Legislative Service Bureau

Financial Statements

June 30, 2023 and 2022
(With Independent Auditors' Report Thereon)

F&C CPAs

LEGISLATIVE SERVICE BUREAU

FINANCIAL STATEMENTS

Table of Contents

F&C CPAs

Finley & Cook, PLLC
405-878-7300
Finley-Cook.com
1421 East 45th Street
Shawnee, OK 74804

INDEPENDENT AUDITORS' REPORT

Legislative Service Bureau

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Legislative Service Bureau (the "Bureau"), a component of the General Fund of the State of Oklahoma, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Bureau'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 respective financial position of the governmental activities and the General Fund of the Bureau as of June 30, 2023 and 2022, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinions

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 Bureau, 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 opinions.

Emphasis of Matter

Department-Only Financial Statements

As discussed in Note 1, the financial statements of the Bureau are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and the General Fund of the State of Oklahoma that is attributable to the transactions of the Bureau. They do not purport to, and do not, present fairly the financial position of the State of Oklahoma as of June 30, 2023 or 2022, or the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States. Our opinions are not modified with respect to this matter.

(Continued)

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States, and for 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 Bureau's ability to continue as a going concern for 12 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 Bureau'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 Bureau'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)

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-5 and the schedules of the Bureau's pension and OPEB information listed in the table of contents 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 audits 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

The Bureau is not required by statute to prepare a line-item budget. Accordingly, a schedule of revenues, expenditures, and changes in fund balances—budget to actual is not presented herein.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2024, on our consideration of the Bureau'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 Bureau'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 Bureau's internal control over financial reporting and compliance.

Finley & Cook, PLLC

Shawnee, Oklahoma
May 2, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Legislative Service Bureau (the "Bureau"), we offer readers of the Bureau's financial statements this overview and analysis of the financial activities for the fiscal years ended June 30, 2023, 2022, and 2021.

Financial Highlights

- At June 30, 2023, the Bureau's net position increased $1,923,362 from June 30, 2022, resulting in a net position of $15,784,891. At June 30, 2022, the Bureau's net position decreased $3,342,619 from June 30, 2021, resulting in a net position of $13,861,529. At June 30, 2021, the Bureau's net position increased $14,552,607 from June 30, 2020, resulting in a net position of $17,204,148.

- At June 30, 2023, the Bureau's assets totaling $37,313,764 increased $6,931,042, due mainly to an increase in cash of $4,846,494 and capital assets of $2,321,445. At June 30, 2022, the Bureau's assets totaling $30,382,722 increased $3,010,458 due mainly to an increase in cash of $2,341,059. At June 30, 2021, the Bureau's assets totaling $27,372,264 increased $14,545,891 due mainly to an increase in cash of $14,412,987.

- At June 30, 2023, the Bureau's liabilities totaling $22,089,486 increased by $6,097,311, due mainly to an increase in account payable related to transfer to the Oklahoma House of Representatives (the "House") and payable to other vendors. At June 30, 2022, the Bureau's liabilities totaling $15,992,175 increased by $5,578,516, due mainly to an increase in accounts payable related to transfers to the House and the Oklahoma State Senate (the "Senate"). At June 30, 2021, the Bureau's liabilities totaling $10,413,659 increased by $198,039, due mainly to an increase in the net pension liability.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Bureau's basic financial statements and is comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statements of net position and the statements of activities) are designed to provide readers with a broad overview of the Bureau's finances in a manner similar to a private sector business.

The statements of net position present information on all of the Bureau's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Bureau is improving or deteriorating.

The statements of activities present information showing how the Bureau'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 only result in cash flows in future periods.

Overview of the Financial Statements, Continued

Fund Financial Statements

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. All governmental activities of the Bureau are reflected in the General Fund. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Bureau maintains one fund, which is the General Fund. Information is presented separately in the governmental fund balance sheets and the governmental fund statements of revenues, expenditures, and changes in fund balances for the General Fund. All transactions related to the general administration of the Bureau are accounted for in the General Fund.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Government-Wide Financial Analysis

The Bureau's net position at June 30 was reported as follows:

	2023	2022	2021
Current assets	$ 34,426,312	29,538,818	27,197,759
Capital assets, net	2,425,564	104,119	164,771
SBITA asset, net	416,678	-	-
Net pension asset	-	671,047	-
Net OPEB asset	45,210	68,738	9,734
Total assets	37,313,764	30,382,722	27,372,264
Deferred outflows of resources related to the pension and OPEB	657,436	319,492	257,504
Current liabilities	21,302,127	15,891,447	10,169,105
Noncurrent liabilities	787,359	100,728	244,554
Total liabilities	22,089,486	15,992,175	10,413,659
Deferred inflows of resources related to the pension and OPEB	96,823	848,510	11,961
Net position:			
Net investment in capital assets	2,425,564	104,119	164,771
Unrestricted	13,359,327	13,757,410	17,039,377
Total net position	$ 15,784,891	13,861,529	17,204,148

Government-Wide Financial Analysis, Continued

For the years ended June 30, the Bureau's changes in net position were reported as follows:

		2023	2022	2021
Governmental activities:				
Contributions to the House	$	(20,241,164)	(10,120,582)	-
Contributions to the Senate		(5,689,283)	(11,378,566)	-
Charges for services		340	-	-
Federal operating grant		270,500	130,000	-
Expenses, net		(2,974,039)	(4,030,479)	(2,170,784)
Total governmental activities		(28,633,646)	(25,399,627)	(2,170,784)
General revenues:				
Appropriations from the State		30,557,008	22,057,008	16,723,391
Total general revenues		30,557,008	22,057,008	16,723,391
Changes in net position		1,923,362	(3,342,619)	14,552,607
Net position, beginning of year		13,861,529	17,204,148	2,651,541
Net position, end of year	$	15,784,891	13,861,529	17,204,148

This discussion and analysis of the Bureau's financial performance provides an overview of the Bureau's financial activities for the fiscal years ended June 30, 2023, 2022, and 2021.

The Bureau's 2023 total general revenues increased approximately 39% from fiscal year 2022, due to an increase in state appropriations. The Bureau's 2022 total general revenues increased approximately 33% from fiscal year 2021, due to an increase in state appropriations. The Bureau's 2021 total general revenues decreased approximately 4% from fiscal year 2020, due to a decrease in state appropriations.

The Bureau's total expenses for fiscal year 2023 increased approximately 13%, mainly due to increases in contributions to the House and personnel service and offset by decreases in contributions to the Senate and contractual services. The Bureau's total expenses for fiscal year 2022 increased approximately 1076%, due mainly to an increase in contributions to the House and the Senate and contractual service. The Bureau's total expenses for fiscal year 2021 decreased approximately 87%, due to no contribution to the Senate and the House, offset by an increase in personnel services.

The Bureau's 2023 appropriations from the State of Oklahoma increased $8,500,000 from fiscal year 2022. The Bureau's 2022 appropriations from the State of Oklahoma increased $5,333,617 from fiscal year 2021. The Bureau's 2021 appropriations from the State of Oklahoma, including refunds, decreased $696,808 from fiscal year 2020.

Capital Assets

As of June 30, 2023, 2022, and 2021, the Bureau had invested approximately $3,025,000, $633,000, and $615,000, respectively, in capital assets, including computer equipment and software, office equipment, furniture, and WIP-software. Net of accumulated depreciation, the Bureau's net capital assets as of June 30, 2023, 2022, and 2021, totaled approximately $2,426,000, $104,000, and $165,000, respectively. As of June 30, 2023, 2022, and 2021, these amounts represented a net increase of approximately $2,322,000, $61,000, and $131,000, respectively. For the years ended June 30, 2023, 2022, and 2021, there was approximately $2,392,000, $18,000, and $213,000, respectively, in capital asset additions.

