# Oklahoma Department of Wildlife Conservation

*Financial Statements*

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

F&C CPAs

**OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION**

**FINANCIAL STATEMENTS**

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(Continued)

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F&C CPAs

**INDEPENDENT AUDITORS' REPORT**

Oklahoma Wildlife Conservation Commission
Oklahoma Department of Wildlife Conservation

**Report on the Audit of the Financial Statements**

*Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oklahoma Department of Wildlife Conservation (the "Department"), a component unit 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 Department'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, each major fund, and the aggregate remaining fund information of the Department, as of June 30, 2023 and 2022, and the respective changes in financial position thereof 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 Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Department are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the State of Oklahoma that is attributable to the transactions of the Department. 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 opinion is not modified with respect to this matter.

(Continued)

**INDEPENDENT AUDITORS' REPORT, 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 Department's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department'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 Department'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-8 and the schedule of changes in net pension liability (asset)—defined benefit pension plan, the schedule of net pension liability (asset)—defined benefit pension plan, the schedule of contributions from employer—defined benefit pension plan, the schedule of investment returns—defined benefit pension plan, the schedule of changes in total OPEB liability—health insurance allowance, the schedule of changes in net OPEB liability—implicit rate subsidy of health insurance plan OPEB liability, and the related notes to the required supplementary information on pages 72–80 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.

***Supplementary Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2023, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

(Continued)

**INDEPENDENT AUDITORS' REPORT, CONTINUED**

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2023, on our consideration of the Department'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 Department'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 Department's internal control over financial reporting and compliance.

Finley & Cook, PLLC

Shawnee, Oklahoma
October 30, 2023

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Oklahoma Department of Wildlife Conservation (the "Department"), we offer readers of the Department's financial statements this overview and analysis of the financial activities for the fiscal years ended June 30, 2023 and 2022.

**Financial Highlights**

- During 2023 and 2022, the Department generated revenues of approximately $71 million and $42 million, respectively.
- In 2023 and 2022, the net position of the Department increased (decreased) by approximately $15 million and $(11 million), respectively, from the previous fiscal year, resulting in net position of approximately $288 million at year-end in fiscal year 2023 and approximately $273 million at year-end in fiscal year 2022.
- In compliance with Governmental Accounting Standards Board (GASB) 68 and GASB 71, the Department recognized a net pension liability of approximately $13,699,000 and $21,202,000 at June 30, 2023 and 2022, respectively, and a net pension asset of approximately $3,925,000 at June 30, 2021.
- In compliance with GASB 75, the Department recognized a net other postemployment benefit (OPEB) liability of approximately $10,076,000, $10,339,000, and $11,454,000, at June 30, 2023, 2022, and 2021, respectively.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Department's basic financial statements. The Department's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) governmental 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 Department's finances, in a manner similar to a private-sector business. Taxes and intergovernmental revenues support the governmental activities.

The statements of net position presents information on all of the Department's assets and liabilities, with the difference between the two reported as net position. Increases and decreases in net position serve as useful indicators of whether the financial position of the Department is improving or deteriorating.

The statements of activities presents information demonstrating the degree of change in net position 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 result in cash flows in future periods.

## Overview of the Financial Statements, Continued

*Governmental Fund 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. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, this information may be useful in evaluating a government's near-term financing requirements. The focus of governmental funds is narrower than that of the government-wide financial statements, thus it allows readers to better understand the long-term impact of the government's near-term decision-making processes. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

Fiduciary fund financial statements provide information about the financial relationships—such as the retirement plans for the Department's employees—in which the Department acts solely as a trustee for the benefit of others, to whom the resources belong. The Department is responsible for ensuring the assets reported in these funds are used for their intended purposes. The fiduciary activities are reported in a separate statements of fiduciary net position and a statements of changes in fiduciary net position. These activities are excluded from the Department's government-wide financial statements due to the Department not being allowed to use these assets to finance its operations.

The Department, for reporting purposes, maintains two governmental funds and a fiduciary fund. The two governmental funds are the general fund and permanent fund. The general fund is the primary operating fund for the Department, except those required to be accounted for in another fund. Included in the general fund are the assets and operation of the lifetime licensed investment income account. As the resources of the investment income account may be used to support the Department's activities, they are reported in the general fund. The permanent fund accounts for the sale of lifetime licenses. The Department is required to maintain lifetime license sales in perpetuity by State statute. The pension trust funds account for the activities of the Department's retirement pension plans, which accumulate resources for pension benefit payments to qualified employees. Information is presented separately in the governmental fund balance sheet for the governmental funds and the fiduciary fund. All transactions relating to the general administration of the Department are accounted for in the governmental fund statements of revenues, expenditures, and changes in fund balances, whereas the fiduciary fund is custodial in nature and does not present results of operations or have a measurement focus.

## Capital Assets

The Department's investment in capital assets for its governmental activities as of June 30, 2023, 2022, and 2021, amounted to $152,868,339, $152,257,106, and $143,001,301, respectively. As a direct result of GASB 34 implementation, our capital assets are being depreciated on a straight-line method over the asset's useful life and reported net of accumulated depreciation.

## Changes in Net Position

Our revenue consists mainly of hunting and fishing license revenue and federal operating grants. Our agency is a constitutional agency and does not receive state appropriations. During 2023, investments remained volatile, but started to bounce back. License sales leveled off to pre-pandemic numbers. During 2022, the Department began seeing decreases in license sales from the peaks during the pandemic. The Department also saw a decrease of licenses sold in excess of $100,000 due to cancellation of tribal compacts with the Cherokee and Choctaw Nations which will affect future federal grant allocation amounts due to decreases in certifiable license sales. The Department experienced the loss of a significant amount of investment income due to market volatility.

In fiscal year 2023, our cash and cash equivalents (restricted and unrestricted) increased by approximately $4,376,000, along with general revenue (including investment income) increasing by approximately $29,882,000. In 2023, license sales increased by approximately $1,212,000 and lifetime licenses decreased by approximately $212,000. Overall expenses increased by approximately $3,263,000. In fiscal year 2022, our cash and cash equivalents (restricted and unrestricted) decreased by approximately $1,869,000, along with general revenue (including investment income) decreasing by approximately $45,897,000. In 2022, license sales decreased by approximately $1,045,000, lifetime licenses decreased by approximately $344,000, and investment income decreased by approximately $41,964,000. Overall expenses increased by approximately $5,472,000.

The fiduciary net position increased by approximately $11,152,000 in 2023 due principally to the net appreciation in fair value of investments of approximately $14,112,000. This resulted in net position restricted for pensions of approximately $136 million, $125 million, and $148 million, in fiscal years 2023, 2022, and 2021, respectively.

## Government-Wide Financial Analysis

The Department's net position is reported as follows:

*Oklahoma Department of Wildlife Conservation Net Position*

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Current assets | $ 49,666,397 | 39,383,216 | 61,137,382 |
| Restricted assets | 109,567,146 | 103,912,228 | 105,258,715 |
| Lease assets, net | 454,092 | 878,295 | 302,038 |
| Capital assets, net | 152,868,339 | 152,257,106 | 143,001,301 |
| Total assets | 312,555,974 | 296,430,845 | 309,699,436 |
| Deferred outflows of resources related to the pension plan and OPEB | 19,871,493 | 27,332,138 | 5,753,460 |
| Current liabilities | 2,418,182 | 1,959,697 | 1,345,055 |
| Long-term liabilities | 26,154,075 | 34,766,366 | 14,578,867 |
| Total liabilities | 28,572,257 | 36,726,063 | 15,923,922 |
| Deferred inflows of resources related to the pension plan and OPEB | 16,226,655 | 14,122,096 | 15,412,642 |
| Net investment in capital assets | 152,868,339 | 152,257,106 | 143,001,301 |
| Restricted net position | 109,720,371 | 104,052,228 | 105,618,815 |
| Unrestricted net position | 25,039,845 | 16,605,490 | 35,496,216 |
| Total net position | $ 287,628,555 | 272,914,824 | 284,116,332 |

**Government-Wide Financial Analysis, Continued**

*Oklahoma Department of Wildlife Conservation Changes in Net Position*

Year Ended June 30, 2023

| | | Program Revenues | | Net (Expense) Revenue/ Change in Net Position |
|---|---|---|---|---|
| | Expenses | License Fees | Federal Operating Grants | |
| Programs: | | | | |
| Game | $ (16,747,493) | 6,434,543 | 17,047,199 | 6,734,249 |
| Fish | (11,116,809) | 4,159,631 | 6,650,827 | (306,351) |
| Law enforcement | (12,507,162) | 5,120,669 | - | (7,386,493) |
| Information and education | (3,400,926) | 1,443,876 | 556,011 | (1,401,039) |
| Nongame | - | - | 863,625 | 863,625 |
| Administration | (12,494,538) | 3,664,147 | - | (8,830,391) |
| Total program activities | $ (56,266,928) | 20,822,866 | 25,117,662 | (10,326,400) |
| General revenues: | | | | |
| Other wildlife sales | | | | 3,709,713 |
| Sales of capital assets | | | | 890,750 |
| Investment income | | | | 14,351,200 |
| Miscellaneous | | | | 1,147,167 |
| Agricultural and oil leases | | | | 1,906,371 |
| Non-expendable revenues—lifetime licenses | | | | 3,034,930 |
| Total general revenues | | | | 25,040,131 |
| Changes in net position | | | | 14,713,731 |
| Net position, beginning of year | | | | 272,914,824 |
| Net position, end of year | | | | $ 287,628,555 |

**Government-Wide Financial Analysis, Continued**

*Oklahoma Department of Wildlife Conservation Changes in Net Position, Continued*

Year Ended June 30, 2022

| | Expenses | Program Revenues: License Fees | Program Revenues: Federal Operating Grants | Net (Expense) Revenue/ Change in Net Position |
|---|---|---|---|---|
| Programs: | | | | |
| Game | $ (14,893,011) | 6,063,191 | 18,326,989 | 9,497,169 |
| Fish | (10,993,409) | 4,178,073 | 7,205,518 | 390,182 |
| Law enforcement | (13,034,548) | 4,796,326 | - | (8,238,222) |
| Information and education | (3,088,896) | 1,343,890 | 526,309 | (1,218,697) |
| Nongame | - | - | 973,888 | 973,888 |
| Administration | (10,994,090) | 3,229,664 | - | (7,764,426) |
| Total program activities | $ (53,003,954) | 19,611,144 | 27,032,704 | (6,360,106) |
| General revenues: | | | | |
| Other wildlife sales | | | | 3,521,762 |
| Sales of capital assets | | | | 874,655 |
| Investment loss | | | | (15,526,305) |
| Miscellaneous | | | | 1,405,488 |
| Agricultural and oil leases | | | | 1,635,988 |
| Non-expendable revenues—lifetime licenses | | | | 3,247,010 |
| Total general revenues | | | | (4,841,402) |
| Changes in net position | | | | (11,201,508) |
| Net position, beginning of year | | | | 284,116,332 |
| Net position, end of year | | | | $ 272,914,824 |

**Government-Wide Financial Analysis, Continued**

*Oklahoma Department of Wildlife Conservation Changes in Net Position, Continued*

Year Ended June 30, 2021

| | | Program Revenues | | Net (Expense) Revenue/ Change in Net Position |
|---|---|---|---|---|
| | Expenses | License Fees | Federal Operating Grants | |
| Programs: | | | | |
| Game | $ (12,753,569) | 6,331,319 | 15,429,044 | 9,006,794 |
| Fish | (8,555,720) | 5,107,728 | 7,406,805 | 3,958,813 |
| Law enforcement | (11,010,203) | 4,999,656 | - | (6,010,547) |
| Information and education | (3,190,144) | 1,461,687 | 482,848 | (1,245,609) |
| Nongame | - | - | 680,215 | 680,215 |
| Administration | (11,872,375) | 2,755,631 | - | (9,116,744) |
| Total program activities | $ (47,382,011) | 20,656,021 | 23,998,912 | (2,727,078) |
| General revenues: | | | | |
| Other wildlife sales | | | | 3,814,898 |
| Sales of capital assets | | | | 2,178,565 |
| Investment income | | | | 26,437,557 |
| Miscellaneous | | | | 3,479,723 |
| Agricultural and oil leases | | | | 1,553,911 |
| Non-expendable revenues— lifetime licenses | | | | 3,590,910 |
| Total general revenues | | | | 41,055,564 |
| Changes in net position | | | | 38,328,486 |
| Net position, beginning of year | | | | 245,787,846 |
| Net position, end of year | | | | $ 284,116,332 |

**Overview of the Oklahoma Department of Wildlife Conservation**

The Department was created by a constitutional amendment in 1956 under Article 26. The Department has the primary duties of providing management, protection, and enhancement of wildlife resources and habitat for scientific, educational, recreational, and economic benefits to present and future generations of citizens and visitors to Oklahoma as stated in O.S. 29.

The Oklahoma Wildlife Conservation Commission (the "Commission") is an advisory, administrative, and policy-making body for the Department. The eight members of the Commission are appointed to 8-year terms by the Governor and confirmed by the State Senate of Oklahoma.

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

**Request for Information**

This financial report is designed to provide interested parties with a general overview of the Department's finances and to demonstrate the Department's accountability for the money it receives. If you have any questions regarding this report, please contact the Oklahoma Department of Wildlife Conservation, 1801 N. Lincoln Blvd., Oklahoma City, OK 73152.

**OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION**

**STATEMENTS OF NET POSITION**

| *June 30,* | *2023* | *2022* |
|---|---|---|
| Assets: | | |
| Cash and cash equivalents | $ 14,387,659 | 13,213,712 |
| Receivables | 2,893,177 | 2,923,152 |
| Inventory held for sale | - | 34,194 |
| Investments | 32,385,561 | 23,212,158 |
| Restricted cash and cash equivalents | 15,987,275 | 12,784,960 |
| Restricted investments | 93,572,871 | 91,120,268 |
| Restricted assets | 7,000 | 7,000 |
| Lease assets, net | 454,092 | 878,295 |
| Capital assets—nondepreciable | 109,413,527 | 107,750,132 |
| Capital assets—depreciable, net | 43,454,812 | 44,506,974 |
| Total assets | 312,555,974 | 296,430,845 |
| Deferred outflows of resources: | | |
| Deferred amounts related to the pension and OPEB | 19,871,493 | 27,332,138 |
| Liabilities: | | |
| Accounts payable | 946,090 | 553,266 |
| Unearned revenue | - | 107,316 |
| Compensated absences payable—amount due in 1 year or less | 1,224,779 | 476,591 |
| Lease liabilities—amount due in 1 year or less | 247,313 | 822,524 |
| Compensated absences payable—amount due in more than 1 year | 2,166,073 | 3,016,802 |
| Lease liabilities—amount due in more than 1 year | 212,194 | 208,421 |
| Net pension liability | 13,699,498 | 21,202,403 |
| Total OPEB liability | 10,076,310 | 10,338,740 |
| Total liabilities | 28,572,257 | 36,726,063 |
| Deferred inflows of resources: | | |
| Deferred amounts related to the pension and OPEB | 16,226,655 | 14,122,096 |
| Net position: | | |
| Investment in capital assets | 152,868,339 | 152,257,106 |
| Restricted for: | | |
| Lifetime licenses | 102,823,623 | 99,788,693 |
| Purchase of land—legacy permits | 6,896,748 | 4,263,535 |
| Unrestricted | 25,039,845 | 16,605,490 |
| Total net position | $ 287,628,555 | 272,914,824 |

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

**OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION**

**STATEMENTS OF ACTIVITIES**

*Year Ended June 30, 2023*

| | | Program Revenues | | Net (Expense) Revenue/ Change in Net Position |
|---|---|---|---|---|
| | Expenses | License Fees | Federal Operating Grants | |
| Programs: | | | | |
| Game | $ (16,747,493) | 6,434,543 | 17,047,199 | 6,734,249 |
| Fish | (11,116,809) | 4,159,631 | 6,650,827 | (306,351) |
| Law enforcement | (12,507,162) | 5,120,669 | - | (7,386,493) |
| Information and education | (3,400,926) | 1,443,876 | 556,011 | (1,401,039) |
| Nongame | - | - | 863,625 | 863,625 |
| Administration | (12,494,538) | 3,664,147 | - | (8,830,391) |
| Total program activities | $ (56,266,928) | 20,822,866 | 25,117,662 | (10,326,400) |
| General revenues: | | | | |
| Other wildlife sales | | | | 3,709,713 |
| Sales of capital assets | | | | 890,750 |
| Investment income | | | | 14,351,200 |
| Miscellaneous | | | | 1,147,167 |
| Agricultural and oil leases | | | | 1,906,371 |
| Non-expendable revenues—lifetime licenses | | | | 3,034,930 |
| Total general revenues | | | | 25,040,131 |
| Changes in net position | | | | 14,713,731 |
| Net position, beginning of year | | | | 272,914,824 |
| Net position, end of year | | | | $ 287,628,555 |

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

**OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION**

**STATEMENTS OF ACTIVITIES, CONTINUED**

*Year Ended June 30, 2022*

| | Expenses | Program Revenues: License Fees | Program Revenues: Federal Operating Grants | Net (Expense) Revenue/ Change in Net Position |
|---|---|---|---|---|
| Programs: | | | | |
| Game | $ (14,893,011) | 6,063,191 | 18,326,989 | 9,497,169 |
| Fish | (10,993,409) | 4,178,073 | 7,205,518 | 390,182 |
| Law enforcement | (13,034,548) | 4,796,326 | - | (8,238,222) |
| Information and education | (3,088,896) | 1,343,890 | 526,309 | (1,218,697) |
| Nongame | - | - | 973,888 | 973,888 |
| Administration | (10,994,090) | 3,229,664 | - | (7,764,426) |
| Total program activities | $ (53,003,954) | 19,611,144 | 27,032,704 | (6,360,106) |
| General revenues: | | | | |
| Other wildlife sales | | | | 3,521,762 |
| Sales of capital assets | | | | 874,655 |
| Investment loss | | | | (15,526,305) |
| Miscellaneous | | | | 1,405,488 |
| Agricultural and oil leases | | | | 1,635,988 |
| Non-expendable revenues—lifetime licenses | | | | 3,247,010 |
| Total general revenues | | | | (4,841,402) |
| Changes in net position | | | | (11,201,508) |
| Net position, beginning of year | | | | 284,116,332 |
| Net position, end of year | | | | $ 272,914,824 |

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

**OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION**

**BALANCE SHEETS—GOVERNMENTAL FUNDS**

*June 30, 2023*

| | General Fund | Permanent Fund<br>Perpetual Lifetime Licenses | Total Governmental Funds |
|---|---|---|---|
| Assets: | | | |
| Cash and cash equivalents | $ 21,284,407 | 9,090,527 | 30,374,934 |
| Investments | 32,385,561 | 93,572,871 | 125,958,432 |
| Receivables | 2,893,177 | - | 2,893,177 |
| Due from other funds | - | 153,225 | 153,225 |
| Inventory held for sale | - | - | - |
| Other assets | - | 7,000 | 7,000 |
| Total assets | $ 56,563,145 | 102,823,623 | 159,386,768 |
| Liabilities: | | | |
| Accounts payable | $ 946,090 | - | 946,090 |
| Unearned revenue | - | - | - |
| Due to other funds | 153,225 | - | 153,225 |
| Total liabilities | 1,099,315 | - | 1,099,315 |
| Fund balances: | | | |
| Nonspendable: | | | |
| Lifetime licenses | - | 102,823,623 | 102,823,623 |
| Restricted for: | | | |
| Purchase of land—legacy permits | 6,896,748 | - | 6,896,748 |
| Unassigned | 48,567,082 | - | 48,567,082 |
| Total fund balances | 55,463,830 | 102,823,623 | 158,287,453 |
| Total liabilities and fund balances | $ 56,563,145 | 102,823,623 | 159,386,768 |

(Continued)

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

**BALANCE SHEETS—GOVERNMENTAL FUNDS, CONTINUED**

*June 30, 2023*

| | General Fund | Permanent Fund: Perpetual Lifetime Licenses | Total Governmental Funds |
|---|---|---|---|
| Reconciliation: | | | |
| Fund balances from above | $ 55,463,830 | 102,823,623 | 158,287,453 |
| Amounts reported for governmental activities in the statement of net position are different because: | | | |
| Capital assets and lease assets used in governmental activities are not financial resources and therefore are not reported in the funds | 153,322,431 | - | 153,322,431 |
| Deferred outflows related to the pension and OPEB are not financial resources and therefore are not reported in the funds | 19,871,493 | - | 19,871,493 |
| Certain liabilities are not due and payable in the current period and therefore are not reported in the funds | (27,626,167) | - | (27,626,167) |
| Deferred inflows related to the pension and OPEB are not due and payable in the current period and therefore are not reported in the funds | (16,226,655) | - | (16,226,655) |
| Net position per statement of net position | $ 184,804,932 | 102,823,623 | 287,628,555 |

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

**BALANCE SHEETS—GOVERNMENTAL FUNDS, CONTINUED**

*June 30, 2022*

| | General Fund | Permanent Fund: Perpetual Lifetime Licenses | Total Governmental Funds |
|---|---|---|---|
| Assets: | | | |
| Cash and cash equivalents | $ 17,477,247 | 8,521,425 | 25,998,672 |
| Investments | 23,212,158 | 91,120,268 | 114,332,426 |
| Receivables | 2,923,152 | - | 2,923,152 |
| Due from other funds | - | 140,000 | 140,000 |
| Inventory held for sale | 34,194 | - | 34,194 |
| Other assets | - | 7,000 | 7,000 |
| Total assets | $ 43,646,751 | 99,788,693 | 143,435,444 |
| Liabilities: | | | |
| Accounts payable | $ 553,266 | - | 553,266 |
| Unearned revenue | 107,316 | - | 107,316 |
| Due to other funds | 140,000 | - | 140,000 |
| Total liabilities | 800,582 | - | 800,582 |
| Fund balances: | | | |
| Nonspendable: | | | |
| Lifetime licenses | - | 99,788,693 | 99,788,693 |
| Restricted for: | | | |
| Purchase of land—legacy permits | 4,263,535 | - | 4,263,535 |
| Unassigned | 38,582,634 | - | 38,582,634 |
| Total fund balances | 42,846,169 | 99,788,693 | 142,634,862 |
| Total liabilities and fund balances | $ 43,646,751 | 99,788,693 | 143,435,444 |

(Continued)

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

**OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION**

**BALANCE SHEETS—GOVERNMENTAL FUNDS, CONTINUED**

*June 30, 2022*

| | General Fund | Permanent Fund<br>Perpetual Lifetime Licenses | Total Governmental Funds |
|---|---|---|---|
| Reconciliation: | | | |
| Fund balances from above | $ 42,846,169 | 99,788,693 | 142,634,862 |
| Amounts reported for governmental activities in the statement of net position are different because: | | | |
| Capital assets and lease assets used in governmental activities are not financial resources and therefore are not reported in the funds | 153,135,401 | - | 153,135,401 |
| Deferred outflows related to the pension and OPEB are not financial resources and therefore are not reported in the funds | 27,332,138 | - | 27,332,138 |
| Certain liabilities are not due and payable in the current period and therefore are not reported in the funds | (36,065,481) | - | (36,065,481) |
| Deferred inflows related to the pension and OPEB are not due and payable in the current period and therefore are not reported in the funds | (14,122,096) | - | (14,122,096) |
| Net position per statement of net position | $ 173,126,131 | 99,788,693 | 272,914,824 |

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

**OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION**

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

*Year Ended June 30, 2023*

| | General Fund | Permanent Fund<br>Perpetual Lifetime Licenses | Total Governmental Funds |
|---|---|---|---|
| Revenues: | | | |
| Licenses | $ 20,822,866 | 3,034,930 | 23,857,796 |
| Other wildlife sales | 1,542,530 | - | 1,542,530 |
| Legacy permit sales | 2,167,183 | - | 2,167,183 |
| Agricultural and oil leases | 1,906,371 | - | 1,906,371 |
| Federal grant revenue | 25,117,662 | - | 25,117,662 |
| Investment income—lifetime licenses | 14,060,288 | - | 14,060,288 |
| Investment income | 290,912 | - | 290,912 |
| Miscellaneous | 1,147,167 | - | 1,147,167 |
| Total revenues | 67,054,979 | 3,034,930 | 70,089,909 |
| Expenditures: | | | |
| Administration | 8,165,081 | - | 8,165,081 |
| Game | 15,720,139 | - | 15,720,139 |
| Fish | 9,997,448 | - | 9,997,448 |
| Law enforcement | 11,528,611 | - | 11,528,611 |
| Information and education | 3,187,716 | - | 3,187,716 |
| Capital improvements | 5,440,296 | - | 5,440,296 |
| Land acquisitions | 1,288,777 | - | 1,288,777 |
| Total expenditures | 55,328,068 | - | 55,328,068 |
| Revenues (less than) over expenditures | 11,726,911 | 3,034,930 | 14,761,841 |
| Other financing sources: | | | |
| Sales of other assets | 890,750 | - | 890,750 |
| Total other financing sources | 890,750 | - | 890,750 |
| Net changes in fund balances | 12,617,661 | 3,034,930 | 15,652,591 |
| Fund balances, beginning of year | 42,846,169 | 99,788,693 | 142,634,862 |
| Fund balances, end of year | $ 55,463,830 | 102,823,623 | 158,287,453 |

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

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS, CONTINUED**

*Year Ended June 30, 2022*

| | General Fund | Permanent Fund<br>Perpetual Lifetime Licenses | Total Governmental Funds |
|---|---|---|---|
| Revenues: | | | |
| Licenses | $ 19,611,144 | 3,247,010 | 22,858,154 |
| Other wildlife sales | 1,336,587 | - | 1,336,587 |
| Legacy permit sales | 2,185,175 | - | 2,185,175 |
| Agricultural and oil leases | 1,635,988 | - | 1,635,988 |
| Federal grant revenue | 27,032,704 | - | 27,032,704 |
| Investment loss—lifetime licenses | (15,705,272) | - | (15,705,272) |
| Investment income | 178,967 | - | 178,967 |
| Miscellaneous | 1,405,488 | - | 1,405,488 |
| Total revenues | 37,680,781 | 3,247,010 | 40,927,791 |
| Expenditures: | | | |
| Administration | 6,857,097 | - | 6,857,097 |
| Game | 14,499,861 | - | 14,499,861 |
| Fish | 10,701,852 | - | 10,701,852 |
| Law enforcement | 12,742,730 | - | 12,742,730 |
| Information and education | 3,088,334 | - | 3,088,334 |
| Capital improvements | 5,993,999 | - | 5,993,999 |
| Land acquisitions | 6,964,675 | - | 6,964,675 |
| Total expenditures | 60,848,548 | - | 60,848,548 |
| Revenues (less than) over expenditures | (23,167,767) | 3,247,010 | (19,920,757) |
| Other financing sources: | | | |
| Sales of other assets | 874,655 | - | 874,655 |
| Total other financing sources | 874,655 | - | 874,655 |
| Net changes in fund balances | (22,293,112) | 3,247,010 | (19,046,102) |
| Fund balances, beginning of year | 65,139,281 | 96,541,683 | 161,680,964 |
| Fund balances, end of year | $ 42,846,169 | 99,788,693 | 142,634,862 |

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

**OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION**

**RECONCILIATION OF NET CHANGES IN GOVERNMENTAL FUND BALANCES TO GOVERNMENTAL ACTIVITIES CHANGES IN NET POSITION**

| *Years Ended June 30,* | *2023* | *2022* |
|---|---|---|
| Net changes in fund balances—total governmental funds | $ 15,652,591 | (19,046,102) |
| Amounts reported for governmental activities in the statements of activities are different because: | | |
| Governmental funds report operating leases as expenditures; however, in the statement of activities, lease assets and lease liabilities are capitalized and amortized over the life of the leases: | | |
| Amortization expense | (956,460) | (962,450) |
| Lease payments | 1,117,875 | 825,902 |
| Interest expense recognized on lease liabilities | (14,180) | (14,613) |
| Governmental funds report capital outlays as expenditures; however, in the statements of activities, the cost of those assets is allocated over their estimated useful lives: | | |
| Depreciation expense | (3,957,460) | (3,903,752) |
| Net capital asset purchases capitalized | 4,568,693 | 13,159,557 |
| 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 funds: | | |
| Compensated absences payable | 102,541 | (116,905) |
| Total OPEB liability | 87,575 | (101,637) |
| In the statements of activities, the cost of pension benefits earned net of employee contributions is reported as an element of pension expense. The fund financial statements report pension contributions as expenditures. | (1,887,444) | (1,041,508) |
| Changes in net position of governmental activities | $ 14,713,731 | (11,201,508) |

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

## STATEMENTS OF FIDUCIARY NET POSITION—FIDUCIARY FUNDS

*June 30, 2023 and 2022*

| | Pension Trust Funds | | |
|---|---|---|---|
| | Defined Benefit Pension Plan | Defined Contribution Plan | Total |
| **2023** | | | |
| Assets: | | | |
| Investments at fair value: | | | |
| U.S. government securities | $ 2,417,252 | - | 2,417,252 |
| U.S. Treasury obligations | 4,693,317 | - | 4,693,317 |
| Collateralized mortgage obligations | 2,814,631 | - | 2,814,631 |
| Corporate bonds | 2,618,624 | - | 2,618,624 |
| Municipals | 1,104,003 | - | 1,104,003 |
| Yankee bonds | - | - | - |
| Domestic equity securities | 52,354,695 | - | 52,354,695 |
| Equity and fixed income funds | 46,698,648 | 7,069,149 | 53,767,797 |
| Alternative investments | 11,457,620 | - | 11,457,620 |
| Cash and cash equivalents | 4,809,588 | 274,541 | 5,084,129 |
| Total assets | 128,968,378 | 7,343,690 | 136,312,068 |
| Net position—restricted for pension benefits | $ 128,968,378 | 7,343,690 | 136,312,068 |
| **2022** | | | |
| Assets: | | | |
| Investments at fair value: | | | |
| U.S. government securities | $ 1,361,370 | - | 1,361,370 |
| U.S. Treasury obligations | 2,753,534 | - | 2,753,534 |
| Collateralized mortgage obligations | 4,504,689 | - | 4,504,689 |
| Corporate bonds | 3,844,463 | - | 3,844,463 |
| Municipals | 2,364,871 | - | 2,364,871 |
| Yankee bonds | 154,955 | - | 154,955 |
| Domestic equity securities | 42,937,668 | - | 42,937,668 |
| Equity and fixed income funds | 44,979,156 | 5,491,371 | 50,470,527 |
| Alternative investments | 10,462,347 | - | 10,462,347 |
| Cash and cash equivalents | 6,079,479 | 226,100 | 6,305,579 |
| Total assets | 119,442,532 | 5,717,471 | 125,160,003 |
| Net position—restricted for pension benefits | $ 119,442,532 | 5,717,471 | 125,160,003 |

