Oklahoma House of Representatives

Financial Statements

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

F&C CPAs

OKLAHOMA HOUSE OF REPRESENTATIVES

FINANCIAL STATEMENTS

Table of Contents

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

INDEPENDENT AUDITORS' REPORT

The Honorable Charles McCall
Speaker of the House
Oklahoma House of Representatives

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the General Fund of the State of Oklahoma House of Representatives (the "House"), a component of the General Fund of the State of Oklahoma, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the House's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the House, as of June 30, 2023 and 2022, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinions

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

Emphasis of Matters

Adoption of New Accounting Pronouncement

As discussed in Note 2 to the financial statements, in fiscal year 2023 the House adopted new accounting guidance, Statement No. 96 of the Governmental Accounting Standards Board, *Subscription–Based Information Technology Arrangements* (GASB 96). Adoption of GASB 96 resulted in a restatement of the financial statements as of and for the year ended June 30, 2022. Our opinion is not modified with respect to this matter.

Department-Only Financial Statements

As discussed in Note 1, the financial statements of the House are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and the General Fund of the State of Oklahoma that is attributable to the transactions of the House. 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)

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 House'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 House'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 House's ability to continue as a going concern for a reasonable period of time.

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

(Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages I-1 through I-5 and the schedules of the House's pension and OPEB information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2024, on our consideration of the House'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 House'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 House's internal control over financial reporting and compliance.

Finley + Cook, PLLC

Shawnee, Oklahoma
February 20, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

As leadership of the Oklahoma House of Representatives (the "House"), we offer readers of the House's financial statements this overview and analysis of the financial activities for the fiscal years ended June 30, 2023, 2022, and 2021.

FINANCIAL HIGHLIGHTS

- During 2023, the House's net position increased $19,899,437 from June 30, 2022, resulting in a net position of $50,534,992 at June 30, 2023. During 2022, the House's net position increased $8,698,325 from June 30, 2021, resulting in a net position of $30,636,406 at June 30, 2022. During 2021, the House's net position decreased $3,126,278 from June 30, 2020, resulting in a net position of $21,938,081 at June 30, 2021.

- At June 30, 2023, the House's assets totaling $51,021,820 increased $12,280,427 from June 30, 2022, due mainly to an increase in cash and accounts receivable. At June 30, 2022, the House's assets totaling $38,570,413 increased $14,486,635 from June 30, 2021, due mainly to an increase in cash and net pension asset. At June 30, 2021, the House's assets totaling $24,083,778 decreased $1,971,793 from June 30, 2020, due mainly to decrease in cash.

- At June 30, 2023, the House's liabilities totaling $6,966,218 increased $5,319,858 from June 30, 2022, due mainly to an increase in net pension liability, account payable, and lease and SBITA liabilities. At June 30, 2022, the House's liabilities totaling $1,474,529 decreased $4,181,455 from June 30, 2021, due mainly to a decrease in net pension liability. At June 30, 2021, the House's liabilities totaling $5,655,984 increased $3,888,707 from June 30, 2020, due mainly to an increase in net pension liability and lease liability.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

The statements of activities present information showing how the House's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future periods.

Overview of the Financial Statements, Continued

Fund Financial Statements

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheets and the governmental fund statements of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The House's net position at June 30 are reported as follows:

		2023	2022 (restated)	2021 (restated)
Assets				
Current assets	$	47,826,825	28,374,452	22,268,148
Lease asset, net		345,800	78,800	101,863
SBITA assets, net		298,862	170,980	-
Net OPEB asset		520,367	760,525	223,304
Net pension asset		-	7,424,567	-
Capital assets, net		2,029,966	1,932,069	1,490,463
Total assets		51,021,820	38,741,393	24,083,778
Deferred outflows of resources related to the pension and OPEB		7,041,948	2,556,860	3,812,736
Liabilities				
Current liabilities		1,105,845	651,320	602,881
Noncurrent liabilities		5,860,373	995,040	5,053,103
Total liabilities		6,966,218	1,646,360	5,655,984
Deferred inflows of resources related to the pension and OPEB		562,558	9,016,338	302,449
Net Position				
Net investment in capital assets		2,029,966	1,932,069	1,490,463
Unrestricted		48,505,026	28,703,486	20,447,618
Total net position	$	50,534,992	30,635,555	21,938,081