Leases

As of June 30, 2023, 2022, and 2021, the Bureau had no lease obligations outstanding. During the fiscal years 2023, 2022, and 2021, the Bureau made no lease payments.

Subscription-Based Information Technology Arrangement Liability

The Bureau adopted Governmental Accounting Standard Board Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96) on July 1, 2022. The Bureau recorded $416,678 in SBITA asset and $423,071 in SBITA liability as of June 30, 2023.

Description of Currently Known Facts, Decisions, or Conditions That are Expected to Have a Significant Effect on the Financial Position or Results of Operations

The Governor has approved the Bureau's appropriation for the fiscal year July 1, 2023, to June 30, 2024.

The Bureau is not required by statute to adopt a budget; therefore, budgetary comparison schedules are not required as part of the required supplementary information.

Contacting the Bureau's Financial Management

This financial report is designed to provide interested parties with a general overview of the Bureau's finances and to demonstrate the Bureau's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Legislative Service Bureau, 2300 North Lincoln Boulevard, Room 309-1, State Capitol Building, Oklahoma City, Oklahoma 73105-4801.

LEGISLATIVE SERVICE BUREAU

STATEMENTS OF NET POSITION

June 30,		*2023*	*2022*
Assets			
Current assets:			
Cash	$	34,385,312	29,538,818
Grant receivable		41,000	-
Total current assets		34,426,312	29,538,818
Noncurrent assets:			
Capital assets, net of accumulated depreciation		2,425,564	104,119
SBITA asset		416,678	-
Net pension asset		-	671,047
Net OPEB asset		45,210	68,738
Total noncurrent assets		2,887,452	843,904
Total assets		37,313,764	30,382,722
Deferred Outflows of Resources			
Deferred amounts related to the pension and OPEB		657,436	319,492
Total deferred outflows of resources		657,436	319,492
Total assets and deferred outflows of resources	$	37,971,200	30,702,214
Liabilities			
Current liabilities:			
Accounts payable	$	21,093,664	15,845,412
SBITA liability, current portion		136,673	-
Current portion of compensated absences		71,790	46,035
Total current liabilities		21,302,127	15,891,447
Noncurrent liabilities:			
Compensated absences, less current portion		28,892	26,082
Net pension liability		406,061	-
Total OPEB liability		66,008	74,646
SBITA liability		286,398	-
Total noncurrent liabilities		787,359	100,728
Total liabilities		22,089,486	15,992,175
Deferred Inflows of Resources			
Deferred amounts related to the pension and OPEB		96,823	848,510
Total deferred inflows of resources		96,823	848,510
Net Position			
Net investment in capital assets		2,425,564	104,119
Unrestricted		13,359,327	13,757,410
Total net position		15,784,891	13,861,529
Total liabilities, deferred inflows of resources, and net position	$	37,971,200	30,702,214

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

LEGISLATIVE SERVICE BUREAU

STATEMENTS OF ACTIVITIES

Year Ended June 30, 2023

		Program Revenues		
	General Expenses	Charges for Services	Federal Operating Grants	Net (Expenses) Revenues/Changes in Net Position
Governmental activities:				
General government support services	$ (2,974,039)	340	270,500	(2,703,199)
Contributions to the House	(20,241,164)	-	-	(20,241,164)
Contributions to the Senate	(5,689,283)	-	-	(5,689,283)
Total governmental activities	$ (28,904,486)	340	270,500	(28,633,646)
General revenues:				
Appropriations from the State				30,557,008
Total general revenues				30,557,008
Changes in net position				1,923,362
Net position, beginning of year				13,861,529
Net position, end of year				$ 15,784,891

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

STATEMENTS OF ACTIVITIES, CONTINUED

Year Ended June 30, 2022

		Program Revenues		
	General Expenses	Charges for Services	Federal Operating Grants	Net (Expenses) Revenues/Changes in Net Position
Governmental activities:				
General government support services	$ (4,030,479)	-	130,000	(3,900,479)
Contributions to the House	(10,120,582)	-	-	(10,120,582)
Contributions to the Senate	(11,378,566)	-	-	(11,378,566)
Total governmental activities	$ (25,529,627)	-	130,000	(25,399,627)
General revenues:				
Appropriations from the State				22,057,008
Total general revenues				22,057,008
Changes in net position				(3,342,619)
Net position, beginning of year				17,204,148
Net position, end of year				$ 13,861,529

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

BALANCE SHEETS—GENERAL FUND

June 30,		*2023*	*2022*
Assets			
Cash	$	34,385,312	29,538,818
Grant receivable		41,000	-
Total assets	$	34,426,312	29,538,818
Liabilities and Fund Balances			
Accounts payable	$	21,093,664	15,845,412
Total liabilities		21,093,664	15,845,412
Fund balances:			
Unassigned		13,332,648	13,693,406
Total fund balances		13,332,648	13,693,406
Total liabilities and fund balances	$	34,426,312	29,538,818
Reconciliation of Fund Balances to Net Position			
Total fund balances from above	$	13,332,648	13,693,406
Amounts reported in the statements of net position are different because they are not financial resources and therefore are not reported in the governmental fund financial statements:			
Net capital assets used in governmental activities		2,425,564	104,119
Net pension asset		-	671,047
Net OPEB asset		45,210	68,738
SBITA asset, used in governmental activities		416,678	-
Deferred outflows related to the pension and OPEB		657,436	319,492
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental fund financial statements:			
Compensated absences		(100,682)	(72,117)
Net pension liability		(406,061)	-
Total OPEB liability		(66,008)	(74,646)
SBITA liability		(423,071)	-
Deferred inflows related to the pension and OPEB		(96,823)	(848,510)
Net position, per the statements of net position	$	15,784,891	13,861,529

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

LEGISLATIVE SERVICE BUREAU

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES—
GENERAL FUND**

Years Ended June 30,	*2023*	*2022*
Revenues:		
Operating grants	$ 270,500	130,000
Other	340	-
Total revenues	270,840	130,000
Expenditures:		
Personnel services	1,768,441	1,471,291
Contractual services	3,359,707	2,559,719
Supplies and materials	14,140	12,646
Capital outlay	98,641	19,442
Travel	4,281	2,896
General assistance, awards, grants, and other program	12,949	5,637
Contributions to the House	20,241,164	10,120,582
Contributions to the Senate	5,689,283	11,378,566
Total expenditures	31,188,606	25,570,779
Deficiency of revenues over expenditures	(30,917,766)	(25,440,779)
Other funding sources:		
Appropriations from the State	30,557,008	22,057,008
Net changes in fund balances	(360,758)	(3,383,771)
Fund balances, beginning of year	13,693,406	17,077,177
Fund balances, end of year	$ 13,332,648	13,693,406

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

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES—GENERAL FUND TO THE STATEMENTS OF ACTIVITIES

Years Ended June 30,		*2023*	*2022*
Net changes in fund balances, per the statements of revenues, expenditures, and changes in fund balances—General Fund	$	(360,758)	(3,383,771)
Amounts reported for governmental activities in the statements of activities are different because:			
Governmental funds report capital outlays as expenditures while government-wide activities report depreciation expense to allocate those expenditures over the lives of the assets:			
Depreciation expense		(70,372)	(78,450)
Amortization expense		(138,893)	-
Capital asset purchases capitalized, net		2,391,817	17,798
Some expenses reported in the statements of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental fund financial statements:			
Accrued compensated absences		(28,565)	7,165
SBITA payments		132,500	-
Deferred outflows related to the pension and OPEB		(2,367)	94,639
Changes in net position, per the statements of activities	$	1,923,362	(3,342,619)

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

(1) NATURE OF THE ORGANIZATION

The Legislative Service Bureau (the "Bureau") was created to provide various services to the Oklahoma House of Representatives (the "House") and the Oklahoma State Senate (the "Senate"). The Bureau currently has three divisions consisting of the Legislative Office of Fiscal Transparency ("LOFT"), an information system division, and a photography division. The Executive Director of LOFT also serves as the Executive Director of the Bureau.