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

## STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION—FIDUCIARY FUNDS

*Year Ended June 30, 2023*

| | Pension Trust Funds | | |
|---|---|---|---|
| | Defined Benefit Pension Plan | Defined Contribution Plan | Total |
| Additions: | | | |
| Contributions: | | | |
| Employer's | $ 2,250,000 | 649,111 | 2,899,111 |
| Employees' | 521,618 | 465,830 | 987,448 |
| Total contributions | 2,771,618 | 1,114,941 | 3,886,559 |
| Investment income: | | | |
| Net appreciation in fair value of investments | 13,306,074 | 805,516 | 14,111,590 |
| Interest | 446,865 | - | 446,865 |
| Dividends | 2,245,651 | - | 2,245,651 |
| Other | 8,081 | - | 8,081 |
| Total investment income | 16,006,671 | 805,516 | 16,812,187 |
| Less investment expenses | (209,206) | - | (209,206) |
| Net investment loss | 15,797,465 | 805,516 | 16,602,981 |
| Total additions | 18,569,083 | 1,920,457 | 20,489,540 |
| Deductions: | | | |
| Benefit payments | 9,007,987 | 288,788 | 9,296,775 |
| Administration | 35,250 | 5,450 | 40,700 |
| Total deductions | 9,043,237 | 294,238 | 9,337,475 |
| Changes in net position | 9,525,846 | 1,626,219 | 11,152,065 |
| Net position—restricted for pension benefits, beginning of year | 119,442,532 | 5,717,471 | 125,160,003 |
| Net position—restricted for pension benefits, end of year | $ 128,968,378 | 7,343,690 | 136,312,068 |

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

**OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION**

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION—FIDUCIARY FUNDS, CONTINUED**

*Year Ended June 30, 2022*

| | Pension Trust Funds | | |
|---|---|---|---|
| | Defined Benefit Pension Plan | Defined Contribution Plan | Total |
| Additions: | | | |
| Contributions: | | | |
| Employer's | $ 2,500,000 | 582,218 | 3,082,218 |
| Employees' | 554,133 | 418,209 | 972,342 |
| Total contributions | 3,054,133 | 1,000,427 | 4,054,560 |
| Investment (loss) income: | | | |
| Net depreciation in fair value of investments | (19,095,653) | (1,013,956) | (20,109,609) |
| Interest | 619,071 | - | 619,071 |
| Dividends | 1,962,620 | - | 1,962,620 |
| Other | 7,856 | - | 7,856 |
| Total investment loss | (16,506,106) | (1,013,956) | (17,520,062) |
| Less investment expenses | (246,377) | - | (246,377) |
| Net investment loss | (16,752,483) | (1,013,956) | (17,766,439) |
| Total additions | (13,698,350) | (13,529) | (13,711,879) |
| Deductions: | | | |
| Benefit payments | 8,560,067 | 57,123 | 8,617,190 |
| Administration | 39,530 | 5,150 | 44,680 |
| Total deductions | 8,599,597 | 62,273 | 8,661,870 |
| Changes in net position | (22,297,947) | (75,802) | (22,373,749) |
| Net position—restricted for pension benefits, beginning of year | 141,740,479 | 5,793,273 | 147,533,752 |
| Net position—restricted for pension benefits, end of year | $ 119,442,532 | 5,717,471 | 125,160,003 |

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

## (1) NATURE OF THE ORGANIZATION

### Reporting Entity

The Oklahoma Department of Wildlife Conservation (the "Department") was created by a constitutional amendment in 1956 under Article 26. The Department is a department of the State of Oklahoma (the "State") and is included within the financial statements of the State. The Department has the primary duties of providing management, protection, and enhancement of wildlife resources and habitat for scientific, educational, recreational, and economic benefits to present and future generations of citizens and visitors to Oklahoma as stated in O.S. 29.

The Oklahoma Wildlife Conservation Commission (the "Commission") is an advisory, administrative, and policy-making body for the Department. The eight members of the Commission are appointed to 8-year terms by the Governor and confirmed by the State Senate of Oklahoma.

The Department's financial statements include the operations of all organizations for which the Department has financial accountability. Based on this criterion, the Department's employee retirement plans have been included in the accompanying financial statements.

The financial statements of the Department are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the Department, and not those of the entire State.

In July 2018, the Oklahoma Wildlife Conservation Foundation (the "Foundation") was launched. The Foundation's purpose is to help provide additional support for the Department and its activities in managing the State's fish and wildlife resources and habitats. The Foundation is a discretely presented component unit of the Department; however, due to minimal activity for the years ended June 30, 2023 and 2022, the component has been excluded from the accompanying financial statements. The Foundation had total assets of approximately $511,000 as of June 30, 2023, and total revenues and expenses of approximately $624,000 and $603,000, respectively, for the year ended June 30, 2023. The Foundation had total assets of approximately $394,000 as of June 30, 2022, and total revenues and expenses of approximately $600,000 and $452,000, respectively, for the year ended June 30, 2022.

## (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Department have been prepared in accordance with accounting principles generally accepted in the United States as applied to governmental 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 Department's accounting policies are described below.

### Basis of Presentation and 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 license fees, federal grants, and other revenues.

The statements of activities demonstrate the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items properly not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds in which major individual governmental funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Department considers receivables collected within 90 days after year-end to be available and recognizes them as revenues of the current year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences, net pension obligation, and net other postemployment benefit obligation are recorded only when payment is due.

## (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

### Basis of Presentation and Accounting, Continued

The Department, in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), has the following major governmental funds:

- The general fund is the Department's primary operating fund. It accounts for all financial resources of the Department, except those required to be accounted for in another fund.

- The perpetual lifetime license fund is a permanent fund which accounts for assets in which the principal may not be spent. The Department is required to maintain lifetime license sales in perpetuity by State statute.

Additionally, the Department reports the following fund type:

- The pension trust funds account for the activities of the Department's retirement plans, which accumulate resources for pension benefit payments to qualified employees.

All gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets together with any ordinary income derived therefrom are accounted for in the fund owning such assets, except for gains and losses and ordinary income of the permanent fund, which are accounted for in the general fund.

## (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

### Basis of Presentation and Accounting, Continued

***Fund Balances***

GASB 54 defines fund balances for presentation as follows:

- Nonspendable—includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

- Restricted—consists of fund balances with constraints placed on the use of the resources either by a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or b) law through constitutional provisions or enabling legislation.

- Unassigned—represents fund balances that have not been assigned to other funds and have not been restricted, committed, or assigned to specific purposes within the general fund.

Based on the above definitions, the components of the Department's fund balances are as follows:

- Nonspendable—represents the fund balance of the permanent fund, which accounts for assets derived from the sale of lifetime licenses. The nonspendable fund balance was $102,823,623 and $99,788,693 at June 30, 2023 and 2022, respectively. While the Department has inventory at June 30, 2022, the inventory is composed of items held for resale which will be converted into a spendable form. As such, the inventory is not a component of the nonspendable fund balance at June 30, 2022.

- Restricted—represents assets derived from the sale of $5 hunting and fishing legacy permits. The proceeds from the permits are to be used by the Department for the purchase of land and for the operation of such lands. Legacy permit sales were $2,167,183 and $2,185,175 for the years ended June 30, 2023 and 2022, respectively. The restricted fund balance was $6,896,748 and $4,263,535 at June 30, 2023 and 2022, respectively.

- Unassigned—represents the total fund balance less nonspendable and restricted. The unassigned fund balance totaled $48,567,082 and $38,582,634 at June 30, 2023 and 2022, respectively.

## (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

### Basis of Presentation and Accounting, Continued

***Fund Balances, Continued***

Investment earnings from the permanent fund can be utilized for any Department purpose and are reflected in the general fund; the fund balance is classified as unassigned. At June 30, the assets were comprised as follows:

| | | 2023 | 2022 |
|---|---|---|---|
| Cash | $ | 2,327,183 | 1,634,288 |
| Investments | | 32,385,561 | 23,212,158 |
| | $ | 34,712,744 | 24,846,446 |

Changes in the fund balance associated with these assets for the years ended June 30 were as follows:

| | | 2023 | 2022 |
|---|---|---|---|
| Beginning fund balance | $ | 24,846,446 | 42,270,605 |
| Investment earnings (loss) | | 14,060,288 | (15,705,272) |
| Used in general fund operations | | (4,193,990) | (1,718,887) |
| Ending fund balance | $ | 34,712,744 | 24,846,446 |

As discussed previously, the Department also receives significant amounts of federal grants. Federal grant monies are considered restricted funds. However, the expenditures for federal grants are principally on a reimbursement basis, and at June 30, 2023 and 2022, there were no significant amounts of unspent federal monies; thus, there were no restricted fund balances related to federal grants. The Department chooses to spend federal grant monies first if both federal and nonfederal monies are available and can be spent for the same allowable purposes.

The Department's budgeting process determines what source to use for land acquisitions when both restricted and unrestricted resources are available, except that federal resources are always expended first.

### Cash, Cash Equivalents, and Investments

Cash includes amounts on deposit with the Office of the State Treasurer, which is responsible for ensuring proper collateralization and insurance on such funds. Cash equivalents include all highly liquid investments with an original maturity of 3 months or less when purchased. Investments are stated at fair value based on the value reported by independent sources.

See Independent Auditors' Report.

## (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

### Cash, Cash Equivalents, and Investments, Continued

State statutes authorize the Department to invest the fiduciary fund in any investment permitted by a written investment policy adopted by the Commission, provided all investments shall be made in accordance with the Oklahoma Uniform Prudent Investor Act. The investment policies allow for investments such as publicly traded stocks, convertible bonds and preferred stocks, alternative investments, and fixed-income securities, whether interest-bearing or discount instruments.

The Department participates in a master investment program operated by the Office of the State Treasurer. The Office of the State Treasurer makes investments at its discretion on behalf of the Department. These investments are mainly composed of certificates of deposit, obligations of the U.S. government and its agencies, and money market funds.

### Derivatives

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates, or financial indexes. They include futures contracts, swap contracts, options contracts, and forward foreign currency exchange. The Department's derivative policy only allows the selling of covered call options on currency futures contracts, of which there were none as of June 30, 2023 or 2022.

The Department invests in mortgage-backed securities, which are reported at fair value in the statements of net position, the balance sheets, and the statements of fiduciary net position and are based on the cash flows from interest and principal payments by the underlying mortgages. As a result, they are sensitive to prepayments by mortgagees, which are likely in declining interest rate environments, thereby reducing the values of these securities. The Department invests in mortgage-backed securities to diversify the portfolio and increase the return while minimizing the extent of risk. Details regarding interest rate risks for these investments are included under the interest rate risk disclosures.

### Inventory Held for Sale and Unearned Revenue

The Department's inventory held for sale is comprised of paddlefish caviar from the 2022 harvest. Buyers must make a 30% deposit and apply for a permit to transport the product across Oklahoma state lines. A sale is recognized when the permit is obtained and the balance is paid. The deposit is included in unearned revenue until the sale is recognized. At June 30, 2023, the Department had no inventory held for sale or unearned revenue.

### Lifetime Licenses

The lifetime licenses sold by the Department are recorded as license revenue upon receipt in the permanent fund. The lifetime license revenue is nonrefundable and is not available for use by the Department. Investment income earned on the assets of the permanent fund is available for use by the Department.

## (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

### Legacy Permit Sales

The legacy permit sales sold by the Department are recorded as revenue upon receipt in the general fund. The legacy permit revenue is restricted for use by the Department for the purchase of land and for the operation for such land.

### Capital Assets

All capital assets are stated at cost at the date of acquisition or fair value at the date of donation, net of accumulated depreciation. Capital assets are defined as long-lived assets with initial individual costs greater than $5,000. Depreciation is computed on the straight-line method over the following estimated useful lives:

| | |
|---|---|
| Buildings | 39 years |
| Equipment | 5–20 years |
| Furniture and fixtures | 5–10 years |
| Machinery | 10 years |
| Vehicles | 5–8 years |
| Other | 5–20 years |

Expenses that increase values, change capacities, or extend useful lives are capitalized. Routine maintenance, repairs, and renewals are charged to operations. Upon disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is reflected in the period in which the asset is disposed.

### Leases

The Department determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment in exchange for consideration. Leases result in the recognition of lease assets and lease liabilities on the statements of net position. Lease assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Department has elected not to record leases with an initial term of 12 months or less on the statements of net position.

## (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

### Pensions

*Defined Benefit Pension Plan*—For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Department's defined benefit pension plan and additions to/deductions from the Department's defined benefit pension plan's fiduciary net position have been determined on the same basis as they are reported by the Department's defined benefit pension plan. 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. As more explained in Note 8, the defined benefit plan was frozen so as to not allow employees hired after July 1, 2010, to participate.

*Defined Contribution Plan*—The Department also has a defined contribution plan. The defined contribution plan is more fully discussed in Note 9.

### Other Postemployment Benefits (OPEB)

*Health Insurance Allowance*—The Department provides at its expense a health insurance allowance of up to $250 per month for the payment of health insurance premiums for eligible employees when they retire.

*Implicit Rate Subsidy of Health Insurance Plan (IRSHIP) OPEB Liability*—The Department participates in the Oklahoma Employees Group Insurance Division (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.

These OPEB plans are more fully discussed in Note 10.

### Compensated Absences

In the government-wide statements, vested or accumulated vacation leave is recorded as an expense and a liability as the benefits accrue to employees. There are no accumulated sick leave benefits that vest for which any liability must be recognized.

### Income Taxes

As an integral part of the State, the income of the Department is exempt from federal and state income taxes.

### Federal Financial Awards

The federal government provides financial aid to the Department in the form of grants. The funds received are restricted for restoring, conserving, and enhancing wildlife and sport fish populations. The Department primarily receives federal funds through two federal programs—the Wildlife Restoration Act and the Sport Fish Restoration Program—which make-up the Fish and Wildlife Cluster. The Department considers this financial assistance as a significant part of its general operating activities; therefore, the receipts and disbursements of each program are reported within the general fund.

## (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

### 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.

### Risks and Uncertainties

Contributions to the defined benefit retirement plan of the Department are actuarially determined based on certain assumptions based on interest rates, inflation rates, and employee compensation and demographics. Due to the changing nature of these assumptions, it is at least a reasonable possibility that changes in these assumptions may occur in the near term and, due to uncertainties inherent in setting assumptions, that the effect on such changes could be material to the financial statements.

In addition, the Department reports investments in the various funds at fair value, and changes in the stock markets, in all probability, will cause investment earnings to react positively or negatively. Such reactions could be material to the overall financial position of the Department.

### Advertising Costs

All costs associated with advertising are expensed as incurred.

### Recent Accounting Pronouncements

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB 91). The objective of GASB 91 is to provide a single method of reporting for conduit debt obligations issued and eliminate diversity in practice regarding 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. The Department adopted GASB 91 on July 1, 2022, for the June 30, 2023, reporting year, which did not have a significant impact on the financial statements.

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 Department adopted GASB 94 on July 1, 2022, for the June 30, 2023, reporting year, which did not have a significant impact on the financial statements.

## (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

### Recent Accounting Pronouncements, Continued

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 Department adopted GASB 96 on July 1, 2022, for the June 30,2023, reporting year, which did not have a significant impact on the financial statements.

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 Department adopted the sections that were effective immediately for the June 30, 2022 and June 30 2023, reporting years. The remaining sections will be adopted by the Department for the June 30, 2024, reporting year, as required by GASB 99. GASB Statement No. 99 will not have a significant impact on the Department's financial statements.

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

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

### Tribal Compact Agreements

The State and the Choctaw Nation entered into a 3-year hunting and fishing compact during 2017. The State and the Cherokee Nation entered into a 3-year hunting and fishing compact during 2016. Both compacts provide for the Department to issue a joint tribal hunting and fishing license to members of the Choctaw Nation and the Cherokee Nation at a discount if certain conditions, as outlined in the compacts, are met. Both compacts expired and there are no active tribal compact agreements as of June 30, 2023 and 2022.