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

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

	2023	2022 (restated)	2021 (restated)
General revenues—other	$ 68,500	8,906	15,606
Operating grants	-	-	62,527
Loss on disposal of capital assets	(4,361)	(4,841)	-
Expenses	(23,192,064)	(20,610,709)	(22,282,738)
Excess expenses before transfers	(23,127,925)	(20,606,644)	(22,204,605)
Transfers:			
Transfers in from the General Fund of the State of Oklahoma	22,786,198	19,183,536	19,078,327
Transfers in from the General Fund of the Legislative Service Bureau	20,241,164	10,120,582	-
Total transfers	43,027,362	29,304,118	19,078,327
Changes in net position	19,899,437	8,697,474	(3,126,278)
Net position, beginning of year	30,635,555	21,938,081	25,064,359
Net position, end of year	$ 50,534,992	30,635,555	21,938,081

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

The House's FY 2023 appropriation from the State of Oklahoma increased $3,602,662 from FY 2022. The House's FY 2022 appropriation from the State of Oklahoma increased $105,209 from FY 2021. The House's FY 2021 appropriation from the State of Oklahoma, including refunds, decreased $795,200 from FY 2020.

The House's FY 2023 expenditures, not including adjustments for depreciation, amortization, compensated absences, and pension, increased approximately 3.19% from FY 2022. The House's FY 2022 expenditures, not including adjustments for depreciation, amortization, compensated absences, and pension, increased approximately 9.70% from FY 2021. The House's FY 2021 expenditures, not including adjustments for depreciation, compensated absences, and pension, increased approximately 10.76% from FY 2020.

CAPITAL ASSETS

As of June 30, 2023, 2022, and 2021, the House's investment in capital assets, net of accumulated depreciation, totaled approximately $2,030,000, $1,932,000, and $1,490,000, respectively. Depreciation for 2023, 2022, and 2021, totaled approximately $798,000, $636,000, $511,000, respectively. Capital assets include computer equipment, office equipment, furniture, and building improvements.

RESTATEMENT

The 2022 financial statements were restated to reflect the implementation of Governmental Accounting Standards Board Statement No. 96 (GASB 96), effective July 1, 2022. Adoption of GASB 96 resulted in a restatement of the financial statements as of June 30, 2022.

DESCRIPTION OF CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS THAT ARE EXPECTED TO HAVE A SIGNIFICANT EFFECT ON THE FINANCIAL POSITION OR RESULTS OF OPERATIONS

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

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

CONTACTING THE HOUSE'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the House's finances and to demonstrate the House's accountability for the funds received. If you have questions relative to the report or have a need for additional financial information, contact the Comptroller of the Oklahoma House of Representatives, 2300 N. Lincoln Blvd., State Capitol Building, Oklahoma City, Oklahoma 73105-4885.

STATEMENTS OF NET POSITION

June 30,	*2023*	*2022*
Assets		
Current assets:		
Cash, including short-term investments	$ 27,525,248	17,999,532
Accounts receivable	20,241,164	10,120,582
Prepaid expenses	60,413	254,338
Total current assets	47,826,825	28,374,452
Noncurrent assets:		
Lease assets, net	345,800	78,800
SBITA assets, net, restated	298,862	170,980
Net OPEB asset	520,367	760,525
Net pension asset	-	7,424,567
Capital assets, net of accumulated depreciation	2,029,966	1,932,069
Total noncurrent assets	3,194,995	10,366,941
Total assets	51,021,820	38,741,393
Deferred Outflows of Resources		
Deferred amounts related to the pension and OPEB	7,041,948	2,556,860
Total deferred outflows of resources	7,041,948	2,556,860
Total assets and deferred outflows of resources	$ 58,063,768	41,298,253
Liabilities		
Current liabilities:		
Accounts payable	$ 343,502	51,558
Compensated absences, current portion	504,771	520,276
Lease liabilities, current portion	91,944	22,780
SBITA liabilities, current portion, restated	165,628	56,706
Total current liabilities	1,105,845	651,320
Noncurrent liabilities:		
Compensated absences	342,548	325,789
Lease liabilities	261,541	59,361
SBITA liabilities, restated	138,727	115,125
OPEB liability	443,838	494,765
Net pension liability	4,673,719	-
Total noncurrent liabilities	5,860,373	995,040
Total liabilities	6,966,218	1,646,360
Deferred Inflows of Resources		
Deferred amounts related to the pension and OPEB	562,558	9,016,338
Total deferred inflows of resources	562,558	9,016,338
Net Position		
Net investment in capital assets	2,029,966	1,932,069
Unrestricted, restated	48,505,026	28,703,486
Total net position, restated	50,534,992	30,635,555
Total liabilities, deferred inflows of resources, and net position, restated	$ 58,063,768	41,298,253