LOFT provides budgetary recommendations to an oversight committee consisting of seven representatives from the House and seven representatives from the Senate which utilizes the recommendations to assist the State legislature in setting the funding for State government, higher education, and public schools.

The information system division assists in providing bill information and to facilitate the transfer of measures between the House and the Senate and to provide IT support for various software applications used by staff members of the House and Senate.

The photo division provides photography services to the House and the Senate.

Financial Reporting Entity

The financial statements of the Bureau have been prepared in conformity with accounting principles generally accepted in the United States as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Bureau's accounting policies are described below.

In accordance with GASB, the Bureau's financial statements should include the operations of all organizations for which the Bureau has financial accountability. The Bureau has determined there are no other organizations for which it has financial accountability.

Fund Accounting and Budgetary Information

The Bureau is included in the General Fund—Government of the State of Oklahoma (the "State"). The accompanying financial statements are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and the General Fund of the State attributable to the transactions of the Bureau, and not those of the State. The Bureau is funded by an appropriation from unallocated general funds earmarked for State government. Appropriations are available for expenditures for a period of 30 months from the date the appropriations are approved. It is the practice of the Bureau to utilize unexpended appropriations from the prior year before expending current year appropriations. The Bureau is not required by statute to prepare a line-item budget. Accordingly, a schedule of revenues, expenditures, and changes in fund balances—budget to actual is not presented herein.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Basis of Accounting

The government-wide financial statements (i.e., the statements of net position and the statements of activities) report information on all of the nonfiduciary activities of the government. Governmental activities are supported by taxes and intergovernmental revenues.

The statements of activities demonstrate the degree to which the direct expenses are offset by program revenues. Direct expenses are those that are clearly identifiable with the Bureau's grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

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.

The General Fund is used to account for the Bureau's expendable financial resources and related liabilities. All transactions related to the general administration of the Bureau are accounted for in this fund.

The 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 to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Available is defined by the Bureau as 60 days after year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when the liability has matured.

Only current assets and current liabilities are included on the balance sheets. The operations present sources and uses of available spendable resources during a given period of time.

The Bureau receives certain monies that are designated as to how they can be transferred or used. The Bureau retains full control of all monies to achieve the designated purposes.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Cash

Cash includes amounts on deposit with the Office of the State Treasurer (the “State Treasurer”), which is responsible for ensuring proper collateralization and insurance on such funds. 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 shall be established by rules and regulations promulgated by the State Treasurer.

Capital Assets

Capital assets are recorded as expenditures in the statements of revenues, expenditures, and changes in fund balances—General Fund, but are capitalized in the statements of net position. Capital assets are stated at actual or estimated historical cost, net of accumulated depreciation, in the statements of net position.

Capital assets are defined as assets with initial costs of $500 or more. Depreciation is computed on the straight-line method over the estimated useful lives:

Computer equipment and software	3 years
Office equipment	5 years
Furniture	7 years

Upon disposition, the cost and related accumulated depreciation are removed from the respective accounts, and the resulting gain or loss, if any, is recorded.

Compensated Absences

Employees earn annual vacation leave based upon their start date and years of service. Unused annual leave may be accumulated to a maximum of 240 hours for employees with less than 5 years of service and a maximum of 480 hours for employees with 5 or more years of service. All accrued annual leave is payable upon termination, resignation, retirement, or death. The General Fund records expenditures when employees are paid for leave. Accrued annual leave is considered a long-term liability and is included in the statements of net position. Sick leave does not vest to the employee and therefore is not recorded as a liability.

Subscription-Based Information Technology Arrangement (SBITA)

The Bureau has recorded SBITA right-to-use asset and corresponding liability as a result of implementing GASB 96. The SBITA asset is an intangible asset and is initially measured as the sum of the initial subscription liability amount, payments made to the SBITA vendor before commencement of the subscription term, and capitalized implementation costs. The subscription liability is measured at the present value of the subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate the SBITA vendor charges, which may be implicit, or the State’s incremental borrowing rate. The right-to-use assets are amortized on the straight-line basis over the term of the SBITA.

See Independent Auditors’ Report.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Contribution Expense

The Bureau records as contribution expense assets and/or services that are paid to other state agencies other than for contractual services rendered by such agencies.

Pension Plans

Defined Benefit Plan

The Bureau participates in a cost-sharing, multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). For purposes of measuring the net pension (asset) liability, deferred outflows of resources and deferred inflows of resources related to pension, pension expense, information about the fiduciary net position of the Oklahoma Public Employees Retirement Plan and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Defined Contribution Plan

Effective November 1, 2015, OPERS established Pathfinder, a mandatory defined contribution plan for eligible state employees who first become employed by a participating employer on or after November 1, 2015, and have no prior participation in OPERS. Under Pathfinder, members will choose a contribution rate which will be matched by their employer up to 7%. During the years ended June 30, 2023 and 2022, the Bureau made contributions to Pathfinder of approximately $35,000 and $21,000, respectively.

Other Postemployment Benefits (OPEB)

The Bureau participates in the OPERS Health Insurance Subsidy Plan (HISP), a cost-sharing, multiple-employer defined benefit public employee health insurance subsidy retirement plan which is administered by OPERS.

The Bureau also participates in the Oklahoma Employees Group Insurance Division's (EGID) 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 Bureau follows the requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75) in recording the net OPEB asset, the net OPEB liability, deferred outflows, deferred inflows, and OPEB expense.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Equity Classifications

Government-Wide Financial Statements

Equity is classified as net position displayed in three components:

a. Net investment in capital assets—consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position—consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position—all other net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

As of June 30, 2023 and 2022, the Bureau did not have any restricted net position.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. These classifications are defined as:

a. Nonspendable fund balance—The nonspendable fund balance classification includes amounts that cannot be spent because they are either i) not in spendable form or ii) legally or contractually required to be maintained intact.

b. Restricted fund balance—The restricted fund balance classification should be reported when constraints placed on the use of resources are either i) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or ii) imposed by law through constitutional provisions or enabling legislation.

c. Committed fund balance—The committed fund balance classification reflects specific purposes pursuant to constraints imposed by formal action of the Bureau's highest level of decision-making authority. Also, such constraints can only be removed or changed by the same form of formal action.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Equity Classifications, Continued

Fund Financial Statements, Continued

d. Assigned fund balance—The assigned fund balance classification reflects amounts that are constrained by the Bureau's intent to be used for specific purposes, but meet neither the restricted nor committed forms of constraint. Assigned funds cannot cause a deficit in the unassigned fund balance.