### Date of Management's Review of Subsequent Events

The Department has evaluated subsequent events through October 30, 2023, the date which the financial statements were available to be issued, and determined that no subsequent events have occurred which require adjustment to or disclosure in the financial statements.

See Independent Auditors' Report.

## (3) CASH, CASH EQUIVALENTS, AND INVESTMENTS

### Cash and Cash Equivalents

At June 30, 2023 and 2022, the Department maintained cash and cash equivalent balances of approximately $23,338,000 and $19,942,000, respectively, with the Office of the State Treasurer and approximately $7,044,000 and $6,064,000, respectively, with a financial institution. The Department's deposits with the Office of the State Treasurer are pooled with the funds of other state agencies and then, in accordance with statutory limitations, placed in banks or invested as the Office of 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.

### Investments

At June 30, investments were composed of the following:

| | 2023 | 2022 |
|---|---|---|
| Restricted—permanent fund | $ 93,572,871 | 91,120,268 |
| Unrestricted—lifetime license investment account | 32,385,561 | 23,212,158 |
| Total permanent fund and lifetime license investment account | 125,958,432 | 114,332,426 |
| Pension trust funds: | | |
| Defined benefit pension plan | 128,968,378 | 119,442,532 |
| Defined contribution plan | 7,343,690 | 5,717,471 |
| Total pension trust funds | 136,312,068 | 125,160,003 |
| Total investments | $ 262,270,500 | 239,492,429 |

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

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

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

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

## (3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

### Investments, Continued

In addition to the above three levels, if an investment does not have a readily determined fair value, the investment can be measured using net asset value (NAV) per share (or its equivalent). Investments valued at NAV are categorized as NAV and not listed as Level 1, 2, or 3. As of June 30, 2023 and 2022, the Department had no investments measured using NAV. Fair values of investments by level are presented below.

| | | Fair Value Measurements at Reporting Date Using | | |
|---|---|---|---|---|
| *June 30, 2023* | Amounts Measured at Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| **Investments by Fair Value Level** | | | | |
| ***Permanent Fund and Lifetime License Investment Account*** | | | | |
| **Cash and cash equivalents:** | | | | |
| BOK—STIF-type investment; money market; high liquidity | $ 7,044,080 | 7,044,080 | - | - |
| Total cash equivalents measured at fair value | $ 7,044,080 | 7,044,080 | - | - |
| **Fixed income:** | | | | |
| U.S. government securities | $ 2,849,965 | 1,787,212 | 1,062,753 | - |
| U.S. Treasury obligations | 5,916,994 | 5,916,994 | - | - |
| Collateralized mortgage obligations | 3,251,822 | - | 3,251,822 | - |
| Municipals | 1,316,204 | - | 1,316,204 | - |
| Corporate bonds | 3,723,448 | - | 3,723,448 | - |
| Total fixed income | 17,058,433 | 7,704,206 | 9,354,227 | - |
| **Equities:** | | | | |
| Domestic equity securities | 41,996,262 | 41,996,262 | - | - |
| Equity funds | 26,365,043 | 26,365,043 | - | - |
| Fixed income funds | 28,610,919 | 28,610,919 | - | - |
| Total equities | 96,972,224 | 96,972,224 | - | - |
| **Alternative investments:** | | | | |
| Open-end mutual funds | 11,927,775 | 11,927,775 | - | - |
| Total alternative investments | 11,927,775 | 11,927,775 | - | - |
| Total investments measured at fair value | $ 125,958,432 | 116,604,205 | 9,354,227 | - |

(Continued)

See Independent Auditors' Report.

## (3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

### Investments, Continued

| *June 30, 2023* | Amounts Measured at Fair Value | Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| **Investments by Fair Value Level, Continued** | | | | |
| ***Defined Benefit Pension Plan*** | | | | |
| **Cash and cash equivalents:** | | | | |
| BOK—STIF-type investment; money market; high liquidity | $ 4,809,588 | 4,809,588 | - | - |
| **Fixed income:** | | | | |
| U.S. government securities | 2,417,252 | 1,567,126 | 850,126 | - |
| U.S. Treasury obligations | 4,693,317 | 4,693,317 | - | - |
| Collateralized mortgage obligations | 2,814,631 | - | 2,814,631 | - |
| Municipals | 1,104,003 | - | 1,104,003 | - |
| Corporate bonds | 2,618,624 | - | 2,618,624 | - |
| Total fixed income | 13,647,827 | 6,260,443 | 7,387,384 | - |
| **Equities:** | | | | |
| Domestic equity securities | 52,354,695 | 52,354,695 | - | - |
| Equity funds | 33,899,730 | 33,899,730 | - | - |
| Fixed income funds | 12,798,918 | 12,798,918 | - | - |
| Total equities | 99,053,343 | 99,053,343 | - | - |
| **Alternative investments:** | | | | |
| Open-end mutual funds | 11,457,620 | 11,457,620 | - | - |
| Total alternative investments | 11,457,620 | 11,457,620 | - | - |
| Total investments measured at fair value | $ 128,968,378 | 121,580,994 | 7,387,384 | - |
| ***Defined Contribution Plan*** | | | | |
| **Cash and cash equivalents:** | | | | |
| BOK—STIF-type investment; money market; high liquidity | $ 274,541 | 274,541 | - | - |
| **Equities:** | | | | |
| Targeted pooled equity funds | 7,069,149 | 7,069,149 | - | - |
| Total investments measured at fair value | $ 7,343,690 | 7,343,690 | - | - |

See Independent Auditors' Report.

## (3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

### Investments, Continued

| *June 30, 2022* | Amounts Measured at Fair Value | Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| **Investments by Fair Value Level** | | | | |
| ***Permanent Fund and Lifetime License Investment Account*** | | | | |
| **Cash and cash equivalents:** | | | | |
| BOK—STIF-type investment; money market; high liquidity | $ 6,063,903 | 6,063,903 | - | - |
| Total cash equivalents measured at fair value | $ 6,063,903 | 6,063,903 | - | - |
| **Fixed income:** | | | | |
| U.S. government securities | $ 1,548,224 | 781,649 | 766,575 | - |
| U.S. Treasury obligations | 3,135,601 | 3,135,601 | - | - |
| Collateralized mortgage obligations | 5,066,363 | - | 5,066,363 | - |
| Municipals | 2,605,721 | - | 2,605,721 | - |
| Corporate bonds | 5,408,557 | - | 5,408,557 | - |
| Total fixed income | 17,764,466 | 3,917,250 | 13,847,216 | - |
| **Equities:** | | | | |
| Domestic equity securities | 42,049,237 | 42,049,237 | - | - |
| Equity funds | 21,766,535 | 21,766,535 | - | - |
| Fixed income funds | 21,861,515 | 21,861,515 | - | - |
| Total equities | 85,677,287 | 85,677,287 | - | - |
| **Alternative investments:** | | | | |
| Open-end mutual funds | 10,890,673 | 10,890,673 | - | - |
| Total alternative investments | 10,890,673 | 10,890,673 | - | - |
| Total investments measured at fair value | $ 114,332,426 | 100,485,210 | 13,847,216 | - |

(Continued)

See Independent Auditors’ Report.

## (3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

### Investments, Continued

| June 30, 2022 | Amounts Measured at Fair Value | Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| **Investments by Fair Value Level, Continued** | | | | |
| ***Defined Benefit Pension Plan*** | | | | |
| **Cash and cash equivalents:** | | | | |
| BOK—STIF-type investment; money market; high liquidity | $ 6,079,479 | 6,079,479 | - | - |
| **Fixed income:** | | | | |
| U.S. government securities | 1,361,370 | 620,967 | 740,403 | - |
| U.S. Treasury obligations | 2,753,534 | 2,753,534 | - | - |
| Collateralized mortgage obligations | 4,504,689 | - | 4,504,689 | - |
| Municipals | 2,364,871 | - | 2,364,871 | - |
| Yankee bonds | 154,955 | - | 154,955 | - |
| Corporate bonds | 3,844,463 | - | 3,844,463 | - |
| Total fixed income | 14,983,882 | 3,374,501 | 11,609,381 | - |
| **Equities:** | | | | |
| Domestic equity securities | 42,937,668 | 42,937,668 | - | - |
| Equity funds | 27,005,228 | 27,005,228 | - | - |
| Fixed income funds | 17,973,928 | 17,973,928 | - | - |
| Total equities | 87,916,824 | 87,916,824 | - | - |
| **Alternative investments:** | | | | |
| Open-end mutual funds | 10,462,347 | 10,462,347 | - | - |
| Total alternative investments | 10,462,347 | 10,462,347 | - | - |
| Total investments measured at fair value | $ 119,442,532 | 107,833,151 | 11,609,381 | - |
| ***Defined Contribution Plan*** | | | | |
| **Cash and cash equivalents:** | | | | |
| BOK—STIF-type investment; money market; high liquidity | $ 226,100 | 226,100 | - | - |
| **Equities:** | | | | |
| Targeted pooled equity funds | 5,491,371 | 5,491,371 | - | - |
| Total investments measured at fair value | $ 5,717,471 | 5,717,471 | - | - |

See Independent Auditors' Report.

## (3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

### Investments, Continued

***Permanent Fund and Lifetime License Investment Account***

The following table presents the fair value of the permanent fund and the lifetime license investment account by type at June 30:

| Investment Type | Fair Value 2023 | Fair Value 2022 |
|---|---|---|
| Fixed income: | | |
| U.S. government securities | $ 2,849,965 | 1,548,224 |
| U.S. Treasury obligations | 5,916,994 | 3,135,601 |
| Municipal bonds | 1,316,204 | 2,605,721 |
| Collateralized mortgage obligations | 3,251,822 | 5,066,363 |
| Corporate bonds | 3,723,448 | 5,408,557 |
| Total fixed income | 17,058,433 | 17,764,466 |
| Equities: | | |
| Domestic equity securities | 41,996,262 | 42,049,237 |
| Equity funds | 26,365,043 | 21,766,535 |
| Fixed income funds | 28,610,919 | 21,861,515 |
| Total equities | 96,972,224 | 85,677,287 |
| Alternative investments: | | |
| Open-end mutual funds | 11,927,775 | 10,890,673 |
| | $ 125,958,432 | 114,332,426 |

See Independent Auditors' Report.

## (3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

### Investments, Continued

#### *Permanent Fund and Lifetime License Investment Account, Continued*

*Custodial Credit Risk*—Custodial credit risk is the risk that in the event of the failure of a counterparty, the Department will not be able to recover the value of its investments. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the Department, or are held by a counterparty or the counterparty's trust department but not in the name of the Department. While the investment policy does not specifically address custodial credit risk, all cash, cash equivalents, and investments are insured and collateralized.

*Concentration of Credit Risk*—The investment policy limits the concentration of equity investments to no more than 10% in any one issuer. The investment policy does not address concentrations of fixed-income securities. No single investment exceeded 5% of total investments in the permanent fund and lifetime license investment account, except for individual investments in U.S. government agencies. At June 30, 2023 and 2022, the permanent fund and the lifetime license investment account did have more than 5% invested in U.S. government obligations; however, these obligations are backed by the full faith and credit of the United States.

*Foreign Currency Risk*—Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The investment policy limits foreign fixed income investments to 10% of total fixed income allocation. Yankee bonds are foreign country bonds but are traded in U.S. dollars with interest also being paid in U.S. dollars. As such, they are not subject to foreign currency risk. The international equity securities owned by the Department are traded in U.S. dollars with dividends also being paid in U.S. dollars. As such, they are not subject to foreign currency risk.

## (3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

### Investments, Continued

#### *Permanent Fund and Lifetime License Investment Account, Continued*

*Credit Risk*—Fixed-income securities are subject to credit risk. Credit quality rating is one method of assessing the ability of the issuer to meet its obligation. The investment policy for fixed-income securities requires the portfolio to maintain an average of A or higher. The following tables provide information concerning credit risk as of June 30:

| Rating | Fair Value | Fair Value as a Percentage of Total Fixed Maturity Fair Value |
|---|---|---|
| 2023 | | |
| AAA | $ 7,031,568 | 41.22% |
| AA+ | 2,798,458 | 16.41% |
| AA | 626,111 | 3.67% |
| Aa2 | 16,536 | 0.10% |
| A+ | 1,199,930 | 7.03% |
| A | 920,801 | 5.40% |
| A- | 684,623 | 4.01% |
| BBB+ | 541,560 | 3.17% |
| BBB | 521,058 | 3.06% |
| BBB- | 495,499 | 2.90% |
| Not rated | 2,222,289 | 13.03% |
| | $ 17,058,433 | 100.00% |

See Independent Auditors' Report.

## (3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

### Investments, Continued

***Permanent Fund and Lifetime License Investment Account, Continued***

| Rating | Fair Value | Fair Value as a Percentage of Total Fixed Maturity Fair Value |
|---|---|---|
| 2022 | | |
| AAA | $ 4,658,265 | 26.22% |
| AA+ | 1,977,748 | 11.13% |
| AA | 1,094,786 | 6.16% |
| AA- | 192,492 | 1.08% |
| Aa1 | 416,439 | 2.34% |
| Aa2 | 191,076 | 1.08% |
| Aa3 | 197,650 | 1.11% |
| A+ | 783,072 | 4.41% |
| A | 2,078,440 | 11.70% |
| A- | 755,127 | 4.25% |
| A2 | 78,787 | 0.44% |
| BBB+ | 925,652 | 5.21% |
| BBB | 945,975 | 5.34% |
| BBB- | 990,214 | 5.57% |
| BB+ | 267,594 | 1.51% |
| Not rated | 2,211,149 | 12.45% |
| | $ 17,764,466 | 100.00% |

See Independent Auditors' Report.

## (3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

### Investments, Continued

***Permanent Fund and Lifetime License Investment Account, Continued***

*Interest Rate Risk*—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy states that the weighted-average maturity and effective duration of fixed-income securities should be between 75% and 125% of the Lehman Brothers Aggregate Bond index averages. As of June 30, the permanent fund and the lifetime license investment account had the following investments with maturities:

| | Investments Maturities at Fair Value (in Years) | | | | |
|---|---|---|---|---|---|
| Investment Type | Less than 1 | 1 or More Less than 5 | 5 or More Less than 10 | 10 or More | Total Fair Value |
| 2023 | | | | | |
| U.S. government securities | $ - | 84,225 | 753,257 | 2,012,483 | 2,849,965 |
| U.S. Treasury obligations | - | 1,752,396 | 1,745,972 | 2,418,626 | 5,916,994 |
| Corporate bonds | 169,532 | 1,230,882 | 1,535,739 | 787,295 | 3,723,448 |
| Collateralized mortgage obligations | - | 179,608 | - | 3,072,214 | 3,251,822 |
| Municipal bonds | - | - | 768,081 | 548,123 | 1,316,204 |
| | $ 169,532 | 3,247,111 | 4,803,049 | 8,838,741 | 17,058,433 |
| 2022 | | | | | |
| U.S. government securities | $ 4 | 124,793 | 267,240 | 1,156,187 | 1,548,224 |
| U.S. Treasury obligations | - | 1,362,239 | 683,176 | 1,090,186 | 3,135,601 |
| Corporate bonds | - | 1,708,877 | 2,244,808 | 1,454,872 | 5,408,557 |
| Collateralized mortgage obligations | - | 178,139 | - | 4,888,224 | 5,066,363 |
| Municipal bonds | - | 483,753 | 1,409,172 | 712,796 | 2,605,721 |
| | $ 4 | 3,857,801 | 4,604,396 | 9,302,265 | 17,764,466 |

See Independent Auditors' Report.