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

OKLAHOMA HOUSE OF REPRESENTATIVES

STATEMENTS OF ACTIVITIES

Year Ended June 30, 2023

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expenses) Revenues
Governmental activities:				
Legislative operations	$ (23,192,064)	-	-	(23,192,064)
Contributions from Legislative Service Bureau	-	-	20,241,164	20,241,164
Total governmental activities	$ (23,192,064)	-	20,241,164	(2,950,900)
General revenues:				
State appropriations				22,786,198
Loss on disposal of capital assets				(4,361)
Other				68,500
Total general revenues				22,850,337
Changes in net position				19,899,437
Net position, beginning of year, restated				30,635,555
Net position, end of year				$ 50,534,992

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

STATEMENTS OF ACTIVITIES, CONTINUED

Year Ended June 30, 2022

	Expenses (Restated)	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues
Governmental activities:				
Legislative operations	$ (20,610,709)	-	-	(20,610,709)
Contributions from Legislative Service Bureau	-	-	10,120,582	10,120,582
Total governmental activities	$ (20,610,709)	-	10,120,582	(10,490,127)
General revenues:				
State appropriations				19,183,536
Loss on disposal of capital assets				(4,841)
Other				8,906
Total general revenues				19,187,601
Changes in net position				8,697,474
Net position, beginning of year				21,938,081
Net position, end of year, restated				$ 30,635,555

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

OKLAHOMA HOUSE OF REPRESENTATIVES

BALANCE SHEETS—GENERAL FUND

June 30,		*2023*	*2022*
Assets			
Cash, including short-term investments	$	27,525,248	17,999,532
Accounts receivable		20,241,164	10,120,582
Prepaid expenses		60,413	254,338
Total assets	$	47,826,825	28,374,452
Liabilities and Fund Balance			
Accounts payable	$	343,502	51,558
Total liabilities		343,502	51,558
Fund balance:			
Unassigned		47,483,323	28,322,894
Total fund balance		47,483,323	28,322,894
Total liabilities and fund balance	$	47,826,825	28,374,452
Reconciliation of Fund Balance to Net Position			
Total fund balance from above	$	47,483,323	28,322,894
Amounts reported in the statements of net position are different because they are not financial resources and therefore are not reported in the governmental fund financial statements:			
Net OPEB asset		520,367	760,525
Lease assets, used in governmental activities		345,800	78,800
SBITA assets, used in governmental activities, restated		298,862	170,980
Net capital assets used in governmental activities		2,029,966	1,932,069
Deferred outflows related to the pension and OPEB		7,041,948	2,556,860
Net pension asset		-	7,424,567
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental fund financial statements:			
Compensated absences		(847,319)	(846,065)
Lease liabilities,		(353,485)	(82,141)
SBITA liabilities, restated		(304,355)	(171,831)
Net pension liability		(4,673,719)	-
Net OPEB liability		(443,838)	(494,765)
Deferred inflows related to the pension and OPEB		(562,558)	(9,016,338)
Net position, per statements of net position, restated	$	50,534,992	30,635,555

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

OKLAHOMA HOUSE OF REPRESENTATIVES

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE—GENERAL FUND

Years Ended June 30,	*2023*	*2022*
Revenues:		
Contributions from Legislative Service Bureau	$ 20,241,164	10,120,582
Other	68,500	8,906
Total revenues	20,309,664	10,129,488
Expenditures:		
Personnel services	20,243,537	19,364,263
Contractual services	1,159,309	1,276,079
Capital outlay	1,250,783	1,359,911
Travel	1,114,203	1,046,562
Supplies and materials	167,601	147,709
Total expenditures	23,935,433	23,194,524
Deficiency of revenues over expenditures	(3,625,769)	(13,065,036)
Other funding sources:		
State appropriations	22,786,198	19,183,536
	22,786,198	19,183,536
Net changes in fund balance	19,160,429	6,118,500
Fund balance, beginning of year	28,322,894	22,204,394
Fund balance, end of year	$ 47,483,323	28,322,894