   For purposes of an assigned fund balance, the Bureau has given authority to the Speaker of the House and the President Pro Tempore of the Senate to assign state appropriations received by the Bureau for specific purposes.

e. Unassigned fund balance—The unassigned fund balance classification is the residual classification for the General Fund only. It is also where negative residual amounts for all other governmental funds would be reported. An unassigned fund balance essentially consists of excess funds that have not been classified in the other four fund balance categories mentioned above.

It is the Bureau's policy to first use the restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both a restricted and an unrestricted fund balance are available. The Bureau's policy for the use of the unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The following table shows the fund balance classifications as shown on the governmental funds balance sheets in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of June 30:

	2023	2022
Fund balances:		
Unassigned:		
State appropriations	$ 13,332,648	13,693,406
	$ 13,332,648	13,693,406

See Independent Auditors' Report.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting is used, under which purchase orders, contracts, and other commitments for the expenditures of resources are recorded as expenditures of the applicable funds. This is an extension of the formal budgetary integration in the General Fund. Encumbrances do not represent any further constraint on the use of amounts than is already communicated by governmental fund balance classification as restricted, committed, or assigned. As of June 30, 2023 and 2022, there were no such encumbrances outstanding.

Income Taxes

The income of the Bureau, as an integral part of the State, is exempt from federal and state income taxes.

Deferred Inflows and Outflows of Resources

Government-Wide Financial Statements

Deferred inflows and outflows of resources represent amounts associated with pension and OPEB differences between expected and actual experience, differences between projected and actual earnings on pension fund investments, and changes in assumptions. Notes 7 and 8 detail the components of these items.

Use of Estimates

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

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recent Accounting Pronouncements

Accounting Standards Adopted in Fiscal Year 2023

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). GASB 94 defines and provides financial reporting requirements for Public-Private or Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA). A PPP is an arrangement between a government (transferor) and an operator (governmental or non-governmental) to provide public services by conveying the right to control or use a nonfinancial or infrastructure asset for a period of time in an exchange-like transaction. An APA is a similar arrangement where the operator may also be compensated for services that include designing, constructing, financing and maintaining a nonfinancial asset for a period of time. The Bureau adopted GASB 94 on July 1, 2022, which did not have a significant impact on the financial statements.

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 Bureau adopted GASB 96 on July 1, 2022, for the June 30, 2023, reporting year, and recorded an SBITA asset and liability on its financial statements and added required disclosures.

Accounting Standards Issued Not Yet Adopted

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

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

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recent Accounting Pronouncements, Continued

Accounting Standards Issued Not Yet Adopted, Continued

In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). GASB 101 outlines the definition of compensated absences and sets forth the accounting and financial reporting for compensated absence liabilities. GASB 101 outlines that leave accrued should be measured using the 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 Bureau will adopt GASB 101 on July 1, 2024, for the June 30, 2025, reporting year. The Bureau has not determined the impact of GASB 101 on the financial statements.

Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through May 2, 2024, the date which the financial statements were available to be issued, and determined that no subsequent events have occurred that require adjustment to or disclosure in the financial statements.

Reclassification

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassification had no impact on previously reported net position.

(3) CASH BALANCES

At June 30, 2023 and 2022, the Bureau maintained cash balances of approximately $34,385,000 and $29,539,000, respectively, with the State Treasurer. The Bureau's deposits with the State Treasurer are pooled with the funds of other state agencies and then, in accordance with statutory limitation, placed in banks or invested as the State Treasurer may determine. Deposits are fully insured or collateralized with securities held by an agent of the State, in the State's name.

(4) CAPITAL ASSETS

The following summarizes the activity in capital assets during the years ended June 30:

	Balance at July 1, 2022	Additions	Retirements	Balance at June 30, 2023
Capital assets not being depreciated:				
WIP – software	$ -	2,350,199	-	2,350,199
Capital assets being depreciated:				
Computer equipment and software	509,249	8,123	-	517,372
Office equipment	60,003	22,308	-	82,311
Furniture	63,673	11,187	-	74,860
Total capital assets being depreciated	632,925	41,618	-	674,543
Accumulated depreciation:				
Computer equipment and software	(456,234)	(53,496)	-	(509,730)
Office equipment	(51,935)	(6,838)	-	(58,773)
Furniture	(20,637)	(10,038)	-	(30,675)
Total accumulated depreciation	(528,806)	(70,372)	-	(599,178)
Capital assets, net	$ 104,119	2,321,445	-	$ 2,425,564

	Balance at July 1, 2021	Additions	Retirements	Balance at June 30, 2022
Capital assets:				
Computer equipment and software	$ 491,451	17,798	-	509,249
Office equipment	60,003	-	-	60,003
Furniture	63,673	-	-	63,673
Total capital assets being depreciated	615,127	17,798	-	632,925
Accumulated depreciation:				
Computer equipment and software	(392,054)	(64,180)	-	(456,234)
Office equipment	(39,828)	(12,107)	-	(51,935)
Furniture	(18,474)	(2,163)	-	(20,637)
Total accumulated depreciation	(450,356)	(78,450)	-	(528,806)
Capital assets, net	$ 164,771	(60,652)	-	104,119

The Bureau did not have any lease assets as of June 30, 2023 or 2022. The Bureau has no significant infrastructure assets.

See Independent Auditors' Report.

(4) CAPITAL ASSETS, CONTINUED

Capital assets are valued at cost and are depreciated using the straight-line method over their estimated useful lives.

The depreciation expense, by program activity, for the years ended June 30 is allocated as follows:

	2023	2022
General government support services	$ 70,372	78,450

(5) ACCRUED COMPENSATED ABSENCES

Changes in accrued compensated absences for the years ended June 30 were as follows:

	Balance at June 30, 2022	Additions	Reductions	Balance at June 30, 2023	Amount Due Within 1 Year
Compensated absences	$ 72,117	84,868	(56,303)	100,682	71,790
	$ 72,117	84,868	(56,303)	100,682	71,790

	Balance at June 30, 2021	Additions	Reductions	Balance at June 30, 2022	Amount Due Within 1 Year
Compensated absences	$ 79,282	71,119	(78,284)	72,117	46,035
	$ 79,282	71,119	(78,284)	72,117	46,035

For the statements of net position and the statements of activities, the changes in the accounts are reflected and the amounts estimated to be current are based on the average amount used in prior years.

(6) SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT LIABILITY

The following SBITA qualify as other than short-term obligation under the GASB 96, and therefore, have been recorded at the present value of the future subscription payments expected to be made during the subscription term as of the date of their inception. For implementation of GASB 96, the Bureau has decided to use the Internal Revenue Service's Applicable Federal Rate for the mid-term debt.

The Bureau has one SBITA with an initial term of 4 years starting on August 30, 2022. The applicable rate for SBITAs without stated discount is 3.15%.

The following is a summary of changes in the SBITA asset for the year ended June 30, 2023:

	Balance at June 30, 2022	Additions	Reductions	Balance at June 30, 2023
SBITA asset	$ -	555,571	-	555,571
Total SBITA asset	-	555,571	-	555,571
Accumulated amortization	-	(138,893)	-	(138,893)
SBITA asset, net	$ -	416,678	-	416,678

The following is a schedule of annual future minimum payments for the SBITA liability as of June 30, 2023:

	Principal	Interest	Total
Years Ending June 30:			
2024	$ 136,673	13,327	150,000
2025	140,979	9,021	150,000
2026	145,419	4,581	150,000
	$ 423,071	26,929	450,000

See Independent Auditors' Report.