## (3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

### Investments, Continued

***Pension Trust Funds***

Defined Benefit Pension Plan

The following table presents the fair value of the defined benefit pension plan's investments by type at June 30:

| Investment Type | Fair Value 2023 | Fair Value 2022 |
|---|---|---|
| Cash and cash equivalents | $ 4,809,588 | 6,079,479 |
| Fixed Income: | | |
| U.S. government securities | 2,417,252 | 1,361,370 |
| U.S. Treasury obligations | 4,693,317 | 2,753,534 |
| Collateralized mortgage obligations | 2,814,631 | 4,504,689 |
| Corporate bonds | 2,618,624 | 3,844,463 |
| Municipals | 1,104,003 | 2,364,871 |
| Yankee bonds | - | 154,955 |
| Total fixed income | 13,647,827 | 14,983,882 |
| Equities: | | |
| Domestic equity securities | 52,354,695 | 42,937,668 |
| Equity funds | 33,899,730 | 27,005,228 |
| Fixed income funds | 12,798,918 | 17,973,928 |
| Total equities | 99,053,343 | 87,916,824 |
| Alternative investments: | | |
| Open-end mutual funds | 11,457,620 | 10,462,347 |
| | $ 128,968,378 | 119,442,532 |

See Independent Auditors' Report.

## (3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

### Investments, Continued

***Pension Trust Funds, Continued***

Defined Benefit Pension Plan, Continued

Management of the Department is authorized to invest in eligible investments as approved by the Commission as set forth in its investment policy. The Commission reviews and updates the plan investment policy at least annually, making changes as deemed necessary to achieve policy goals. An investment policy change can be made anytime the need should arise at the discretion of the Commission.

*Investment Allocation Policy*—The Department's asset allocation policy for the defined benefit pension plan will currently maintain approximately 50% of assets in equity instruments; approximately 40% of assets in fixed income; and approximately 10% of assets in alternative investments to include diversified alternative strategies, hedged equities, real assets (commodities and real estate), private equities, and low correlation strategies.

*Significant Investment Policy Changes Made During the Year*—No significant investment policy changes were made during the year ended June 30, 2023 or 2022.

*Rate of Return*—For the years ended June 30, 2023 and 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.83% and (11.96)%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Method Used to Value Investments*—The defined benefit plan investments are reported at fair value. Cash and cash equivalents include an investment fund composed of an investment in units of a money market fund of the defined benefit plan's custodial agent (which is valued at cost, which approximates fair value). Debt, equity, and open-end mutual funds securities are reported at fair value, as determined by the defined benefit plan's custodial agent, using pricing services or prices quoted by independent brokers based on the latest reported sales prices at current exchange rates for securities traded on national or international exchanges. Net investment income (loss) includes net appreciation (depreciation) in the fair value of investments, interest income, dividend income, and investment expenses, which includes investment management and custodial fees and all other significant investment related costs. Foreign currency translation gains and losses are reflected in the net appreciation (depreciation) in the fair value of investments.

## (3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

### Investments, Continued

***Pension Trust Funds, Continued***

Defined Benefit Pension Plan, Continued

Custodial Credit Risk—Custodial credit risk is the risk that in the event of the failure of a counterparty, the Department will not be able to recover the value of its investments. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the Department, or are held by a counterparty or the counterparty's trust department but not in the name of the Department. While the investment policy does not specifically address custodial credit risk, all cash, cash equivalents, and investments are insured and collateralized.

*Concentration of Credit Risk*—The investment policy limits the concentration of equity investments to no more than 5% in any one issuer. The investment policy does not address concentrations on fixed-income securities. Except as noted below, no single investment exceeds 5% of the defined benefit pension plan's total investments. The defined benefit pension plan at June 30, 2023 and 2022, did have more than 5% invested in U.S. government obligations; however, these obligations are backed by the full faith and credit of the United States. The following table presents the individual investments exceeding the 5% threshold at June 30:

| Classification of Investment | Name of Investment | Shares Held | Cost | Fair Value |
|---|---|---|---|---|
| 2023 | | | | |
| Equity Funds | Vanguard Dev. Mkts | 497,168 | $ 6,458,061 | 7,372,997 |
| Equity Funds | Ishares Russell 1000 Large-cap Index K | 235,465 | 6,518,980 | 6,707,396 |
| 2022 | | | | |
| Equity Funds | Vanguard Dev. Mkts | 458,127 | 5,939,931 | 5,992,296 |
| Cash and Cash Equivalents | Cavanal Hill Govt. Money Market | 6,013,623 | 6,013,623 | 6,017,562 |

*Foreign Currency Risk*—Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The investment policy limits foreign fixed income investments to 10% of total fixed income allocation. Yankee bonds are foreign country bonds but are traded in U.S. dollars, with interest also being paid in U.S. dollars. As such, they are not subject to foreign currency risk. The international equity securities owned by the Department are also traded in U.S. dollars, with dividends also being paid in U.S. dollars. As such, they are not subject to foreign currency risk.

## (3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

### Investments, Continued

***Pension Trust Funds, Continued***

Defined Benefit Pension Plan, Continued

*Credit Risk*—Fixed-income securities are subject to credit risk. Credit quality rating is one method of assessing the ability of the issuer to meet its obligation. The investment policy for fixed-income securities requires the portfolio to maintain an average of A or higher. The following tables provide information concerning credit risk as of June 30:

| Rating | Fair Value | Fair Value as a Percentage of Total Fixed Maturity Fair Value |
|---|---|---|
| 2023 | | |
| AAA | $ 7,044,612 | 51.62% |
| AA+ | 2,215 | 0.02% |
| Aa1 | 275,084 | 2.02% |
| Aa2 | 838,494 | 6.14% |
| Aa3 | 209,783 | 1.54% |
| A1 | 821,305 | 6.02% |
| A+ | 106,209 | 0.78% |
| A | 230,009 | 1.69% |
| A- | 342,160 | 2.51% |
| A2 | 410,374 | 3.01% |
| A3 | 126,249 | 0.93% |
| BBB | 444,530 | 3.26% |
| Baa2 | 399,382 | 2.93% |
| Baa3 | 331,176 | 2.43% |
| CCC | 57,460 | 0.42% |
| Not rated | 2,008,785 | 14.72% |
| | $ 13,647,827 | 100.00% |

## (3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

### Investments, Continued

***Pension Trust Funds, Continued***

Defined Benefit Pension Plan, Continued

*Credit Risk, Continued*

| Rating | | Fair Value | Fair Value as a Percentage of Total Fixed Maturity Fair Value |
|---|---|---|---|
| 2022 | | | |
| AAA | $ | 4,256,043 | 28.41% |
| Aa1 | | 777,718 | 5.19% |
| Aa2 | | 1,612,858 | 10.76% |
| Aa3 | | 358,491 | 2.39% |
| A1 | | 579,641 | 3.87% |
| A2 | | 879,718 | 5.87% |
| A3 | | 224,713 | 1.50% |
| Baa1 | | 101,687 | 0.68% |
| Baa2 | | 742,304 | 4.95% |
| Baa3 | | 644,012 | 4.30% |
| B3 | | 154,955 | 1.03% |
| Not rated | | 4,651,742 | 31.05% |
| | $ | 14,983,882 | 100.00% |

See Independent Auditors' Report.

## (3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

### Investments, Continued

***Pension Trust Funds, Continued***

Defined Benefit Pension Plan, Continued

*Interest Rate Risk*—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy states that the weighted-average maturity and effective duration of fixed-income securities should be between 75% and 125% of the Barclays Bond index averages. As of June 30, the defined benefit pension plan had the following investments with maturities:

| | Investment Maturities at Fair Value (in Years) | | | | |
|---|---|---|---|---|---|
| Investment Type | Less than 1 | 1 or More Less than 5 | 5 or More Less than 10 | 10 or More | Total Fair Value |
| **2023** | | | | | |
| U.S. government securities | $ - | 7,067 | 799,747 | 1,610,438 | 2,417,252 |
| U.S. Treasury obligations | - | 1,427,902 | 1,391,401 | 1,874,014 | 4,693,317 |
| Collateralized mortgage obligations | - | 189,061 | 22,310 | 2,603,260 | 2,814,631 |
| Corporate bonds | 6,018 | 1,171,808 | 969,375 | 471,423 | 2,618,624 |
| Municipals | - | 219,129 | 609,790 | 275,084 | 1,104,003 |
| | $ 6,018 | 3,014,967 | 3,792,623 | 6,834,219 | 13,647,827 |
| **2022** | | | | | |
| U.S. government securities | $ - | 10,863 | 468,233 | 882,274 | 1,361,370 |
| U.S. Treasury obligations | - | 1,115,571 | 604,580 | 1,033,383 | 2,753,534 |
| Collateralized mortgage obligations | 12 | 346,277 | 29,601 | 4,128,799 | 4,504,689 |
| Corporate bonds | - | 1,447,816 | 1,258,096 | 1,138,551 | 3,844,463 |
| Municipals | - | 224,221 | 1,711,365 | 429,285 | 2,364,871 |
| Yankee bonds | 154,955 | - | - | - | 154,955 |
| | $ 154,967 | 3,144,748 | 4,071,875 | 7,612,292 | 14,983,882 |

## (3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

### Investments, Continued

***Pension Trust Funds, Continued***

Defined Contribution Plan

The following table presents the fair value of the defined contribution plan's investments by type at June 30:

| Investment Type | Fair Value 2023 | Fair Value 2022 |
|---|---|---|
| Cash and cash equivalents | $ 274,541 | 226,100 |
| Equities: | | |
| Equity funds | 7,069,149 | 5,491,371 |
| | $ 7,343,690 | 5,717,471 |

*Custodial Credit Risk*—Custodial credit risk is the risk that in the event of the failure of a counterparty, the Department will not be able to recover the value of its investments. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the Department, or are held by a counterparty or the counterparty's trust department but not in the name of the Department. While the trust agreement does not specifically address custodial credit risk, all cash, cash equivalents, and investments are insured and collateralized.

## (3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

### Investments, Continued

***Pension Trust Funds, Continued***

Defined Contribution Plan, Continued

*Concentration of Credit Risk*—Except as noted below, no single investment exceeds 5% of the defined contribution plan's total investments. The following table presents the individual investments exceeding the 5% threshold at June 30:

| Classification of Investment | Name of Investment | Units Held | Cost | Fair Value |
|---|---|---|---|---|
| 2023 | | | | |
| Equity fund | MAP Target 2030 Fund | 26,987 | $ 648,110 | 812,472 |
| Equity fund | MAP Target 2040 Fund | 20,533 | 555,847 | 688,507 |
| Equity fund | MAP Target 2050 Fund | 104,833 | 2,763,950 | 3,763,179 |
| Equity fund | MAP Target 2060 Fund | 48,793 | 1,426,515 | 1,707,933 |
| 2022 | | | | |
| Equity fund | MAP Target 2030 Fund | 23,844 | $ 555,815 | 653,266 |
| Equity fund | MAP Target 2040 Fund | 18,399 | 481,656 | 547,642 |
| Equity fund | MAP Target 2050 Fund | 93,794 | 2,375,070 | 2,946,738 |
| Equity fund | MAP Target 2060 Fund | 42,310 | 1,194,390 | 1,297,298 |

## (4) RECEIVABLES

Receivables at June 30 consisted of the following:

| | 2023 | 2022 |
|---|---|---|
| License fees | $ 629,474 | 636,907 |
| Federal grants | 2,263,703 | 2,286,245 |
| | $ 2,893,177 | 2,923,152 |

Because of the nature of the receivables, no allowance for uncollectibility was considered necessary as of June 30, 2023 or 2022.

## (5) LEASES

The Department leases various tracts of land from owners for the purposes of establishing wildlife management areas and to provide the public with additional hunting, fishing, and recreational opportunities. The Department additionally leases office equipment. The lease terms range from 2-5 years.

The following is a summary of changes in lease assets at June 30, 2023 and 2022:

| | Balance at June 30, 2022 | Additions | Balance at June 30, 2023 |
|---|---|---|---|
| Lease assets: | | | |
| Land | $ 1,327,624 | 213,610 | 1,541,234 |
| Office equipment | 615,264 | 318,647 | 933,911 |
| Total lease assets | 1,942,888 | 532,257 | 2,475,145 |
| Accumulated amortization | (1,064,593) | (956,460) | (2,021,053) |
| Lease assets, net | $ 878,295 | (424,203) | 454,092 |

| | Balance at June 30, 2021 | Additions | Balance at June 30, 2022 |
|---|---|---|---|
| Lease assets: | | | |
| Land | $ 8,820 | 1,318,804 | 1,327,624 |
| Office equipment | 395,361 | 219,903 | 615,264 |
| Total lease assets | 404,181 | 1,538,707 | 1,942,888 |
| Accumulated amortization | (102,143) | (962,450) | (1,064,593) |
| Lease assets, net | $ 302,038 | 576,257 | 878,295 |

The following is a summary of principal and interest requirements to maturity for the lease liabilities as of June 30, 2023:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 247,313 | 3,638 | 250,951 |
| 2025 | 127,125 | 1,258 | 128,383 |
| 2026 | 66,680 | 399 | 67,079 |
| 2027 | 17,858 | 148 | 18,006 |
| 2028 | 531 | - | 531 |
| | $ 459,507 | 5,443 | 464,950 |

See Independent Auditors' Report.

## (6) CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2023 and 2022:

| | Balance at June 30, 2022 | Additions | Disposals | Transfers | Balance at June 30, 2023 |
|---|---|---|---|---|---|
| Land | $104,785,196 | 1,288,777 | - | - | 106,073,973 |
| Construction in progress | 2,964,936 | 1,677,614 | - | (1,302,996) | 3,339,554 |
| Depreciable capital assets: | | | | | |
| Equipment | 10,835,258 | 555,326 | (538,574) | - | 10,852,010 |
| Furniture and fixtures | 1,450,573 | - | (1,859) | - | 1,448,714 |
| Machinery | 13,825,068 | 620,003 | (261,423) | - | 14,183,648 |
| Other | 920,676 | 6,476 | (6,983) | - | 920,169 |
| Vehicles | 11,708,895 | 434,243 | (1,240,308) | - | 10,902,830 |
| Infrastructure | 212,915 | - | - | - | 212,915 |
| Buildings and land improvements | 37,458,212 | 33,829 | (97) | 1,302,996 | 38,794,940 |
| Total depreciable capital assets | 76,411,597 | 1,649,877 | (2,049,244) | 1,302,996 | 77,315,226 |
| Total capital assets | 184,161,729 | 4,616,268 | (2,049,244) | - | 186,728,753 |
| Accumulated depreciation: | | | | | |
| Equipment | (7,132,073) | (524,566) | 491,629 | - | (7,165,010) |
| Furniture and fixtures | (568,808) | (138,935) | 1,859 | - | (705,884) |
| Machinery | (8,408,282) | (966,381) | 260,828 | - | (9,113,835) |
| Other | (652,229) | (50,389) | 6,983 | - | (695,635) |
| Vehicles | (7,628,096) | (1,311,063) | 1,240,308 | - | (7,698,851) |
| Infrastructure | (212,915) | - | - | - | (212,915) |
| Buildings and land improvements | (7,302,220) | (966,126) | 62 | - | (8,268,284) |
| Total accumulated depreciation | (31,904,623) | (3,957,460) | 2,001,669 | - | (33,860,414) |
| Net capital assets | $152,257,106 | 658,808 | (47,575) | - | 152,868,339 |

## (6) CAPITAL ASSETS, CONTINUED

| | Balance at June 30, 2021 | Additions | Disposals | Transfers | Balance at June 30, 2022 |
|---|---|---|---|---|---|
| Land | $ 97,835,196 | 6,950,000 | - | - | 104,785,196 |
| Construction in progress | 650,933 | 2,314,003 | - | - | 2,964,936 |
| Depreciable capital assets: | | | | | |
| Equipment | 10,668,952 | 429,917 | (263,611) | - | 10,835,258 |
| Furniture and fixtures | 1,417,656 | 32,917 | - | - | 1,450,573 |
| Machinery | 13,042,090 | 975,927 | (192,949) | - | 13,825,068 |
| Other | 900,493 | 28,559 | (8,376) | - | 920,676 |
| Vehicles | 10,840,898 | 2,251,165 | (1,383,168) | - | 11,708,895 |
| Infrastructure | 212,915 | - | - | - | 212,915 |
| Buildings and land improvements | 37,259,551 | 201,645 | (2,984) | - | 37,458,212 |
| Total depreciable capital assets | 74,342,555 | 3,920,130 | (1,851,088) | - | 76,411,597 |
| Total capital assets | 172,828,684 | 13,184,133 | (1,851,088) | - | 184,161,729 |
| Accumulated depreciation: | | | | | |
| Equipment | (6,857,190) | (529,719) | 254,836 | - | (7,132,073) |
| Furniture and fixtures | (431,006) | (137,802) | - | - | (568,808) |
| Machinery | (7,648,464) | (951,446) | 191,628 | - | (8,408,282) |
| Other | (608,690) | (51,915) | 8,376 | - | (652,229) |
| Vehicles | (7,698,066) | (1,298,718) | 1,368,688 | - | (7,628,096) |
| Infrastructure | (212,915) | - | - | - | (212,915) |
| Buildings and land improvements | (6,371,052) | (934,152) | 2,984 | - | (7,302,220) |
| Total accumulated depreciation | (29,827,383) | (3,903,752) | 1,826,512 | - | (31,904,623) |
| Net capital assets | $143,001,301 | 9,280,381 | (24,576) | - | 152,257,106 |

Depreciation expense was charged to the following functions as of June 30:

| | 2023 | 2022 |
|---|---|---|
| Game | $ 1,222,908 | 1,206,926 |
| Fish | 790,553 | 831,678 |
| Law enforcement | 973,201 | 954,746 |
| Information and education | 274,414 | 267,512 |
| Administration | 696,384 | 642,890 |
| Depreciation expense | $ 3,957,460 | 3,903,752 |

See Independent Auditors' Report.

