has been amended numerous times to extend the maturity date and the interest-only payment period and to reduce the interest rate through January 31, 2012, at 4.00%. On February 1, 2012, the note was placed on a 15-year amortization at a fixed interest rate of 5.50% for the first 5 years, 6.00% for the next 5 years, and 6.50% for the remaining 5 years. The note is secured by a first real estate mortgage and a financial guarantee insurance policy issued by the Oklahoma Credit Enhancement Reserve Fund.

On September 26, 2003, the Authority issued a $1,500,000 note to the ODFA. The proceeds were then loaned to the Muskogee City—County Port Authority by the ODFA for use in constructing a multi-use safe harbor. The note pays interest at Prime less 1.00%, adjusted annually, which was 2.25% at both June 30, 2022 and 2021. The first monthly installment was due on November 1, 2003, with a final scheduled maturity of October 1, 2028. The note is secured by a security interest on all revenues of the Muskogee City—County Port Authority and by a financial guarantee insurance policy issued by the Oklahoma Credit Enhancement Reserve Fund.

(2) CASH AND CASH EQUIVALENTS AND INVESTMENTS, CONTINUED

Related-Party Investments, Continued

On March 20, 2008, the Authority issued a $750,000 note to the ODFA. The proceeds were then loaned to the Muskogee City—County Port Authority by the ODFA for use in funding increased project costs related to a multi-purpose facility. The note pays interest at Prime less 1.00% percent, adjusted annually, with a 2.50% floor. The interest rate at both June 30, 2022 and 2021, was 2.50%. The first monthly installment was due on May 1, 2008, with a final scheduled maturity of April 1, 2033. The note is secured by a security interest on all revenues of the Muskogee City—County Port Authority and by a financial guarantee insurance policy issued by the Oklahoma Credit Enhancement Reserve Fund.

Investments Measured at Fair Value

As a key part of the Authority's activities, the Authority holds investments that are measured and reported at fair value on a recurring basis. Accounting principles generally accepted in the United States establish a fair value hierarchy for the determination and measurement of fair value. This hierarchy is based on the type of valuation inputs needed to measure the fair value of an asset. The hierarchy generally is as follows:

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

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

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

(2) CASH AND CASH EQUIVALENTS AND INVESTMENTS, CONTINUED

Investments Measured at Fair Value, Continued

Fair values of investments by level for June 30 are presented below:

		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)
2022				
ODFA revenue bond	$ 3,000,000	-	-	3,000,000
ODFA notes	1,430,726	-	-	1,430,726
University of Oklahoma general revenue bonds	125,000	125,000	-	-
SBA investment pools	17,824	-	17,824	-
Total investments measured at fair value	$ 4,573,550	125,000	17,824	4,430,726
2021				
ODFA revenue bond	$ 3,000,000	-	-	3,000,000
ODFA notes	1,631,153	-	-	1,631,153
University of Oklahoma general revenue bonds	1,041,399	1,041,399	-	-
SBA investment pools	28,725	-	28,725	-
Total investments measured at fair value	$ 5,701,277	1,041,399	28,725	4,631,153

See Independent Auditors' Report.

(3) NOTES RECEIVABLE

The Authority's notes receivable consisted of the following as of June 30:

		2022	2021
Industrial project loans	$	7,064,362	3,006,075
Less current portion		(626,784)	(238,510)
Long-term notes receivable		6,437,578	2,767,565
Allowance for doubtful accounts		(77,730)	(77,730)
Net long-term notes receivable	$	6,359,848	2,689,835

As of June 30, 2022 and 2021, the Authority had $0 and $125,728, respectively, held in escrow for debt service related to one of its industrial project loans.

Non-accrual loans totaled $98,618 at both June 30, 2022 and 2021. There were no loans past due over 90 days accruing interest.

At June 30, 2022, the Authority had two loan commitments totaling $1.5 million outstanding. One loan in the amount of approximately $660,000 was funded in July 2022.

(4) GENERAL OBLIGATION BONDS

The Authority's general obligation bonds are authorized and 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. The Treasurer has the option to put (sell) the general obligation bonds back to the Authority upon giving 120 days' written notice to the Authority. This option may be exercised as to all the general obligation bonds for a specific series. In addition, these general obligation bonds are backed by the full faith and credit of the State. The State has not made any payments on the general obligation bonds on behalf of the Authority. Changes in the general obligation debt outstanding (amounts expressed in thousands) for the years ended June 30, 2022 and 2021, were as follows:

Balance outstanding at June 30, 2020	$	30,000
Less: Current maturities		-
Less: Redemptions		-
Balance outstanding at June 30, 2021		30,000
Less: Current maturities		-
Less: Redemptions		-
Balance outstanding at June 30, 2022	$	30,000

See Independent Auditors' Report.