(7) PENSION PLAN

Plan Description

The Bureau contributes to the Oklahoma Public Employees Retirement Plan, a cost-sharing, multiple-employer defined benefit public employee retirement plan administered by OPERS. 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 through 932 and Section 935, as amended, assigns the authority for management and operation of the Oklahoma Public Employees Retirement Plan to the Board of Trustees of OPERS (the "Board"). OPERS issues a publicly available annual financial report that includes financial statements and required supplementary information for the Oklahoma Public Employees Retirement Plan. 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 or by calling 1-800-733-9008, or can be obtained at: https://www.opers.ok.gov

Benefits Provided

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.

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.

(7) PENSION PLAN, CONTINUED

Benefits Provided, Continued

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 OPERS.

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.

Legislation was enacted in 1999 which provided a limited additional benefit for certain terminated members eligible to vest as of July 1, 1998. This limited benefit is payable as an additional $200 monthly benefit upon the member's retirement up to the total amount of certain excess contributions paid by the participant to OPERS. In April 2001, limited benefit payments began for qualified retired members.

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

(7) 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 2023 and 2022, state agency employers contributed 16.5% 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 Bureau for 2023, 2022, and 2021 were approximately as follows:

2023	2022	2021
$ 159,000	156,000	149,000

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

At June 30, 2023 and 2022, the Bureau reported a net liability of $406,061 and a net asset of $(671,047), respectively, for its proportionate share of the net pension liability (asset). As of June 30, 2023, the net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. 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. The Bureau's proportion of the net pension liability (asset) was based on the Bureau's contributions received by OPERS relative to the total contributions received by OPERS for all participating employers as of June 30, 2022 and 2021. Based upon this information, the Bureau's proportion for June 30, 2023 and 2022, was 0.04830807% and 0.04999748%, respectively.

(7) PENSION PLAN, CONTINUED

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

For the years ended June 30, 2023 and 2022, the Bureau recognized pension expense of $9,554 and benefit of $(140,873), respectively. At June 30, 2023 and 2022, the Bureau reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2023		
Differences between expected and actual experience	$ -	18,617
Net difference between projected and actual earnings on pension plan investments	426,211	-
Changes in proportion	22,160	-
Bureau contributions subsequent to the measurement date	158,602	-
	$ 606,973	18,617
2022		
Differences between expected and actual experience	$ -	16,872
Changes of assumptions	49,446	-
Net difference between projected and actual earnings on pension plan investments	-	748,340
Changes in proportion	80,810	-
Bureau contributions subsequent to the measurement date	155,758	-
	$ 286,014	765,212

See Independent Auditors' Report.

(7) PENSION PLAN, CONTINUED

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

Reported deferred outflows of resources of $158,602 at June 30, 2023, related to pensions resulting from the Bureau's contributions subsequent to the measurement date will be recognized as a change of the net pension liability in the year ending June 30, 2024. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense or benefit as follows:

Years Ending June 30:		
2024	$	186,040
2025		186,040
2026		57,674
	$	429,754

Actuarial Methods and Assumptions

The total pension liability as of June 30, 2023 and 2022, was determined on an actuarial valuation prepared as of July 1, 2022 and 2021, using the following actuarial assumptions:

Investment return:	6.50% for 2022 and 2021, compounded annually, net of investment expense and including inflation
Salary increases:	3.25% to 9.25% for 2022 and 2021, including price inflation
Mortality rates:	For 2022 and 2021,—Pub-2010 Below Media General Membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019. Male rates are unadjusted, and female rates are set forward 2 years.
Annual post-retirement benefit increases:	None
Assumed inflation rate:	2.50% for 2022 and 2021
Payroll growth:	3.25% for 2022 and 2021
Actuarial cost method:	Entry age
Select period for the termination of employment assumptions:	10 years

See Independent Auditors' Report.

(7) PENSION PLAN, CONTINUED

Actuarial Methods and Assumptions, Continued

The actuarial assumptions used in the July 1, 2022 and 2021, valuations are based on the results of an actuarial experience study which covered the 3-year period ending June 30, 2019, with the experience study report dated May 13, 2020.

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 class as of June 30, 2023 and 2022, 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%
International 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%
U.S. TIPS	3.5%	0.3%
	100.0%	

See Independent Auditors' Report.

(7) PENSION PLAN, CONTINUED

Discount Rate

The discount rate used to measure the total pension liability was 6.50% in 2022 and 2021. 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 Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) as of June 30, 2023 and 2022, of the Bureau calculated using the discount rate of 6.50%, as well as what the Bureau's net pension liability (asset) 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%)
2023			
Net pension liability (asset)	$ 995,257	406,061	(92,228)
2022			
Net pension (asset)	$ (62,298)	(671,047)	(1,185,583)

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.

(8) OTHER POSTEMPLOYMENT BENEFITS

HEALTH INSURANCE SUBSIDY PLAN OPEB

Description

The Bureau participates in the OPERS Health Insurance Subsidy Plan (HISP), a cost-sharing, multiple-employer defined benefit public employee health insurance subsidy retirement plan which is administered by OPERS. The HISP is classified as an "Other Postemployment Benefit."

Benefits Provided

HISP provides a health insurance premium subsidy for retirees of OPERS who elect to maintain health insurance with EGID or other qualified insurance plan provided by the employers. The HISP subsidy is capped at $105 per month per retiree. This subsidy continues until the retiree terminates health insurance coverage with EGID or other qualified plan, or until death. The subsidy is only for the retiree, not joint annuitants or beneficiaries.

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. An actuarially determined portion of the total contribution to OPERS are set aside to finance the cost of the benefits of the HISP in accordance with provisions of the Internal Revenue Code.

Each member participates based on their qualifying gross salary earned, excluding overtime. There is no cap on the qualifying gross salary earned, subject to IRS limitations on compensation. Only employers contribute to the HISP. For 2023 and 2022, state agency employers contributed 16.5% on all salary.

Contributions to OPERS for the HISP by the Bureau were approximately $9,000, $10,000, and $10,500, for the years ended June 30, 2023, 2022, and 2021, respectively.

OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the Bureau reported an asset for its proportionate share of the net OPEB asset of $45,210. The net OPEB asset was measured as of June 30, 2022, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of July 1, 2022. At June 30, 2022, the Bureau reported an asset for its proportionate share of the net OPEB asset of $68,738. The net OPEB asset was measured as of June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of July 1, 2021. The Bureau's proportion of the net OPEB asset at June 30, 2023, and the net OPEB asset at June 30, 2022, was based on the Bureau's contributions received by OPERS relative to the total contributions received by OPERS for all participating employers as of June 30, 2022 and 2021, respectively. Based upon this information, the Bureau's proportion for June 30, 2023 and 2022, was 0.04830807% and 0.04999748%, respectively.

See Independent Auditors' Report.

(8) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

HEALTH INSURANCE SUBSIDY PLAN OPEB, CONTINUED

OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, Continued

For the years ended June 30, 2023 and 2022, the Bureau recognized OPEB benefit related to the HISP of $13,454 and $33,652, respectively. At June 30, 2023 and 2022, the Bureau reported deferred outflows of resources and deferred inflows of resources related to the HISP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2023		
Differences between expected and actual experience	$ -	22,588
Changes in assumptions	3,817	-
Net difference between projected and actual earnings on OPEB investments	17,112	-
Change in proportion	11,107	-
The Bureau's contributions subsequent to the measurement date	9,308	-
	$ 41,344	22,588
2022		
Differences between expected and actual experience	$ -	22,282
Changes in assumptions	6,111	-
Net difference between projected and actual earnings on OPEB investments	-	19,572
Change in proportion	7,497	-
The Bureau's contributions subsequent to the measurement date	10,020	-
	$ 23,628	41,854

See Independent Auditors' Report.