## (7) CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity was as follows:

| | Balance at July 1, 2022 | Additions | Reductions | Balance at June 30, 2023 | Amounts due within 1 year |
|---|---|---|---|---|---|
| Compensated absences | $ 3,493,393 | 1,122,238 | (1,224,779) | 3,390,852 | 1,224,779 |
| Lease liabilities | 1,030,945 | 532,257 | (1,103,695) | 459,507 | 247,313 |
| Net pension liability (asset) | 21,202,403 | - | (7,502,905) | 13,699,498 | - |
| Total OPEB liability—health insurance allowance | 7,982,396 | - | (22,441) | 7,959,955 | - |
| Net OPEB liability—implicit rate subsidy of health insurance plan OPEB liability | 2,356,344 | - | (239,989) | 2,116,355 | - |
| | $ 36,065,481 | 1,654,495 | (10,093,809) | 27,626,167 | 1,472,092 |

| | Balance at July 1, 2021 | Additions | Reductions | Balance at June 30, 2022 | Amounts due within 1 year |
|---|---|---|---|---|---|
| Compensated absences | $ 3,376,488 | 593,496 | (476,591) | 3,493,393 | 476,591 |
| Lease liabilities | 303,527 | 1,538,707 | (811,289) | 1,030,945 | 822,524 |
| Net pension liability (asset) | (3,924,890) | 25,127,293 | - | 21,202,403 | - |
| Total OPEB liability—health insurance allowance | 9,246,835 | - | (1,264,439) | 7,982,396 | - |
| Net OPEB liability—implicit rate subsidy of health insurance plan OPEB liability | 2,206,829 | 149,515 | - | 2,356,344 | - |
| | $ 11,208,789 | 27,409,011 | (2,552,319) | 36,065,481 | 1,299,115 |

See Independent Auditors' Report.

## (8) DEFINED BENEFIT PENSION PLAN

### Description

The Department's defined benefit pension plan (the "Plan") is a single-employer plan that covers the employees of the Department with a hire date prior to July 1, 2010. Employees hired on or after July 1, 2010, are not eligible to participate in the Plan as the Plan was frozen as of that date for new-hires. Those employees are eligible for participation in the Department's defined contribution plan. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living adjustments are provided at the discretion of the Commission. Title 29 of the Oklahoma Statutes assigns the authority to establish and amend the benefit provisions of the Plan to the Commission.

The Plan's membership consisted of the following as of June 30:

| | 2023 | 2022 |
|---|---|---|
| Retirees, disabled, and beneficiaries currently receiving benefits | 239 | 235 |
| Terminated vested participants | 28 | 27 |
| Active participants | 156 | 167 |
| | 423 | 429 |

All permanent, full-time employees with a hire date prior to July 1, 2010, are eligible to participate in the Plan on the date of employment. The member must enter service prior to age 60, except law enforcement employees are not eligible if entering service after age 54.

Benefit provisions are determined at 2.5% of the highest 3 years' annual covered compensation received during the last 10 years of participating service multiplied by the number of years of credited service. For employees hired after July 1, 1995, the maximum benefit is 85% of the above-mentioned annual covered compensation and the minimum benefit is $50 per month. A maximum of 5 years' military service may be credited to the years of service calculation. Normal retirement age under the Plan is age 65. However, a participant may elect early retirement at age 55, having at least 15 years of credited service, for a reduced benefit equal to the maximum benefit allowed under normal retirement, reduced 2% for each year the participant receives a benefit prior to age 62. Members are eligible for special retirement upon reaching age 55 and if the sum of the participant's age and years of continuous service equals or exceeds 85. Members become fully vested upon completing 10 years of credited service. Members' contributions are 100% vested immediately and may be withdrawn, plus accrued interest, upon termination of employment.

## (8) DEFINED BENEFIT PENSION PLAN, CONTINUED

### Description, Continued

The Plan does not issue stand-alone financial statements and related required supplementary information. The information is included within these financial statements, notes to the financial statements, and Schedules I through IV following the notes to the financial statements.

### Contributions

The contribution requirements of the plan members are established and amended by the Commission. The members' required contribution rate was 5% for both 2023 and 2022. The Department is required to contribute at an actuarially determined rate. The actuarially required contributions during fiscal years 2023 and 2022 were approximately $2,347,000 and $2,190,000, respectively.

### Net Pension Liability

The components of the net pension liability at June 30 were as follows:

| | 2023 | 2022 |
|---|---|---|
| Total pension liability | $ 142,667,876 | 140,644,935 |
| Plan fiduciary net position | 128,968,378 | 119,442,532 |
| Employers' net pension liability | $ 13,699,498 | 21,202,403 |
| Plan fiduciary net position as a percentage of the total pension liability | 90.40% | 84.92% |

See Independent Auditors' Report.

## (8) DEFINED BENEFIT PENSION PLAN, CONTINUED

### Net Pension Liability, Continued

*Actuarial Assumptions*—The total pension liability was determined by an actuarial valuation as of July 1, 2023 and 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

| | |
|---|---|
| Inflation: | 3.0% |
| Salary increases: | 3.0% to 7.0%, including inflation |
| Asset valuation method: | 5-year smoothed market |
| Actuarial cost method: | Entry age normal |
| Amortization method: | Level dollar, open |
| Remaining amortization period: | Average future working lifetime of active members |
| Investment rate of return: | 7.0% net of pension plan investment expenses |
| Mortality rates: | Active members: Pub-2010 General Employees Above-Median Amount-Weighted Mortality with generational projection using MP-2021 Scale. |
| | Retired members: Pub-2010 General Retirees Above-Median Amount-Weighted Mortality with generational projection using MP-2021 Scale. |
| | Disabled members: Pub-2010 General Disabled Retirees Amount-Weighted Mortality with generational projection using MP-2021 Scale. |
| Cost-of-living adjustment: | 2% for members receiving a benefit as of December 31, 2019 |

The actuarial assumptions used in the July 1, 2023 and 2022, valuations were based on the results of an actuarial experience study for the period July 1, 2016, to June 30, 2021.

## (8) DEFINED BENEFIT PENSION PLAN, CONTINUED

### Net Pension Liability, Continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30 (see discussion of the pension plan's investment policy) are summarized in the following table:

| Asset Class | Long-Term Expected Real Rate of Return 2023 | 2022 |
|---|---|---|
| Fixed income | 3.81% | 3.07% |
| Equity | 7.47% | 8.40% |
| Alternative investments | 5.37% | 5.48% |

*Discount Rate*—The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the Department will be at least 100% of the Department's required contribution. Based on these assumptions, the pension plan's 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.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*—The following presents the net pension liability, calculated using the discount rate of 7.0%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

| | 1% Decrease (6.0%) | Current Discount Rate (7.0%) | 1% Increase (8.0%) |
|---|---|---|---|
| June 30, 2023 | | | |
| Net pension liability | $ 28,927,054 | 13,699,498 | 694,995 |
| June 30, 2022 | | | |
| Net pension liability | $ 36,416,647 | 21,202,403 | 8,221,748 |

See Independent Auditors' Report.

## (8) DEFINED BENEFIT PENSION PLAN, CONTINUED

### Changes in Net Pension Liability

| | Increase (Decrease) Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension (Asset) Liability (a) - (b) |
|---|---|---|---|
| Balance at June 30, 2022 | $ 140,644,935 | 119,442,532 | 21,202,403 |
| Changes for the year: | | | |
| Service cost | 1,424,077 | - | 1,424,077 |
| Interest | 9,629,551 | - | 9,629,551 |
| Differences between expected and actual experience | (22,700) | - | (22,700) |
| Changes in assumptions | - | - | - |
| Contributions—employer | - | 2,250,000 | (2,250,000) |
| Contributions—employee | - | 521,618 | (521,618) |
| Net investment income | - | 15,797,465 | (15,797,465) |
| Benefit payments, including refunds | (9,007,987) | (9,007,987) | - |
| Administrative expense | - | (35,250) | 35,250 |
| Net changes | 2,022,941 | 9,525,846 | (7,502,905) |
| Balance at June 30, 2023 | $ 142,667,876 | 128,968,378 | 13,699,498 |

See Independent Auditors' Report.

## (8) DEFINED BENEFIT PENSION PLAN, CONTINUED

### Changes in Net Pension Liability, Continued

| | Increase (Decrease) Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension (Asset) Liability (a) - (b) |
|---|---|---|---|
| Balance at June 30, 2021 | $ 137,815,589 | 141,740,479 | (3,924,890) |
| Changes for the year: | | | |
| Service cost | 1,373,535 | - | 1,373,535 |
| Interest | 9,443,636 | - | 9,443,636 |
| Differences between expected and actual experience | (2,059,597) | - | (2,059,597) |
| Changes in assumptions | 2,631,839 | - | 2,631,839 |
| Contributions—employer | - | 2,500,000 | (2,500,000) |
| Contributions—employee | - | 554,133 | (554,133) |
| Net investment loss | - | (16,752,483) | 16,752,483 |
| Benefit payments, including refunds | (8,560,067) | (8,560,067) | - |
| Administrative expense | - | (39,530) | 39,530 |
| Net changes | 2,829,346 | (22,297,947) | 25,127,293 |
| Balance at June 30, 2022 | $ 140,644,935 | 119,442,532 | 21,202,403 |

See Independent Auditors' Report.

## (8) DEFINED BENEFIT PENSION PLAN, CONTINUED

### Pension Expense (Benefit) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended June 30, 2023 and 2022, the Department recognized pension expense of $4,137,444 and $3,514,508, respectively.

Pension expense for the years ended June 30 was computed as follows:

| | | 2023 | 2022 |
|---|---|---|---|
| Service cost | $ | 1,424,077 | 1,373,535 |
| Interest on total pension liability | | 9,629,551 | 9,443,636 |
| Differences in expected and actual experience | | 948,464 | 867,851 |
| Changes in assumptions | | 263,184 | 264,156 |
| Employee contributions | | (521,618) | (554,133) |
| Projected earnings on investments | | (8,141,470) | (9,727,743) |
| Differences between projected earnings and actual earnings | | 500,006 | 1,834,676 |
| Pension plan administrative expense | | 35,250 | 39,530 |
| | $ | 4,137,444 | 3,541,508 |

See Independent Auditors' Report.

## (8) DEFINED BENEFIT PENSION PLAN, CONTINUED

### Pension Expense (Benefit) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

At June 30, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| **2023** | | |
| Differences between expected and actual experience | $ 771,408 | 1,668,313 |
| Changes of assumptions | 2,105,471 | - |
| Net difference between projected and actual earnings on pension plan investments | 16,322,376 | 13,562,088 |
| | $ 19,199,255 | 15,230,401 |
| **2022** | | |
| Differences between expected and actual experience | $ 1,932,292 | 1,858,033 |
| Changes of assumptions | 2,368,655 | - |
| Net difference between projected and actual earnings on pension plan investments | 22,072,226 | 11,155,937 |
| | $ 26,373,173 | 13,013,970 |

Amounts reported as of June 30, 2023, as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30: | |
|---|---|
| 2024 | $ 1,255,733 |
| 2025 | 152,635 |
| 2026 | 3,820,007 |
| 2027 | (1,476,039) |
| 2028 | 55,160 |
| Thereafter | 161,358 |
| | $ 3,968,854 |

See Independent Auditors' Report.

## (9) DEFINED CONTRIBUTION PLAN

The Department's defined contribution plan (the "DC Plan") is a single-employer plan that covers the employees of the Department with a hire date of July 1, 2010, or later. The DC Plan provides retirement benefits to plan members and their beneficiaries. At June 30, 2023 and 2022, there were 185 and 172 plan members, respectively. Plan members are required to contribute 5% of compensation annually. The Department's annual contribution is based on the employee's number of completed years of credited service with the Department, defined as follows:

| Years of Credited Service | Percent of Compensation Contributed by the Employer |
|---|---|
| Less than 5 | 6% |
| At least 5 but less than 10 | 8% |
| At least 10 but less than 15 | 10% |
| At least 15 or more | 12% |

Employees vest in 100% of the Department's contributions after 5 years of credited service.

For the years ended June 30, 2023 and 2022, the Department contributed $649,111 and $582,218, respectively, and eligible employees contributed $465,830 and $418,209, respectively, to the DC Plan.

## (10) OTHER POSTEMPLOYMENT BENEFITS

### HEALTH INSURANCE ALLOWANCE OPEB

#### Description

The Department provides at its expense a health insurance allowance of up to $250 per month for the payment of health insurance premiums for eligible employees when they retire. The allowance is for retirees who elect post-retirement medical coverage through the umbrella of the State's group plan. The allowance is reduced when the retiree is eligible for Medicare. Providing for the insurance allowance is considered an "other postemployment benefit" (OPEB).

#### Funding Policy

The health insurance allowance amount is established by the Commission on an annual basis. The required contribution is based on projected "pay-as-you-go" requirements. There are no monies deposited into a separate account to fund the payments, and the Department can discontinue the policy of providing for the payments at its discretion. The amounts of the retiree insurance cost paid for the years ended June 30, 2023 and 2022, were approximately $459,000 and $452,000, respectively.

## (10) <u>OTHER POSTEMPLOYMENT BENEFITS, CONTINUED</u>

### HEALTH INSURANCE ALLOWANCE OPEB, CONTINUED

#### <u>Total OPEB Liability</u>

At June 30, 2023 and 2022, the Department's total OPEB liability of $7,959,955 and $7,982,396, respectively, was determined by an actuarial valuation as of June 30, 2023 and 2022.