(4) GENERAL OBLIGATION BONDS, CONTINUED

The general obligation bonds outstanding (dollars expressed in thousands) as of June 30 were as follows:

Industrial Finance Bonds	Maturity	Interest Rate	2022	2021
Series 2001 P	8/1/2024	Variable*	$ 10,000	10,000
Series 2001 Q	11/1/2026	Variable**	10,000	10,000
Series 2001 R	11/1/2028	Variable***	10,000	10,000
Total			30,000	30,000
Less: General obligation bonds due within 1 year			-	-
Total general obligation bonds due after 1 year			$ 30,000	30,000

* The Series 2001 P general obligation bond interest rate is based on the prime rate published in *The Wall Street Journal* minus 2.80%, with a 1.65% floor. As of both June 30, 2022 and 2021, the rate was 1.65%.

** The Series 2001 Q general obligation bond interest rate is based on the prime rate published in *The Wall Street Journal* minus 2.70%, with a 1.65% floor. As of both June 30, 2022 and 2021, the rate was 1.65%.

***Prior to February 1, 2021, The Series 2001 R general obligation bond interest rate was based on the prime rate published in *The Wall Street Journal* minus 2.90%, with a 2.50% floor and was to mature on November 1, 2021. On February 1, 2021, the bond was amended to extend the maturity date to November 1, 2028, and to change the interest rate to the prime rate published in *The Wall Street Journal* minus 2.70%, with a 1.65% floor. As of both June 30, 2022 and 2021, the rate was 1.65%.

See Independent Auditors' Report.

(4) GENERAL OBLIGATION BONDS, CONTINUED

As of June 30, 2022, the Authority's general obligation bonds service requirements for principal and interest (dollars expressed in thousands) in future years were as follows.

Year Ending June 30,	Principal	Interest	Total
2023	$ -	495	495
2024	-	495	495
2025	10,000	371	10,371
2026	-	330	330
2027	10,000	248	10,248
2028	-	165	165
2029	10,000	83	10,083
	$ 30,000	2,187	32,187

(5) INVESTMENT CERTIFICATE AGREEMENTS WITH THE ODFA

The Authority has an investment certificate agreement with the ODFA, whereby an amount transferred from the ODFA, not to exceed $20,000,000, would be invested by the Authority into OK INVEST. Beginning on May 1, 2021, the ODFA earns interest under this investment certificate agreement equal to one-fifth of the rate the Authority earns from OK INVEST. Prior to May 1, 2021, the ODFA earned interest under the investment certificate agreement equal to 1.25% below the rate the Authority earned from OK INVEST. The agreement expires in June 2023. Under the agreement, the Authority is required to return the invested principal to the ODFA upon 3 days' notice of redemption. The ODFA can request redemptions of the principal in full or in part at any time. The Authority accounts for this agreement as a liability to the ODFA, which was $10,007,000 and $9,592,000 at June 30, 2022 and 2021, respectively. Total interest expense incurred under this agreement was $20,860 and $44,956 during the years ended June 30, 2022 and 2021, respectively.

The Authority has an investment certificate agreement with the ODFA, whereby $200,000 received from the ODFA would be invested by the Authority into OK INVEST. The ODFA earns interest under this investment certificate agreement equal to one-half of the rate the Authority earns from OK INVEST. The agreement expires in October 2028. Under the agreement, the Authority is required to return the invested principal to the ODFA upon 3 days' notice of redemption. The ODFA can request redemptions of the principal in full or in part at any time. The Authority accounts for this agreement as a liability to the ODFA, which was $0 and $125,728 at June 30, 2022 and 2021, respectively. Total interest expense incurred under this agreement was $161 and $1,255 during the years ended June 30, 2022 and 2021, respectively.

(6) PENSION PLAN

Plan Description

The Authority contributes to the Oklahoma Public Employees Retirement Plan (OPERS), a cost-sharing, multiple-employer public employee retirement system administered by the Oklahoma Public Employees Retirement System (the "System"). OPERS provides retirement, disability, and death benefits to plan members and beneficiaries. The benefit provisions are established and may be amended by the Oklahoma Legislature. Title 74 of the Oklahoma Statutes, Sections 901–943, as amended, assigns the authority for management and operation of OPERS to the Board of Trustees of the System (the "Board"). The System issues a publicly available annual financial report that includes financial statements and required supplementary information for OPERS. That annual report may be obtained by writing to the Oklahoma Public Employees Retirement System, 5400 N. Grand Boulevard, Suite 400, Oklahoma City, Oklahoma 73112-5625 or by calling 1-800-733-9008, or can be obtained at www.opers.ok.gov.