(8) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

HEALTH INSURANCE SUBSIDY PLAN OPEB, CONTINUED

OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, Continued

Reported deferred outflows of resources of $9,308 at June 30, 2023, related to OPEB resulting from the Bureau's contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2024. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2023, will be recognized in OPEB expense or benefit as follows:

Years Ending June 30:		
2024	$	1,607
2025		1,607
2026		1,607
2027		1,607
2028		1,607
Thereafter		1,413
	$	9,448

Actuarial Methods and Assumptions

The total OPEB liability as of June 30, 2023 and 2022, was determined on an actuarial valuation prepared as of July 1, 2022 and 2021, using the following actuarial assumptions:

Investment return:	6.50% for 2022 and 2021, compounded annually, net of investment expense and including inflation
Salary increases:	3.25% to 9.25% for 2022 and 2021, including price inflation.
Mortality rates:	For 2022 and 2021—Pub-2010 Below Media General Membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019. Male rates are unadjusted, and female rates are set forward 2 years.
Annual post-retirement benefit increases:	None
Assumed inflation rate:	2.50% for 2022 and 2021
Payroll growth:	3.25% for 2022 and 2021
Actuarial cost method:	Entry age
Select period for the termination of employment assumptions:	10 years
Healthcare trend rate:	Not applicable based on how OPERS is structured and benefit payments are made.

See Independent Auditors' Report.

(8) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

HEALTH INSURANCE SUBSIDY PLAN OPEB, CONTINUED

Actuarial Methods and Assumptions, Continued

The actuarial assumptions used in the July 1, 2022 and 2021, valuations are based on the results of an actuarial experience study which covered the 3-year period ending June 30, 2019, with the experience study report dated May 13, 2020.

The long-term expected rate of return on OPEB 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 OPEB 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 class as of June 30, 2023 and 2022, 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%
International 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%
U.S. TIPS	3.5%	0.3%
	100.0%	

(8) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

HEALTH INSURANCE SUBSIDY PLAN OPEB, CONTINUED

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50% for 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that contributions from 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determined does not use a municipal bond rate.

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB asset of the Bureau calculated using the discount rate of 6.50% for 2023 and 2022, as well as what the Bureau's net OPEB asset 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%)
2023			
Net OPEB asset	$ (29,183)	(45,210)	(58,943)
2022			
Net OPEB asset	$ (51,687)	(68,738)	(83,352)

OPEB 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.

(8) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE PLAN OPEB LIABILITY

Description

The Bureau participates in the EGID'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.

In conjunction with providing the postretirement medical benefits through the health insurance plan, the State determined that an OPEB liability existed in relation to an implicit rate subsidy. The State calculated the implicit rate subsidy of health insurance plan OPEB liability (IRSHIP OPEB liability) for all state agencies that participate in the EGID health insurance plan and whose payroll is processed through the State's payroll system. The Bureau met these criteria and therefore was one of the agencies included in the State's calculation.

The IRSHIP provides members with postretirement medical benefits until age 65 if the retiree and spouse pay the full active premium. Participants in the health insurance plan can elect to enroll in special coverage, and surviving spouses may continue in the Plan until age 65. Contributions to the health insurance plan are made by both participants and the Bureau on a "pay as you go" basis. For the years ended June 30, 2023 and 2022, the Bureau's contributions were approximately $5,700 and $5,500, respectively.

OPEB Total Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023 and 2022, the Bureau reported a liability of $66,008 and $74,646, respectively, for its proportionate share of the total IRSHIP OPEB liability. The total IRSHIP OPEB liability was measured as of July 1, 2022 and 2021, and the IRSHIP OPEB liability used to calculate the total IRSHIP OPEB liability was determined by an actuarial valuation as of June 30, 2023 and 2022. The Bureau's proportion of the total IRSHIP OPEB liability at both June 30, 2023 and 2022, was based on the Bureau's active employees to all active employees of the State agencies included in the State's calculations as of July 1, 2021. Based upon this information, the Bureau's proportion was 0.0519454% and 0.05303870% at June 30, 2023 and 2022, respectively.

(8) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE PLAN OPEB LIABILITY, CONTINUED

OPEB Total Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, Continued

For the years ended June 30, 2023 and 2022, the Bureau recognized a net OPEB expense of $6,268 and $79,886, respectively. At June 30, 2023 and 2022, the Bureau reported deferred outflows of resources and deferred inflows of resources related to the IRSHIP OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2023		
Difference between expected and actual experience	$ -	356
Changes in assumptions	3,369	6,350
Change in proportion	-	48,912
The Bureau's contributions subsequent to the measurement date	5,750	-
	$ 9,119	55,618
2022		
Difference between expected and actual experience	$ -	461
Changes in assumptions	4,355	2,422
Change in proportion	-	38,561
The Bureau's contributions subsequent to the measurement date	5,495	-
	$ 9,850	41,444

(8) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE PLAN OPEB LIABILITY, CONTINUED

OPEB Total Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, Continued

Reported deferred outflows of resources of $5,750 at June 30, 2023, related to OPEB resulting from the Bureau's contributions subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2024. Deferred inflows of resources and deferred outflows of resources related to the IRSHIP OPEB liability as of June 30, 2023, will be recognized in OPEB expense or benefit as follows:

Years Ending June 30:		
2024	$	(9,231)
2025		(9,231)
2026		(9,231)
2027		(9,231)
2028		(9,231)
Thereafter		(6,094)
	$	(52,249)

See Independent Auditors' Report.

(8) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE PLAN OPEB LIABILITY, CONTINUED

Actuarial Methods and Assumptions

The total IRSHIP OPEB liability was determined based on actuarial valuations prepared using a July 1, 2022 and 2021, measurement date using the following actuarial assumptions:

- Investment return—Not applicable, as the health insurance plan is unfunded and benefits are not paid from a qualifying trust.
- Mortality rates—For 2022 and 2021, Pub-2010 Public Retirement Plans General Mortality Table weighted by Headcount, projected by MP-2021.
- Salary scale, retirement rate, withdrawal rate, and disability rate actuarial assumptions are based on rates for the various retirement systems that the health insurance plan's participants are in, including—
  - Oklahoma Public Employees Retirement System
  - Oklahoma Law Enforcement Retirement System
  - Teachers' Retirement System of Oklahoma
  - Uniform Retirement System of Justices & Judges
  - Oklahoma Department of Wildlife Conservation Defined Benefit Pension Plan
- Plan participation—For 2023 and 2022, 45% of retired employees are assumed to participate in the health insurance plan.
- Marital assumptions—Male participants: 25% who elect coverage are assumed to have a spouse who will receive coverage.

  Female participants: 15% who elect coverage are assumed to have a spouse who will receive coverage.

  Males are assumed to be 3 years older than their spouses.
- Plan entry date is the date of hire.
- Actuarial cost method—Entry age normal based upon salary.

  Healthcare trend rate—6.10% decreasing to 4.80% for 2023 and 2022.

At July 1, 2022 and 2021, the Bureau had 13 participants in the plan, consisting of 13 active participants and no retirees or surviving spouses.

See Independent Auditors' Report.

(8) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE PLAN OPEB LIABILITY, CONTINUED

Discount Rate

The discount rate used to measure the total IRSHIP OPEB liability was 3.54% and 2.16% for June 30, 2023 and 2022, respectively. The discount rate was determined using the Bond Buyer GO 20-Bond Municipal Bond Index.