*Actuarial Methods and Assumptions*—The total OPEB liability was determined on an actuarial valuation prepared as of June 30, 2023 and 2022:

| | |
|---|---|
| Investment rate of return: | Not applicable, as the OPEB plan is unfunded and benefits are not paid from a qualifying trust. |
| Healthcare cost trend rate: | 5.00% |
| Mortality rates: | Active members: Pub-2010 General Employees Above-Median Amount-Weighted Mortality with generational projection using scale MP-2021. |
| | Retired members: Pub-2010 General Retirees Above-Median Amount-Weighted Mortality projected generationally using scale MP-2021. |
| | Disabled members: Pub-2010 General Disabled Retirees Amount-Weighted Mortality projected generationally using scale MP-2021. |
| | Survivors and beneficiaries: Pub-2010 General Contingent Survivors Above-Median Amount-Weighted Mortality projected generationally using scale MP-2021. |
| Assumed inflation rate: | 3.00% per year |
| Actuarial cost method: | Entry age normal |

The actuarial assumptions used in the July 1, 2023 and 2022, valuations were based on the results of an actuarial experience study for the period July 1, 2016, to June 30, 2021.

*Discount Rate*—The discount rate used to measure the total OPEB liability was 4.13% for 2023 and 4.09% for 2022. For OPEB plans without assets, the total OPEB liability was measured using a 20-year municipal bond index rate (AA/Aa or higher) as of the measurement date.

See Independent Auditors' Report.

## (10) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

### HEALTH INSURANCE ALLOWANCE OPEB, CONTINUED

**Changes in the Total OPEB Liability**

| | 2023 | 2022 |
|---|---|---|
| Total OPEB liability—beginning | $ 7,982,396 | 9,246,835 |
| Changes for the year: | | |
| Service cost | 122,758 | 227,675 |
| Interest | 317,096 | 196,655 |
| Differences between expected and actual experience | 29,528 | (222,330) |
| Changes in assumptions | (32,938) | (1,014,546) |
| Benefit payments | (458,885) | (451,893) |
| Net changes for the year | (22,441) | (1,264,439) |
| Total OPEB liability—ending | $ 7,959,955 | 7,982,396 |

See Independent Auditors' Report.

## (10) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

### HEALTH INSURANCE ALLOWANCE OPEB, CONTINUED

#### Changes in the Total OPEB Liability, Continued

*Sensitivity of the OPEB Liability to Changes in the Discount Rate*—The following presents the OPEB total liability of the Department calculated using the discount rate of 4.13% for 2023 and 4.09% for 2022, as well as what the Department's total 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:

| | 1% Decrease (3.13%) | Current Discount Rate (4.13%) | 1% Increase (5.13%) |
|---|---|---|---|
| June 30, 2023 | | | |
| Total OPEB liability | $ 8,852,172 | 7,959,955 | 7,201,663 |

| | 1% Decrease (3.09%) | Current Discount Rate (4.09)% | 1% Increase (5.09%) |
|---|---|---|---|
| June 30, 2022 | | | |
| Total OPEB liability | $ 8,896,172 | 7,982,396 | 7,207,454 |

*Sensitivity of the OPEB Liability to Changes in the Healthcare Trend Rate*—The following presents the total OPEB liability at June 30, 2023 and 2022, calculated using the healthcare trend rate of 5.0%, as well as what the total 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 (4.0%) | Current Healthcare Trend Rate (5.0%) | 1% Increase (6.0%) |
|---|---|---|---|
| June 30, 2023 | | | |
| Total OPEB liability | $ 7,943,972 | 7,959,955 | 7,973,314 |
| June 30, 2022 | | | |
| Total OPEB liability | $ 7,959,921 | 7,982,396 | 8,001,841 |

See Independent Auditors' Report.

## (10) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

### HEALTH INSURANCE ALLOWANCE OPEB, CONTINUED

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the years ended June 30, 2023 and 2022, the Department recognized OPEB expense of $468,744 and $453,902, respectively. At June 30, 2023 and 2022, the Department reported deferred outflows of resources and deferred inflows of resources from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| **2023** | | |
| Differences between expected and actual experience | $ 61,910 | 146,157 |
| Changes in assumptions | 317,949 | 635,078 |
| | $ 379,859 | 781,235 |
| **2022** | | |
| Differences between expected and actual experience | $ 66,357 | 205,480 |
| Changes in assumptions | 581,684 | 811,637 |
| | $ 648,041 | 1,017,117 |

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 as follows:

| Years Ending June 30: | |
|---|---|
| 2024 | $ (23,643) |
| 2025 | (128,993) |
| 2026 | (248,058) |
| 2027 | (682) |
| | $ (401,376) |

See Independent Auditors' Report.

## (10) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

### *IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE PLAN OPEB LIABILITY*

#### Description

The Department participates in the 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.

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 Department met these criteria and therefore was one of the agencies included in the State's calculation.

As previously discussed, the Department adopted GASB 75 effective July 1, 2017, which required the recording of the Department's allocated share of the net OPEB liability, deferred outflows, deferred inflows, and OPEB expense associated with the IRSHIP OPEB liability.

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 Department on a "pay as you go" basis. Department contributions for the years ended June 30, 2023 and 2022, were approximately $184,000 and $173,000, respectively.

#### OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023 and 2022, the Department reported a liability for its proportionate share of the net IRSHIP OPEB liability. The net IRSHIP OPEB liability was measured as of June 30, 2022 and 2021, respectively, and the total IRSHIP OPEB liability used to calculate the net IRSHIP OPEB liability was determined by an actuarial valuation as of July 1, 2022 and 2021, respectively. The Department's proportion of the net IRSHIP OPEB liability was based on the Department's active employees as of July 1, 2022 and 2021, respectively, to all active employees of the state agencies included in the State's calculation. Based upon this information, the Department's proportion was 1.66546950% and 1.67426210%, at June 30, 2023 and 2022, respectively.

## (10) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

### *IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE PLAN OPEB LIABILITY, CONTINUED*

**OPEB Liabilities, 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 Department recognized IRSHIP OPEB (benefits) expenses of $(97,434) and $99,628, respectively. At June 30, 2023 and 2022, the Department 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** | | |
| Changes in assumptions | $ 108,027 | 215,019 |
| Department contributions subsequent to the measurement date | 184,352 | - |
| | $ 292,379 | 215,019 |
| **2022** | | |
| Changes in assumptions | $ 137,479 | 91,009 |
| Department contributions subsequent to the measurement date | 173,445 | - |
| | $ 310,924 | 91,009 |

Reported deferred outflows of resources of $184,352 related to IRSHIP OPEB resulting from the Department's contributions subsequent to the measurement date will be recognized as an increase/decrease of the net IRSHIP OPEB liability in the year ending June 30, 2024. Any other amounts reported as deferred inflows of resources related to the IRSHIP OPEB liability as of June 30, 2023, will be recognized in OPEB expense as follows:

| Years Ending June 30: | |
|---|---|
| 2024 | $ (34,936) |
| 2025 | (4,396) |
| 2026 | (4,396) |
| 2027 | (10,961) |
| 2028 | (31,638) |
| Thereafter | (20,665) |
| | $ (106,992) |

See Independent Auditors' Report.

## (10) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

### *IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE PLAN OPEB LIABILITY, CONTINUED*

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

*Actuarial Methods and Assumptions*—The total IRSHIP OPEB liability was determined based on actuarial valuations prepared using July 1, 2022 and 2021, measurement dates 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—Pub-2010 Public Retirement Plans General Mortality Table, weighted by Headcount projected by MP-2021 for 2022 and 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

## (10) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

### *IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE PLAN OPEB LIABILITY, CONTINUED*

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

*Actuarial Methods and Assumptions, Continued—*

- Plan participation—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%

The June 30, 2023, valuation is based on a measured date of July 1, 2022, with a measurement period of July 1, 2021, to July 1, 2022. The June 30, 2022, valuation is based on a measured date of July 1, 2021, with a measurement period of July 1, 2020, to July 1, 2021.

At June 30, 2023, the Department had total participants in the health plan of 503, consisting of 334 active participants and 169 retirees. At June 30, 2022, the Department had total participants in the health plan of 502, consisting of 334 active participants and 168 retirees.

*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.

## (10) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

***IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE PLAN OPEB LIABILITY, CONTINUED***

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

*Changes in the Net OPEB Liability*

| | 2023 | 2022 |
|---|---|---|
| Net OPEB liability—beginning | $ 2,356,344 | 2,206,829 |
| Changes for the year: | | |
| Service cost | 102,457 | 104,037 |
| Interest | 50,989 | 52,934 |
| Changes in assumptions | (204,370) | (1,137) |
| Differences between expected and actual experience | (4,157) | (1,827) |
| Changes in proportionate share | (12,374) | 172,187 |
| Benefit payments | (172,534) | (176,679) |
| Net changes for the year | (239,989) | 149,515 |
| Net OPEB liability—ending | $ 2,116,355 | 2,356,344 |

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*—The following presents the net IRSHIP OPEB liability of the Department calculated using the discount rate of 3.54% and 2.16% for 2023 and 2022, respectively, as well as what the Department's net 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:

| | 1% Decrease (2.54%) | Current Discount Rate (3.54%) | 1% Increase (4.54%) |
|---|---|---|---|
| June 30, 2023 | | | |
| Net OPEB liability | $ 2,262,794 | 2,116,355 | 1,979,139 |

| | 1% Decrease (1.16%) | Current Discount Rate (2.16%) | 1% Increase (3.16%) |
|---|---|---|---|
| June 30, 2022 | | | |
| Net OPEB liability | $ 2,516,439 | 2,356,344 | 2,204,744 |

See Independent Auditors' Report.

## (10) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

### *IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE PLAN OPEB LIABILITY, CONTINUED*

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

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rate*—The following presents the net IRSHIP OPEB liability at June 30, 2023 and 2022, calculated using the healthcare trend rate 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%) |
|---|---|---|---|
| June 30, 2023 | | | |
| Net OPEB liability | $ 1,909,878 | 2,116,355 | 2,358,328 |
| June 30, 2022 | | | |
| Net OPEB liability | $ 2,134,655 | 2,356,344 | 2,616,709 |

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/ActuarialValuationReport2023.pdf

## (11) OKLAHOMA STATE EMPLOYEES DEFERRED COMPENSATION PLAN AND DEFERRED SAVINGS INCENTIVE PLAN

### Deferred Compensation Plan

The State offers its employees a Deferred Compensation Plan (the "State DC 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 State DC Plan is the Board of Trustees of the Oklahoma Public Employees Retirement System (the "Board").

The State DC 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 State DC 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 Internal Revenue Service.

The State DC 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 State DC Plan are also limited to contributions for years in which the participant was eligible but did not participate in the State DC 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 of up to $5,000 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 State DC Plan's provisions.

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

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

### Deferred Compensation Plan, Continued

Further information may be obtained from the Oklahoma State Employees State DC Plan's audited financial statements for the years ended June 30, 2023 and 2022. The Department believes that it has no liabilities in respect to the State DC Plan.

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

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

Upon cessation of contributions to the State DC 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. 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.

## (12) FEDERAL AWARDS

### Sport Fish Restoration Program

The Sport Fish Restoration Program, more commonly known as "Dingell-Johnson" after its congressional sponsors, created a federal program for fisheries improvement throughout the United States. Applying the "user pay" concept to fish restoration, this program has employed an excise tax. This tax is added by manufacturers onto the purchase price of angling equipment and helps raise the revenue necessary to fund specific restoration projects by state fish and wildlife agencies. Each state's share is 60% on its licensed sport fishermen and 40% on its land and water area. No state may receive more than 5% or less than 1% of each year's total apportionment. Federal funding from the program pays for up to 75% of project costs, with the Department matching approximately 25%.

## (12) FEDERAL AWARDS, CONTINUED

### Wildlife Restoration Act

The Wildlife Restoration Act, better known as the Pittman-Robertson Act, created a 10% tax on ammunition and firearms used for sport hunting. Federal funding from the Act pays up to 75% of project costs, with the Department matching approximately 25%.

As of June 30, 2023 and 2022, the Department had accrued approximately $2,264,000 and $2,286,000, respectively, of accounts receivable from the federal government for the federal government's share of program expenditures.

## (13) COMMITMENTS AND CONTINGENCIES

### Federal and State Grants and Contracts

The Department conducts certain programs pursuant to grants and contracts funded with federal monies, which are subject to audit by various federal and state agencies. Costs questioned as a result of audits, if any, may result in refunds to these governmental agencies.

During the year ended June 30, 2021, the Department's Sport Fish Restoration Program and Wildlife Restoration Act grants were audited by the U.S. Department of Interior Office of Inspector General for the period July 1, 2017, through June 30, 2019. The Department has received a final report of findings and questioned costs; and the final corrective action plan has been approved.

### Insurance

Certain buildings and other properties of the Department are insured through the risk management program of the State. To the extent destruction or damage to the properties should occur, the Department expects to fund replacement costs from State sources.

The Department participates in the Oklahoma Risk Management Division's (a division of the Department of Central Services) insurance pool, which covers all governmental tort claims against the Department and virtually all other state agencies and authorities. Workers' compensation claims arising from incidents occurring during the year are fully insured through the State Insurance Fund.

These areas of insurance coverage include stop-loss provisions that limit the Department's exposure.

### Legal

The Department, in the normal course of business, is occasionally involved in litigation. While there is litigation outstanding at June 30, 2023, management does not believe that the outcome of such litigation will have a material effect on the net position of the Department or on the results of its operations.

**SUPPLEMENTARY INFORMATION REQUIRED BY GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS NO. 67 AND 68**

**OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)—
DEFINED BENEFIT PENSION PLAN**

**Last 10 Fiscal Years**

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total pension liability** | | | | | | | | | | |
| Service cost | $ 1,424,077 | 1,373,535 | 1,398,067 | 1,480,253 | 1,482,612 | 1,549,955 | 1,626,521 | 1,848,180 | 1,840,125 | 1,930,130 |
| Interest | 9,629,551 | 9,443,636 | 9,257,672 | 8,873,166 | 8,604,619 | 8,363,608 | 8,203,236 | 7,831,478 | 7,585,724 | 7,295,690 |
| Changes of benefit terms | - | - | - | - | - | - | - | 1,155,584 | - | - |
| Differences between expected and actual experience | (22,700) | (2,059,597) | 478,567 | 3,407,536 | 1,433,806 | 688,038 | (883,258) | 456,220 | (356,635) | 293,367 |
| Changes in assumptions | - | 2,631,839 | - | - | - | - | - | 194,904 | - | - |
| Benefit payments, including refunds of member contributions | (9,007,987) | (8,560,067) | (8,346,242) | (8,025,382) | (7,339,205) | (6,843,269) | (6,314,554) | (5,593,198) | (5,539,810) | (5,031,867) |
| Net change in total pension liability | 2,022,941 | 2,829,346 | 2,788,064 | 5,735,573 | 4,181,832 | 3,758,332 | 2,631,945 | 5,893,168 | 3,529,404 | 4,487,320 |
| Total pension liability—beginning | 140,644,935 | 137,815,589 | 135,027,525 | 129,291,952 | 125,110,120 | 121,351,788 | 118,719,843 | 112,826,675 | 109,297,271 | 104,809,951 |
| Total pension liability—ending (a) | $ 142,667,876 | 140,644,935 | 137,815,589 | 135,027,525 | 129,291,952 | 125,110,120 | 121,351,788 | 118,719,843 | 112,826,675 | 109,297,271 |

(Continued)

See Independent Auditors' Report.
See accompanying notes to required supplementary information.

**OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)—
DEFINED BENEFIT PENSION PLAN, CONTINUED**

**Last 10 Fiscal Years**

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Plan fiduciary net position** | | | | | | | | | | |
| Contributions—employer | $ 2,250,000 | 2,500,000 | 4,312,988 | 2,287,500 | 2,500,000 | 3,100,000 | 4,780,001 | 3,700,000 | 4,307,000 | 4,300,000 |
| Contributions—members (employees) | 521,618 | 554,133 | 563,681 | 581,596 | 604,106 | 610,398 | 633,255 | 663,033 | 654,586 | 680,742 |
| Net investment income (loss) | 15,797,465 | (16,752,483) | 26,763,927 | 5,891,509 | 7,753,344 | 8,499,657 | 10,797,316 | 492,067 | 4,096,971 | 12,370,424 |
| Benefit payments, including refunds of member contributions | (9,007,987) | (8,560,067) | (8,346,242) | (8,025,382) | (7,339,205) | (6,843,269) | (6,314,554) | (5,593,198) | (5,539,810) | (5,031,867) |
| Administrative expense | (35,250) | (39,530) | (25,857) | (45,950) | (25,363) | (58,376) | (52,964) | (54,813) | (48,953) | (37,906) |
| Net change in plan fiduciary net position | 9,525,846 | (22,297,947) | 23,268,497 | 689,273 | 3,492,882 | 5,308,410 | 9,843,054 | (792,911) | 3,469,794 | 12,281,393 |
| Plan fiduciary net position—beginning | 119,442,532 | 141,740,479 | 118,471,982 | 117,782,709 | 114,289,827 | 108,981,417 | 99,138,363 | 99,931,274 | 96,461,480 | 84,180,087 |
| Plan fiduciary net position—ending (b) | $ 128,968,378 | 119,442,532 | 141,740,479 | 118,471,982 | 117,782,709 | 114,289,827 | 108,981,417 | 99,138,363 | 99,931,274 | 96,461,480 |
| Plan's net pension liability (asset) (a) - (b) | $ 13,699,498 | 21,202,403 | (3,924,890) | 16,555,543 | 11,509,243 | 10,820,293 | 12,370,371 | 19,581,480 | 12,895,401 | 12,835,791 |

See Independent Auditors' Report.
See accompanying notes to required supplementary information.

Schedule II

**OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION**

**SCHEDULE OF NET PENSION LIABILITY (ASSET)—DEFINED BENEFIT PENSION PLAN**

**Last 10 Fiscal Years**

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total pension liability | $ 142,667,876 | 140,644,935 | 137,815,589 | 135,027,525 | 129,291,952 | 125,110,120 | 121,351,788 | 118,719,843 | 112,826,675 | 109,297,271 |
| Plan fiduciary net position | 128,968,378 | 119,442,532 | 141,740,479 | 118,471,982 | 117,782,709 | 114,289,827 | 108,981,417 | 99,138,363 | 99,931,274 | 96,461,480 |
| Plan's net pension liability (asset) | $ 13,699,498 | 21,202,403 | (3,924,890) | 16,555,543 | 11,509,243 | 10,820,293 | 12,370,371 | 19,581,480 | 12,895,401 | 12,835,791 |
| Plan fiduciary net position as a percentage of the total pension liability | 90.40% | 84.92% | 102.85% | 87.74% | 91.10% | 91.35% | 89.81% | 83.51% | 88.57% | 88.26% |
| Covered payroll | $ 10,432,360 | 11,082,660 | 11,273,620 | 11,631,920 | 12,082,120 | 12,207,960 | 12,805,757 | 13,387,940 | 13,667,435 | 13,599,245 |
| Plan's net pension liability (asset) as a percentage of covered payroll | 131.32% | 191.31% | (34.81)% | 142.33% | 95.26% | 88.63% | 96.60% | 146.26% | 94.35% | 94.39% |

See Independent Auditors' Report.
See accompanying notes to required supplementary information.

**OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION**

**SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER—DEFINED BENEFIT PENSION PLAN**

**Last 10 Fiscal Years**

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 2,346,701 | 2,190,456 | 2,711,148 | 2,485,465 | 2,307,584 | 2,493,653 | 2,987,680 | 3,196,679 | 3,690,617 | 4,306,681 |
| Contributions in relation to the actuarially determined contribution: | | | | | | | | | | |
| Employer | 2,250,000 | 2,500,000 | 4,312,988 | 2,287,500 | 2,500,000 | 3,100,000 | 4,780,001 | 3,700,000 | 4,307,000 | 4,300,000 |
| Contribution deficiency (excess) | $ 96,701 | (309,544) | (1,601,840) | 197,965 | (192,416) | (606,347) | (1,792,321) | (503,321) | (616,383) | 6,681 |
| Covered payroll | $ 10,432,360 | 11,082,660 | 11,273,620 | 11,631,920 | 12,082,120 | 12,207,960 | 12,805,757 | 13,387,940 | 13,667,435 | 13,599,245 |
| Contributions as a percentage of covered payroll | 21.57% | 22.56% | 38.26% | 19.67% | 20.69% | 25.39% | 37.33% | 27.64% | 31.51% | 31.62% |

See Independent Auditors' Report.
See accompanying notes to required supplementary information.

**OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION**

**SCHEDULE OF INVESTMENT RETURNS—DEFINED BENEFIT PENSION PLAN**

**Last 10 Fiscal Years**

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Annual money-weighted rate of return, net of investment expense | 13.83% | (11.96)% | 23.18% | 5.32% | 7.14% | 8.08% | 11.25% | 0.69% | 4.48% | 14.32% |

See Independent Auditors' Report.
See accompanying notes to required supplementary information.

## SUPPLEMENTARY INFORMATION REQUIRED BY GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 75

Schedule V

**OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY**
**Health Insurance Allowance**
**Last 6 Fiscal Years**

| **Total OPEB Liability** | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|
| Service cost | $ 122,758 | 227,675 | 205,607 | 212,751 | 210,721 | 121,044 |
| Interest | 317,096 | 196,655 | 226,929 | 230,155 | 272,667 | 176,538 |
| Changes of benefit terms | - | - | - | - | - | 2,991,996 |
| Differences between expected and actual experience | 29,528 | (222,330) | 27,754 | 117,192 | (62,592) | (28,011) |
| Changes in assumptions | (32,938) | (1,014,546) | 457,670 | 118,899 | 695,265 | 179,532 |
| Benefit payments | (458,885) | (451,893) | (404,600) | (389,597) | (408,445) | (236,166) |
| Net change in total OPEB liability | (22,441) | (1,264,439) | 513,360 | 289,400 | 707,616 | 3,204,933 |
| Total OPEB liability—beginning | 7,982,396 | 9,246,835 | 8,733,475 | 8,444,075 | 7,736,459 | 4,531,526 |
| Total OPEB liability—ending | $ 7,959,955 | 7,982,396 | 9,246,835 | 8,733,475 | 8,444,075 | 7,736,459 |

Information to present a 10-year history is not readily available.

See Independent Auditors' Report.
See accompanying notes to required supplementary information.

**OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION**

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY**
**Implicit Rate Subsidy of Health Insurance Plan OPEB Liability**
**Last 6 Fiscal Years**

| Net OPEB Liability | | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|---|
| Service cost | $ | 102,457 | 104,037 | 76,264 | 80,213 | 103,515 | 80,381 |
| Interest | | 50,989 | 52,934 | 71,840 | 87,234 | 105,846 | 61,067 |
| Changes in assumptions | | (204,370) | (1,137) | 181,112 | (193,644) | (10,764) | (100,539) |
| Differences between expected and actual experience | | (4,157) | (1,827) | (8,697) | (9,460) | (24,782) | - |
| Changes in proportionate share | | (12,374) | 172,187 | 6,366 | (652,548) | (18,428) | - |
| Benefit payments | | (172,534) | (176,679) | (166,871) | (181,124) | (219,574) | (172,531) |
| Net change in total OPEB liability | | (239,989) | 149,515 | 160,014 | (869,329) | (64,187) | (131,622) |
| Net OPEB liability—beginning | | 2,356,344 | 2,206,829 | 2,046,815 | 2,916,144 | 2,980,331 | 3,111,953 |
| Net OPEB liability—ending | $ | 2,116,355 | 2,356,344 | 2,206,829 | 2,046,815 | 2,916,144 | 2,980,331 |

Information to present a 10-year history is not readily available.

See Independent Auditors' Report.
See accompanying notes to required supplementary information.

## (1) DEFINED BENEFIT PENSION PLAN (SCHEDULES I THROUGH IV)

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

| | |
|---|---|
| Valuation date: | July 1, 2023 |
| Actuarial cost method: | Entry age normal |
| Amortization method: | Level dollar, open |
| Remaining amortization period: | Average future working lifetime of active members |
| Inflation: | 3.0% |
| Mortality rates: | Active members: Pub-2010 General Employees Above-Median Amount-Weighted Mortality with generational projection using MP-2021 Scale<br>Retired members: Pub-2010 General Retirees Above-Median Amount-Weighted Mortality with generational projection using MP-2021 Scale<br>Disabled members: Pub-2010 General Disabled Retirees Amount-Weighted Mortality with generational projection using MP-2021 Scale<br>Survivors and beneficiaries: Pub-2010 General Contingent Survivors Above-Median Amount-Weighted Mortality with generational projection using MP-2021 Scale |
| Asset valuation method: | 5-year smoothed market |
| Actuarial assumptions: | |
| Investment rate of return | 7.0%, net of pension plan investment expenses |
| Projected salary increases | 3.0% to 7.0%, including inflation |
| Cost-of-living adjustment | None |

See Independent Auditors' Report.

## (2) OPEB (SCHEDULES V AND VI)

The information presented in the required supplementary schedules V and VI were determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuations follows:

**Schedule V**

| | |
|---|---|
| Valuation date: | June 30, 2023 |
| Actuarial cost method: | Entry age normal |
| Assumed inflation rate: | 3.00% per year |
| Actuarial assumptions: | |
| Investment rate of return | Not applicable, as the OPEB plan is unfunded and benefits are not paid from a qualifying trust |
| Healthcare cost trend rate | Level 5.00% |

**Schedule VI**

| | |
|---|---|
| Valuation date: | July 1, 2022 |
| Actuarial cost method: | Entry age normal based upon salary |
| Actuarial assumptions: | |
| Investment rate of return | Not applicable, as the OPEB plan is unfunded and benefits are not paid from a qualifying trust |

## (3) OTHER

**Annual Budget-to-Actual Comparison**

The Department is not required to and does not prepare a legally adopted annual budget. Therefore, an annual budget-to-actual comparison required by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* as required supplementary information is not presented.

See Independent Auditors' Report.

**OTHER**
**SUPPLEMENTARY INFORMATION**

**OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*Year Ended June 30, 2023*

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal Assistance Listing Number | Passed Through to Subrecipients | Total Federal Expenditures |
|---|---|---|---|
| **U.S. Department of Interior:** | | | |
| Fish and Wildlife Cluster: | | | |
| Sport Fish Restoration Program | 15.605 | $ 109,548 | 6,814,098 |
| Wildlife Restoration Act | 15.611 | 1,195,087 | 15,571,207 |
| Enhanced Hunter and Safety Education | 15.626 | - | 126,391 |
| Total Fish and Wildlife Cluster | | 1,304,635 | 22,511,696 |
| Fish and Wildlife Management Assistance | 15.608 | - | 111,002 |
| Endangered Species Conservation | 15.615 | 52,912 | 87,922 |
| Partners of Fish and Wildlife | 15.631 | - | 472,481 |
| State Wildlife Grants | 15.634 | 560,981 | 775,702 |
| Total U.S. Department of Interior | | 1,918,528 | 23,958,803 |
| **Bureau of Reclamation:** | | | |
| McGee Creek Project | 10.unknown* | - | 260,726 |
| **U.S. Department of Agriculture:** | | | |
| Natural Resource Conservation Service: | | | |
| Voluntary Public Access and Habitat Incentive | 10.093 | - | 865,231 |
| Agricultural Conservation Easement | 10.931 | - | 32,902 |
| Total Natural Resource Conservation Service | | - | 898,133 |
| Total U.S. Department of Agriculture | | - | 898,133 |
| Total expenditures of federal awards | | $ 1,918,528 | 25,117,662 |

*Not a cooperative agreement or grant, but considered federal funds.

See Independent Auditors' Report.
See accompanying notes to schedule of expenditures of federal awards.

## (1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Department under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Department, it is not intended to, and does not, present the financial position, changes in net position/fund balances, or cash flows, if applicable, of the Department.

## (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

## (3) INDIRECT COST RATE

The Department has an approved indirect cost rate of 35.38%, which was used during the year ended June 30, 2023, to charge federal awards.

## (4) RECONCILIATION OF EXPENDITURES

The following is a reconciliation of the expenditures per the schedule of expenditures of federal awards to the statements of revenues, expenditures, and changes in fund balances—governmental funds and the statements of activities:

| | |
|---|---|
| Total expenditures per the schedule of expenditures of federal awards; and total federal grant revenue per the statements of revenues, expenditures, and changes in fund balances—governmental funds; and total federal operating grants revenue per the statements of activities | $ 25,117,662 |

See Independent Auditors' Report.

**F&C CPAs**

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

Oklahoma Wildlife Conservation Commission
Oklahoma Department of Wildlife Conservation

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, each major fund, and the aggregate remaining fund information of the Oklahoma Department of Wildlife Conservation (the "Department"), a component unit 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 Department's basic financial statements, and have issued our report thereon dated October 30, 2023. Our report includes an explanatory paragraph to emphasize the fact that the financial statements include only that portion of the State of Oklahoma that is attributable to transactions of the Department. Our report includes an explanatory paragraph disclaiming an opinion on required supplementary information.

**Reporting on Internal Control Over Financial Reporting**

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

**Reporting on Compliance and Other Matters**

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

Finley & Cook, PLLC

Shawnee, Oklahoma
October 30, 2023

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Oklahoma Wildlife Conservation Commission
Oklahoma Department of Wildlife Conservation

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Oklahoma Department of Wildlife Conservation's (the "Department"), a component unit of the State of Oklahoma, compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Department's major federal programs for the year ended June 30, 2023. The Department's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Department complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Department's compliance with the compliance requirements referred to above.

(Continued)

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Department's federal programs.

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Department's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Department's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Department's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Department's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED**

**Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Finley + Cook, PLLC

Shawnee, Oklahoma
October 30, 2023

## SECTION I—SUMMARY OF AUDITORS' RESULTS

### Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States: **Unmodified**

Internal control over financial reporting:

Material weakness(es) identified? ☐ **Yes** ☑ **No**

Significant deficiency(ies) identified? ☐ **Yes** ☑ **None Reported**

Noncompliance material to financial statements noted? ☐ **Yes** ☑ **No**

### Federal Awards

Internal control over major programs:

Material weakness(es) identified? ☐ **Yes** ☑ **No**

Significant deficiency(ies) identified? ☐ **Yes** ☑ **None Reported**

Type of auditors' report issued on compliance for the major federal programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a) of the Uniform Guidance? ☐ **Yes** ☑ **No**

Identification of major federal programs:

| Federal AL Number | Name of Federal Program or Cluster |
|---|---|
| 15.605, 15.611, and 15.626 | Fish and Wildlife Cluster |
| 15.634 | State Wildlife Grants |
| 10.093 | Voluntary Public Access and Habitat Incentive |

Dollar threshold used to distinguish between type A and type B programs: **$753,530**

Auditee qualified as low-risk auditee? ☑ **Yes** ☐ **No**

## SECTION II—FINANCIAL STATEMENT FINDINGS

None noted.

## SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

*Year Ended June 30, 2023*

There were no audit findings noted in the prior year audit for the year ended June 30, 2022.