OPERS provides members with full retirement benefits at their specified normal retirement age or, for any person who became a member prior to July 1, 1992, when the sum of the member's age and years of credited service equals or exceeds 80 (Rule of 80), and for any person who became a member after June 30, 1992, when the member's age and years of credited service equals or exceeds 90 (Rule of 90).

Normal retirement date is further qualified to require that all members employed on or after January 1, 1983, must have 6 or more years of full-time equivalent employment with a participating employer before being eligible to receive benefits. Credited service is the sum of participating and prior service. Prior service includes nonparticipating service before January 1, 1975, or the entry date of the employer and active wartime military service.

A member with a minimum of 10 years of participating service may elect early retirement with reduced benefits beginning at age 55 if the participant became a member prior to November 1, 2011, or age 60 if the participant became a member on or after November 1, 2011.

Disability retirement benefits are available for members having 8 years of credited service whose disability status has been certified as being within 1 year of the last day on the job by the Social Security Administration. Disability retirement benefits are determined in the same manner as retirement benefits, but payable immediately without an actuarial reduction.

(6) PENSION PLAN, CONTINUED

Benefits Provided

For state, county, and local agency employees, benefits are determined at 2% of the average annual salary received during the highest 36 months of the last 10 years of participating service, but not to exceed the applicable annual salary cap, multiplied by the number of years of credited service. Members who join OPERS on or after July 1, 2013, will have their salary averaged over the highest 60 months of the last 10 years. Normal retirement age under the Plan is 62 or Rule of 80/90 if the participant became a member prior to November 1, 2011, or age 65 or Rule of 90 if the participant became a member on or after November 1, 2011.

Members who elect to pay the additional contribution rate, which became available in January 2004, will receive benefits using a 2.5% computation factor for each full year the additional contributions are made. In 2004, legislation was enacted to provide an increased benefit to retiring members who were not yet eligible for Medicare. The Medicare Gap benefit option became available to members under age 65 who retired on or after May 1, 2006. Members may elect to receive a temporary increased benefit to cover the cost of health insurance premiums until the member is eligible to receive Medicare. After the member becomes eligible for Medicare, the retirement benefit will be permanently reduced by an actuarially determined amount. The option is irrevocable, must be chosen prior to retirement, and is structured to have a neutral actuarial cost to the Plan.

Members become eligible to vest fully upon termination of employment after attaining 8 years of credited service, or the members' contributions may be withdrawn upon termination of employment.

Upon the death of an active member, the accumulated contributions of the member are paid to the member's named beneficiary(ies) in a single lump sum payment. If a retired member elected a joint annuitant survivor option or an active member was eligible to retire with either reduced or unreduced benefits or eligible to vest the retirement benefit at the time of death, benefits can be paid in monthly payments over the life of the spouse if the spouse so elects.

Benefits are payable to the surviving spouse of an elected official only if the elected official had at least 6 years of participating elected service and was married at least 3 years immediately preceding death. Survivor benefits are terminated upon death of the named survivor and, for elected officials, remarriage of the surviving spouse. Upon the death of a retired member, with no survivor benefits payable, the member's beneficiary(ies) are paid the excess, if any, of the member's accumulated contributions over the sum of all retirement benefit payments made.

Upon the death of a retired member, OPERS will pay a $5,000 death benefit to the member's beneficiary or estate of the member if there is no living beneficiary. The death benefit will be paid in addition to any excess employee contributions or survivor benefits due to the beneficiary.

Benefits are established and may be amended by the Oklahoma Legislature.

See Independent Auditors' Report.

(6) PENSION PLAN, CONTINUED

Contributions

The contribution rates for each member category of OPERS are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates.

Each member participates based on their qualifying gross salary earned, excluding overtime. There is no cap on the qualifying gross salary earned, subject to Internal Revenue Service (IRS) limitations on compensation.

For 2022 and 2021, *state agency employers* contributed 16.5% (which includes the amount to the OPERS Health Insurance Subsidy Plan (See Note 7)) on all salary, and *state employees* contributed 3.5% on all salary.