Changes in the Total OPEB Liability

The following table reports the components of changes in the total OPEB liability as of and for the year ended June 30:

	2023	2022
Balance at beginning of year	$ 74,646	28,555
Changes for the year:		
Service cost	3,196	3,296
Interest expense	1,590	48,486
Changes in assumptions	(8,043)	(36)
Differences between actual and expected experience	-	(58)
Benefits paid	(5,381)	(5,597)
Net changes	(8,638)	46,091
Balance at end of year	$ 66,008	74,646

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate—The following presents the total IRSHIP OPEB liability of the Bureau calculated using the discount rate of 3.54% for 2023 and 2.16% for 2022, as well as what the Bureau total IRSHIP 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 rate as of June 30:

2023	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total IRSHIP OPEB liability	$ 70,575	66,008	61,729

2022	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total IRSHIP OPEB liability	$ 79,718	74,646	69,844

See Independent Auditors' Report.

(8) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE PLAN OPEB LIABILITY, CONTINUED

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and the Healthcare Trend Rate, Continued

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rate—The following presents the total IRSHIP OPEB liability at June 30, 2023 and 2022, calculated using the healthcare trend rate of 6.10% decreasing to 4.80%, as well as what the liability would be if it were calculated using a healthcare trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease in Healthcare Trend Rate (5.10% decreasing to 3.80%)	Current Healthcare Trend Rate (6.10% decreasing to 4.80%)	1% Increase in Healthcare Trend Rate (7.10% decreasing to 5.80%)
2023			
Total IRSHIP OPEB liability	$ 59,568	66,008	73,555
2022			
Total IRSHIP OPEB liability	$ 67,623	74,646	82,894

A copy of the actuarial valuations for the IRSHIP OPEB liability can be obtained at the following link:

https://oklahoma.gov/content/dam/ok/en/omes/documents/ImplicitRateSubsidy2023.pdf

See Independent Auditors' Report.

(9) OKLAHOMA STATE EMPLOYEES DEFERRED COMPENSATION PLAN, DEFERRED SAVINGS INCENTIVE PLAN, AND DEFINED CONTRIBUTION PLAN

Deferred Compensation Plan

The State offers its employees the Oklahoma State Employees Deferred Compensation Plan (the "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 Plan is the Board.

The 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 Plan. The minimum contribution amount is the equivalent of $25 per month, and 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 Plan documents or the maximum amount allowed each year as determined by the IRS.

The 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 Plan is also limited to contributions for years in which the participant was eligible but did not participate in the 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.

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 Plan's provisions.

Effective January 1, 1998, the Board established a trust and a trust fund covering the 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 Plan's participants and their beneficiaries. Prior to the establishment of the trust, the 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 Plan or to determine that the trust fund is adequate to provide the benefits payable pursuant to the Plan.

(9) OKLAHOMA STATE EMPLOYEES DEFERRED COMPENSATION PLAN, DEFERRED SAVINGS INCENTIVE PLAN, AND DEFINED CONTRIBUTION PLAN, CONTINUED

Deferred Compensation Plan, Continued

Further information may be obtained from the Oklahoma State Employees Deferred Compensation Plan's audited financial statements for the years ended June 30, 2023 and 2022. The Bureau believes that it has no liabilities with respect to the 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 and is an active participant in the Savings Incentive Plan is eligible for a contribution of the amount determined by the Oklahoma Legislature, currently the equivalent of $25 per month. Participation in the Savings Incentive Plan is automatic in the month of participation in the Plan described in the previous section, and is not voluntary.

Upon cessation of contributions to the Savings Incentive 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. The Savings Incentive 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) OKLAHOMA STATE EMPLOYEES DEFERRED COMPENSATION PLAN, DEFERRED SAVINGS INCENTIVE PLAN, AND DEFINED CONTRIBUTION PLAN, CONTINUED

Defined Contribution Plan

Pathfinder is a mandatory contribution plan for eligible state employees who first became employed by a participating employer on or after November 1, 2015, and who have no prior participation in OPERS.

Under this plan, members choose a contribution rate, which is matched by their employer up to 7%, and members have the freedom to select and change their investments. A defined contribution plan like Pathfinder does not provide a guaranteed lifetime source of income. The amount a participant has at retirement under a defined contribution plan is dependent upon how much was contributed over his/her career, how well those investments performed, and how quickly distributions are taken in retirement.

The Pathfinder plan is one retirement plan with two components: a savings incentive 401(a) plan for mandatory contributions; and a deferred compensation 457(b) plan for additional voluntary contributions. The mandatory 401(a) plan contribution is 4.5% of the participant's annual salary, and state agency employers contribute an additional 6%. In addition, the participant can receive an additional 1% matching contribution when they make a voluntary contribution of 2.5% to the 457(b) plan. The agency contributes 16.5% to all eligible employees. The amounts not used for matching with Pathfinder are given to OPERS and do not come back to the agency.

(10) OKLAHOMA LEGISLATURE CONTRIBUTIONS

During the year ended June 30, 2023, the Bureau contributed $5,689,283 to the Senate to be utilized by the Senate for operational activities. During the year ended June 30, 2023, the Bureau contributed $20,241,164 to the House to be utilized by the House for operational activities. The contributions, totaling $25,930,447 during the year ended June 30, 2023, were paid from state appropriations of the Bureau and were reflected on the government-wide and fund financial statements as an expenditure. During the year ended June 30, 2022, the Bureau contributed $11,378,566 to the Senate to be utilized by the Senate for operational activities. During the year ended June 30, 2022, the Bureau contributed $10,120,582 to the House to be utilized by the House for operational activities. The contributions, totaling $21,499,148 during the year ended June 30, 2022, were paid from state appropriations of the Bureau and were reflected on the government-wide and fund financial statements as an expenditure

(11) AMERICAN RESCUE PLAN ACT FUND (ARPA)

During 2022 and 2021, the federal government awarded ARPA funds to the State. In addition to funding households, small businesses, and schools, the ARPA provides relief funds to state, local, and tribal governments that have been negatively impacted by the Coronavirus pandemic. The Bureau incurred $270,500 and $130,000 in qualified expenses for the years ended June 30, 2023 and 2022, respectively, and has received total reimbursements of $359,500 from the Oklahoma Office of Management and Enterprise Services through June 30, 2023, for the qualified expenses. The remaining $41,000 reimbursement was received subsequent to the year ended June 30, 2023.

(12) OTHER STATE AGENCY PAYMENTS

The Bureau has paid other state agencies for administrative and other services during the current year, which are included in contractual services. The following is a breakdown of contractual services paid to various state agencies during the years ended June 30:

		2023	2022
Office of Management and Enterprise Services	$	23,922	10,201
Oklahoma State Senate		14,544	9,853
Oklahoma House of Representatives		-	5,580
	$	38,466	25,634

(13) RISK MANAGEMENT

The Risk Assessment and Compliance Division of the Office of Management and Enterprise Services (the "Division") is empowered by the authority of Title 74 O.S. Section 85.58A et seq. The Division 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 the use by the State for certain organizations and bodies outside of state government, at the sole expense of such organizations and bodies.

The Division is authorized to settle claims of the State and shall govern the dispensation and/or settlement of claims against a political subdivision. In no event shall self-insurance coverage provided by the State, an agency, or other covered entity exceed the limitations on the maximum dollar amount of liability specified by the Oklahoma Government Tort Claims Act, as provided by Title 51 O.S. Section 154. The Division oversees the collection of liability claims owed to the State incurred as a result of a loss through the wrongful or negligent act of a private person or other entity.