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

OKLAHOMA HOUSE OF REPRESENTATIVES

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

Years Ended June 30,	*2023*	*2022*
Net change in fund balance—General Fund	$ 19,160,429	6,118,500
Amounts reported for governmental activities in the statements of activities are different because:		
Governmental funds report capital outlays as expenditures while government-wide activities report depreciation expense to allocate those expenditures over the lives of the assets:		
Depreciation expense	(797,691)	(636,066)
Amortization expense	(218,869)	(80,056)
Capital asset purchases capitalized	899,949	1,082,513
	(116,611)	366,391
In the statements of activities, the loss on the disposal of capital assets is recognized. The fund financial statements recognize no impact from these dispositions:		
Loss on the disposal of capital assets	(4,361)	(4,841)
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 the governmental fund financial statements:		
Accrued compensated absences	(1,254)	(19,475)
Lease payments	83,836	22,248
SBITA payments	126,047	56,142
Deferred outflows and inflows related to the pension and OPEB	651,351	2,158,509
Changes in net position, per the statements of activities	$ 19,899,437	8,697,474

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

(1) NATURE OF THE ORGANIZATION

The Oklahoma House of Representatives (the "House") is a legislative body of the State of Oklahoma (the "State"). The House consists of 101 members who are elected by Oklahoma voters to serve 2-year terms. The House initiates legislation and holds legislative hearings.

Financial Reporting Entity

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

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

Fund Accounting and Budgetary Information

The House is included in the General Fund—Government of the State. The accompanying financial statements are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and the General Fund of the State attributable to the transactions of the House. They do not purport to, and do not, present fairly the financial position or changes in financial position of the State. The House is funded by an appropriation from unallocated general funds earmarked for state government. Appropriations are available for expenditures for a period of 30 months from the date the appropriations are approved. It is the practice of the House to utilize unexpended appropriations from the prior year before expending current year appropriations.

The House is not required by statute to prepare a line-item budget and is only subject to the limitation of the total appropriation provided by the Oklahoma Legislature. Accordingly, a schedule of revenues, expenditures, and changes in fund balance—budget to actual is not presented herein.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Basis of Accounting

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Available is defined by the House as 60 days after year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Only current assets and current liabilities are included on the balance sheets. Their operations present sources and uses of available spendable resources during a given period of time. The General Fund is used to account for the House's expendable financial resources and related liabilities. All transactions related to the general administration of the House are accounted for in this fund.

Contributions

The House records as contributions revenue assets and/or services that are paid for by other state agencies.

Cash

Cash consists of cash held at the Office of the State Treasurer (the "State Treasurer"), which is responsible for ensuring proper collateralization and insurance of such funds. The State Treasurer requires that financial institutions deposit collateral securities to secure the deposits of the State in each such institution. The amount of collateral securities to be pledged for the security of public deposits shall be established by rules and regulations promulgated by the State Treasurer.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets

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

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

Computer equipment	3 years
Office furniture and other equipment	7 years
Building improvements	10 years

While the House does not own or lease a portion of the State Capitol Building, they do maintain the space used and have capitalized improvements made to the space used.

A full year's depreciation is taken in the year an asset is placed in service. When assets are disposed of, depreciation is removed from the respective accounts and the resulting gain or loss, if any, is recorded in the statements of activities.

Compensated Absences

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

Noncurrent Liabilities

Noncurrent liabilities include estimated amounts for accrued compensated absences, lease liability and other liabilities that will not be paid within the next fiscal year.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Leases

The House is a party as lessee for various noncancellable long-term leases of equipment. The House 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 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 House has elected not to record leases with an initial term of 12 months or less on the statements of net position.

Subscription-Based Information Technology Arrangements (SBITAs)

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

Pension Plans

Defined Benefit Plan

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

Defined Contribution Plan

Effective November 1, 2015, OPERS established Pathfinder, a mandatory defined contribution plan for eligible state employees who first become employed by a participating employer on or after November 1, 2015, and have no prior participation in OPERS. Under Pathfinder, members will choose a contribution rate which will be matched by their employer up to 7%. During the years ended June 30, 2023 and 2022, the House made contributions to Pathfinder of approximately $569,000 and $509,000, respectively.