Members have the option to elect to increase the benefit computation factor for all future service from 2.0% to 2.5%. The election is irrevocable, binding for all future employment under OPERS, and applies only to full years of service. Those who make the election pay the standard contribution rate plus an additional contribution rate, 2.91%, which is actuarially determined. The election is available for all state, county, and local government employees, except for elected officials and hazardous duty members.

Contributions to OPERS by the Authority were as follows:

2022	2021
$ 63,382	68,347

Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022 and 2021, the Authority reported an (asset) liability for its proportionate share of the net pension (asset) liability. As of June 30, 2022, the net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2021. As of June 30, 2021, the net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Authority's proportion of the net pension (asset) liability was based on the Authority's contributions received by OPERS relative to the total contributions received by OPERS for all participating employers as of June 30, 2021 and 2020. Based upon this information, the Authority's proportion for June 30, 2022 and 2021, was 0.02483204% and 0.02483408%, respectively.

(6) PENSION PLAN, CONTINUED

Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

For the years ended June 30, 2022 and 2021, the Authority recognized pension (benefit) expense of $(26,748) and $133,778, respectively. At June 30, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2022		
Differences between expected and actual experience	$ -	8,380
Changes in assumptions	24,558	-
Net difference between projected and actual earnings on pension plan investments	-	371,675
Authority contributions subsequent to the measurement date	63,382	-
	$ 87,940	380,055
2021		
Differences between expected and actual experience	$ -	1,210
Changes in assumptions	79,138	-
Net difference between projected and actual earnings on pension plan investments	26,328	-
Authority contributions subsequent to the measurement date	68,347	-
	$ 173,813	1,210

See Independent Auditors’ Report.

(6) PENSION PLAN, CONTINUED

Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

Reported deferred outflows of resources of $63,382 at June 30, 2022, related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2023. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,		
2023	$	(81,363)
2024		(88,296)
2025		(92,919)
2026		(92,919)
	$	(355,497)

See Independent Auditors' Report.

(6) PENSION PLAN, CONTINUED

Actuarial Methods and Assumptions

The total pension (asset) liability as of June 30, 2022 and 2021, was determined from actuarial valuations prepared as of July 1, 2021 and 2020, respectively, using the following actuarial assumptions:

Investment return:	6.50% for both 2021 and 2020, compounded annually, net of investment expense and including inflation.
Salary increases:	3.50% to 9.25% for both 2021 and 2020 .
Mortality rates:	Pub-2010 Below Media, General Membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019. Male rates are set back one year, and female rates are set forward two years.
Annual post-retirement benefit increases:	None.
Assumed inflation rate:	2.50% for both 2021 and 2020.
Payroll growth:	3.25% for both 2021 and 2020.
Actuarial cost method:	Entry age
Select period for the termination of employment assumptions:	10 years

The actuarial assumptions used in the July 1, 2021, valuations are based on the results of the most recent actuarial experience study, which covers the 3-year period ended June 30, 2020. The experience study report is dated May 13, 2020. The actuarial assumptions used in the July 1, 2020, valuations are based on the results of the most recent actuarial experience study, which covers the 3-year period ended June 30, 2019.

(6) PENSION PLAN, CONTINUED

Actuarial Methods and Assumptions, Continued

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 asset allocation and best estimates of arithmetic real rates of return for each major asset class as of both June 30, 2021 and 2020, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
U.S. large cap equity	34.0%	4.7%
U.S. small cap equity	6.0%	5.8%
Int developed equity	23.0%	6.5%
Emerging market equity	5.0%	8.5%
Core fixed income	25.0%	0.5%
Long-term treasuries	3.5%	0.0%
US TIPS	3.5%	0.3%
	100.0%	

See Independent Auditors' Report.

(6) PENSION PLAN, CONTINUED

Discount Rate

The discount rate used to measure the total pension liability was 6.50% for both 2021 and 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in state statute. Based on those assumptions, OPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate

The following presents the net pension (asset) liability of the employer calculated using the discount rate of 6.50% for both 2022 and 2021, as well as what the Authority's net pension (asset) 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 as of June 30:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
2022			
Net pension (asset)	$ (30,942)	(333,286)	(588,838)
2021			
Net pension liability (asset)	$ 521,570	221,561	(31,945)

Pension Plan Fiduciary Net Position

Detailed information about OPERS' fiduciary net position is available in the separately issued financial report of OPERS, which can be located at www.opers.ok.gov.