The Division is also charged with the responsibility to immediately notify the Office of the Attorney General of any claims against the State presented to the Division. The Division purchases insurance policies through third-party insurance carriers that ultimately inherit the risk of loss. The Division annually assesses each state agency, including the Senate, their pro rata share of the premiums purchased.

(14) CONTINGENCIES

Legal

The Bureau is involved in legal proceedings in the normal course of operations, none of which, in the opinion of the Bureau's leadership, will have a material effect on the financial statements of the Bureau.

SUPPLEMENTARY INFORMATION REQUIRED BY GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS NO. 68 AND NO. 75

LEGISLATIVE SERVICE BUREAU

SCHEDULE OF THE BUREAU'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
Oklahoma Public Employees Retirement System—Pension Plan
Last 9 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
The Bureau's proportion of the net OPEB liability (asset)	0.0483%	0.0500%	0.0208%	0.0201%	0.0215%	0.0203%	0.0245%	0.0217%	0.0222%
The Bureau's proportionate share of the net pension liability (asset)	$ 406,061	(671,047)	185,240	26,744	41,837	109,687	242,904	78,194	40,681
The Bureau's covered payroll	$ 1,004,718	966,451	380,249	352,869	369,360	351,515	442,424	381,818	375,758
The Bureau's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	40.42%	(69.43)%	48.72%	7.58%	11.33%	31.20%	54.90%	20.48%	10.83%
OPERS' fiduciary net position as a percentage of the total pension liability	92.24%	112.51%	91.59%	98.63%	97.96%	94.28%	89.48%	96.00%	97.90%

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

Only the last 9 fiscal years are presented because 10-year data is not readily available.

See Independent Auditors' Report.

Exhibit II

LEGISLATIVE SERVICE BUREAU

SCHEDULE OF THE BUREAU'S CONTRIBUTIONS
Oklahoma Public Employees Retirement System—Pension Plan
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 158,602	155,758	149,013	58,426	54,219	56,957	58,000	73,000	63,000	62,000
Contributions in relation to the contractually required contributions	158,602	155,758	149,013	58,426	54,219	56,957	58,000	73,000	63,000	62,000
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-	-
The Bureau's covered payroll	$ 1,017,636	1,004,718	966,451	380,249	352,869	369,360	351,515	442,424	381,818	375,758
Contributions as a percentage of covered payroll	15.59%	15.50%	15.42%	15.37%	15.37%	15.42%	16.50%	16.50%	16.50%	16.50%

*The plan implemented GASB 75 for OPEB effective July 1, 2017; therefore, this amount represents the net percentage for the GASB 68 contribution to OPERS. When combined with the health insurance subsidy plan percentage for OPEB contributions to OPERS, the total amount contributed to OPERS is approximately 16.50%.

See Independent Auditors' Report.

Exhibit III

LEGISLATIVE SERVICE BUREAU

SCHEDULE OF THE BUREAU'S PROPORTIONATE SHARE OF THE NET OPEB (ASSET) LIABILITY
Oklahoma Public Employees Retirement System—Health Insurance Subsidy Plan
Last 6 Fiscal Years

	2023	2022	2021	2020	2019	2018
The Bureau's proportion of the net OPEB (asset) liability	0.0483%	0.0500%	0.0208%	0.0201%	0.0215%	0.0203%
The Bureau's proportionate share of the net OPEB (asset) liability	$ (45,210)	(68,738)	(9,734)	(7,807)	(2,776)	2,324
The Bureau's covered payroll	$ 1,004,718	966,451	380,249	352,869	369,360	351,515
The Bureau's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(4.50)%	(7.11)%	(2.56)%	(2.21)%	(0.75)%	0.66%
OPERS' fiduciary net position as a percentage of the total OPEB (asset) liability	130.01%	142.87%	114.27%	112.11%	103.94%	96.50%

____

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

Only the last 6 fiscal years are presented because 10-year data is not readily available.

See Independent Auditors' Report.

LEGISLATIVE SERVICE BUREAU

SCHEDULE OF THE BUREAU'S CONTRIBUTIONS
Oklahoma Public Employees Retirement System—Health Insurance Subsidy Plan
Last 6 Fiscal Years

	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 9,308	10,020	10,452	4,315	4,004	3,987
Contributions in relation to the contractually required contributions	9,308	10,020	10,452	4,315	4,004	3,987
Contribution deficiency (excess)	$ -	-	-	-	-	-
The Bureau's covered payroll	$ 1,017,636	1,004,718	966,451	380,249	352,869	369,360
Contributions as a percentage of covered payroll	0.91%	1.00%	1.08%	1.13%	1.13%	1.08%

Only the last 6 fiscal years are presented because 10-year data is not readily available.

See Independent Auditors' Report.

LEGISLATIVE SERVICE BUREAU

SCHEDULE OF THE BUREAU'S CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
Implicit Rate Subsidy of Health Insurance Plan OPEB Liability
Last 6 Fiscal Years

	2023	2022	2021	2020	2019	2018
Total IRSHIP OPEB liability:						
Service cost	$ 3,196	3,296	987	1,044	817	942
Interest expense	1,590	48,486	856	5,572	836	716
Changes in assumptions	(8,043)	(36)	2,343	(520)	(339)	(1,179)
Differences between actual and expected experience	-	(58)	(113)	(123)	(196)	-
Benefit payments, including refunds of member contributions	(5,381)	(5,597)	(2,159)	(2,357)	(1,734)	(2,022)
Net change in total IRSHIP OPEB liability	(8,638)	46,091	1,914	3,616	(616)	(1,543)
Total IRSHIP OPEB liability—beginning	74,646	28,555	26,641	23,025	23,641	25,184
Total IRSHIP OPEB liability—ending	$ 66,008	74,646	28,555	26,641	23,025	23,641
Covered-employee payroll	$ 1,004,718	966,451	380,249	352,869	369,360	351,515
Total IRSHIP OPEB liability as a percentage of covered-employee payroll	6.57%	7.72%	7.51%	7.55%	6.23%	6.73%

Only the last 6 fiscal years are presented because 10-year data is not readily available.

The discount rate used for 2023, 2022, 2021, 2020, 2019, and 2018 was 3.54%, 2.16%, 2.21%, 3.51%, 3.87%, and 3.58%, respectively.

See Independent Auditors' Report.

Finley & Cook, PLLC
405-878-7300
Finley-Cook.com
1421 East 45th Street
Shawnee, OK 74804

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

Legislative Service Bureau

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 governmental activities and the General Fund of the Legislative Service Bureau (the "Bureau"), a component of the General Fund of the State of Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Bureau's basic financial statements, and have issued our report thereon dated May 2, 2024. Our report includes an explanatory paragraph disclaiming an opinion on required supplementary information, an explanatory paragraph to emphasize the fact that the financial statements of the Bureau are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and the General Fund of the State of Oklahoma attributable to the transactions of the Bureau, and an explanatory paragraph stating that the Bureau is not required by statute to prepare a line-item budget.

<u>Report on Internal Control Over Financial Reporting</u>

In planning and performing our audit of the financial statements, we considered the Bureau's internal control over financial reporting ("internal control") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bureau'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 Bureau's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

(Continued)

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bureau'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 Bureau'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 Bureau's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Finley + Cook, PLLC

Shawnee, Oklahoma
May 2, 2024