(7) OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The Authority participates in the OPERS Health Insurance Subsidy Plan, a cost-sharing, multiple-employer defined benefit public employee health insurance subsidy retirement plan which is administered by OPERS. The Authority also participates in the Office of Management and Enterprise Services Employee Group Insurance Division's health insurance plan, which is a non-trusted single-employer plan that provides for employee and dependent healthcare coverage from the date of retirement to age 65, provided the participant was covered by the health insurance plan before retiring. The Authority has evaluated the impact of adopting GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (GASB 75) on its financial position and changes to its financial position and determined the impact to be immaterial. Therefore, the Authority has not recorded the impact of adopting GASB 75 in its financial statements.

(8) OKLAHOMA STATE EMPLOYEES DEFERRED COMPENSATION PLAN AND DEFERRED SAVINGS INCENTIVE PLAN

Deferred Compensation Plan

The State offers its employees a Deferred Compensation Plan as authorized by Section 457 of the Internal Revenue Code (IRC), as amended by the Tax Reform Act of 1986, and in accordance with the provisions of Sections 1701 through 1706 of Title 74 of the Oklahoma Statutes.

The supervisory authority for the management and operation of the Deferred Compensation Plan is the Board.

The Deferred Compensation Plan is available to all State employees, as well as any elected officials receiving a salary from the State. Participants may direct the investment of their contributions in available investment options offered by the Deferred Compensation Plan. Participants are immediately 100% vested in their respective accounts. All interest, dividends, and investment fees are allocated to participants' accounts.

Participants may defer until future years up to the lesser of 100% of their compensation as defined by Deferred Compensation Plan documents or the maximum amount allowed each year as determined by the Internal Revenue Service.

The Deferred Compensation Plan offers a catch-up program to participants which allows them to defer annually for the 3 years prior to their year of retirement up to twice that plan year's deferral limit. The amount of additional contributions in excess of the normal maximum contributions to the Deferred Compensation Plan are also limited to contributions for years in which the participant was eligible but did not participate in the Deferred Compensation Plan or the difference between contributions made and the maximum allowable level. To be eligible for the catch-up program, the participant must be within 3 years of retirement with no reduced benefits.

(8) OKLAHOMA STATE EMPLOYEES DEFERRED COMPENSATION PLAN AND DEFERRED SAVINGS INCENTIVE PLAN, CONTINUED

Deferred Compensation Plan, Continued

Participants age 50 or older may make additional contributions annually, subject to certain limits.

Deferred compensation benefits are paid to participants or beneficiaries upon termination, retirement, death, or unforeseeable emergency. Such benefits are based on a participant's account balance and are disbursed in a lump sum or periodic payments at the option of the participant or beneficiaries in accordance with the Deferred Compensation Plan's provisions.

Effective January 1, 1998, the Board established a trust and a trust fund covering the Deferred Compensation Plan's assets, pursuant to federal legislation enacted in 1996, requiring public employers to establish such trusts for plans meeting the requirements of Section 457 of the IRC no later than January 1, 1999. Under the terms of the trust, the corpus or income of the trust fund may be used only for the exclusive benefit of the Deferred Compensation Plan's participants and their beneficiaries. Prior to the establishment of the trust, the Deferred Compensation Plan's assets were subject to the claims of general creditors of the State. The Board acts as trustee of the trust. The participants' accounts are invested in accordance with the investment elections of the participants. The Board is accountable for all deferred compensation received, but has no duty to require any compensation to be deferred or to determine that the amounts received comply with the Deferred Compensation Plan or to determine that the trust fund is adequate to provide the benefits payable pursuant to the Deferred Compensation Plan.

Further information may be obtained from the Deferred Compensation Plan's audited financial statements for the years ended June 30, 2022 and 2021. The Authority believes that it has no liabilities with respect to the Deferred Compensation Plan.

Deferred Savings Incentive Plan

Effective January 1, 1998, the State established the Oklahoma State Employees Deferred Savings Incentive Plan (the "Savings Incentive Plan") as a money purchase pension plan pursuant to IRC Section 401(a). The Savings Incentive Plan and its related trust are intended to meet the requirements of IRC Sections 401(a) and 501(a).

Any qualified participant who is a State employee who is an active participant in the Deferred Compensation Plan is eligible for a contribution of the amount determined by Oklahoma Legislature, currently the equivalent of $25 per month. Participation in the Savings Incentive Plan is automatic in the month of participation in the Deferred Compensation Plan and is not voluntary.

(8) OKLAHOMA STATE EMPLOYEES DEFERRED COMPENSATION PLAN AND DEFERRED SAVINGS INCENTIVE PLAN, CONTINUED

Deferred Savings Incentive Plan, Continued

Upon cessation of contributions to the Deferred Compensation Plan, termination of employment with the State, retirement, or death, a participant will no longer be eligible for contributions from the State into the Savings Incentive Plan. Participants are at all times 100% vested in their Savings Incentive Plan account. Participant contributions are not required or permitted. Qualified participants may make rollover contributions to the Savings Incentive Plan, provided such rollover contributions meet applicable requirements of the IRC. Plan participants may direct the investment of the contributions in available investment options offered by the Savings Incentive Plan. All interest, dividends, and investment fees are allocated to the participants' accounts.

Savings Incentive Plan benefits are paid to participants or beneficiaries upon termination, retirement, or death. Such benefits are based on a participant's account balance and are disbursed in a lump sum or periodic payments or may be rolled over to a qualified plan at the option of the participant or beneficiaries.

(9) RISK MANAGEMENT

The Authority utilizes the Risk Management Division of the State for property insurance. Comprehensive general liability and personal injury liability are also covered.

(10) RELATED-PARTY TRANSACTIONS

The Authority shares office space, personnel, and common board members with the ODFA. Personnel costs are being shared and billed to the Authority and the ODFA at 25% and 75%, respectively. During 2022 and 2021, the Authority was reimbursed approximately $520,000 and $535,000, respectively, of personnel cost from the ODFA. The ODFA owns the building utilized by both the ODFA and the Authority. The ODFA does not charge the Authority for use of the building.

See discussion of investment transactions with the ODFA at Note 2.

See discussion of investment certificate agreements with the ODFA at Note 5.

SUPPLEMENTARY INFORMATION REQUIRED BY GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 68

Exhibit I

OKLAHOMA INDUSTRIAL FINANCE AUTHORITY

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
Oklahoma Public Employees Retirement Plan
Last 8 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
The Authority's proportion of the net pension liability	0.02483204%	0.02483408%	0.02524413%	0.03032193%	0.02557100%	0.02429939%	0.02422067%	0.02546851%
The Authority's proportionate share of the net pension (asset) liability	$ (333,286)	221,561	33,622	59,141	138,253	241,106	87,118	46,751
The Authority's covered payroll	444,389	441,721	431,313	418,103	446,061	436,539	428,164	431,485
The Authority's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	(75.00)%	50.16%	7.80%	14.15%	30.99%	55.23%	20.35%	10.83%
OPERS' fiduciary net position as a percentage of the total pension liability	112.51%	91.59%	98.63%	97.96%	94.28%	89.48%	96.00%	97.90%

Only the last 8 fiscal years are presented because data for the prior 2 fiscal years is not readily available.

*The amounts presented for each year end were determined as of June 30 of the prior year.

See Independent Auditors' Report.

Exhibit II

OKLAHOMA INDUSTRIAL FINANCE AUTHORITY

SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
Oklahoma Public Employees Retirement Plan
Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 63,382	68,347	68,152	65,387	64,172	73,600	72,029	70,647	71,195	62,442
Contributions in relation to the contractually required contributions	63,382	68,347	68,152	65,387	64,172	73,600	72,029	70,647	71,195	62,442
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-	-
The Authority's covered payroll	$410,731	444,389	441,721	431,313	418,103	446,061	436,539	428,164	431,485	378,436
Contributions as a percentage of covered payroll	15.43% *	15.38% *	15.43% *	15.16% *	15.35% *	16.50%	16.50%	16.50%	16.50%	16.50%

*The Authority adopted GASB 75 effective July 1, 2017; therefore, this amount represents the net percentage for the GASB 68 contribution to OPERS. When combined with the OPERS Health Insurance Subsidy Plan percentage for GASB 75 contributions to OPERS, the total amount contributed to OPERS was 16.50%.

See Independent Auditors' Report.

FINLEY & COOK
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors
Oklahoma Industrial Finance Authority

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Oklahoma Industrial Finance Authority (the "Authority"), which is a part of the State of Oklahoma financial reporting entity, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 17, 2022. Our report includes an explanatory paragraph disclaiming an opinion on required supplementary information. Our report also includes an explanatory paragraph to emphasize the fact that the financial statements include only that portion of the financial statements of the State of Oklahoma that is attributable to balances and transactions of the Authority.

Report on Internal Control Over Financial Reporting

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

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

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

(Continued)

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Finley & Cook, PLLC

Shawnee, Oklahoma
October 17, 2022