See Independent Auditors' Report.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Other Postemployment Benefits (OPEB)

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

The House also participates in the Oklahoma Employees Group Insurance Division's (EGID) health insurance plan, which is a non-trusted single-employer plan that provides for employee and dependent healthcare coverage from the date of retirement to age 65, provided the participant was covered by the health insurance plan before retiring.

The House follows the requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75) in recording the net OPEB asset, the total OPEB liability, deferred outflows, deferred inflows, and OPEB expense.

Income Taxes

The income of the House, as a legislative body of the State, is exempt from federal and state income taxes.

Equity Classifications

Government-Wide Financial Statements

Equity is classified as net position and displayed in three components:

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

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

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

It is the House's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available. As of June 30, 2023 and 2022, the House did not have any restricted net position.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Equity Classifications, Continued

Fund Financial Statements

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

a. Nonspendable fund balance—includes amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact.

b. Restricted fund balance—consists of fund balances with constraints placed on the use of resources that are either 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

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

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

   For purposes of an assigned fund balance, the House has given authority to the Speaker of the House to assign state appropriations received by the House for specific purposes.

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

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

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Equity Classifications, Continued

Fund Financial Statements, Continued

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

	General Fund	
	2023	2022
Fund balances:		
Unassigned:		
State appropriations	$ 47,483,323	28,322,894

Encumbrances

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

Deferred Inflows and Outflows of Resources

Government-Wide Financial Statements

Deferred inflows and outflows of resources represent amounts associated with pension and OPEB differences between expected and actual experience, differences between projected and actual earnings on pension fund investments, and changes in assumptions. Notes 8 and 9 detail the components of these items.

Use of Estimates

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

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recent Accounting Pronouncements

Accounting Standards Adopted in Fiscal Year 2023

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

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). GASB 96 provides accounting and financial reporting guidance for the governmental end users of subscription-based information technology arrangements (SBITAs). GASB 96 defines an SBITA, establishes right-to-use assets and corresponding liabilities, and provides capitalization criteria and the note disclosures required for SBITAs. The House adopted GASB 96 on July 1, 2022, for the June 30, 2023, reporting year, which required a restatement of the prior period financial statements.

Accounting Standards Issued Not Yet Adopted

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

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100). GASB 100 prescribes accounting and financial reporting for accounting changes and error corrections to the financial statements. GASB 100 defines what constitutes an accounting change versus a change in accounting principle or error correction and outlines the appropriate note disclosures in each circumstance. The House will adopt GASB 100 on July 1, 2023, for the June 30, 2024, reporting year. The House 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 House will adopt GASB 101 on July 1, 2024, for the June 30, 2025, reporting year. The House has not determined the impact of GASB 101 on the financial statements.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Restatement of Prior Period Financial Statements

The 2022 financial statements were restated to reflect the implementation of GASB 96, effective July 1, 2022. Adoption of GASB 96 resulted in a restatement of the financial statements as of June 30, 2022.

The effects of the restatement to the June 30, 2022, financial statements were as follows:

	SBITA Assets, Net	SBITA Liabilities, Current	SBITA Liabilities, Noncurrent
As previously reported	$ -	-	-
Effects of changes	170,980	56,706	115,125
As restated	$ 170,980	56,706	115,125

	Legislative Operations Expenses	Net Position
As previously reported	$ (20,609,858)	30,636,406
Effects of changes	(851)	(851)
As restated	$ (20,610,709)	30,635,555

Date of Management's Review of Subsequent Events

The House's leadership has evaluated subsequent events through February 20, 2024, the date which the financial statements were available to be issued, and determined that no subsequent events have occurred that require adjustment to or disclosure in the financial statements.

(3) CASH BALANCES

The House maintained cash balances of the following amounts at June 30:

	2023	2022
Cash	$ 27,525,248	17,999,532

All the balances were maintained with the State Treasurer.

The House's deposits with the State Treasurer are pooled with the funds of other state agencies and then, in accordance with statutory limitation, placed in banks or invested as the State Treasurer may determine. Deposits are fully insured or collateralized with securities held by an agent of the State, in the State's name.

(4) CAPITAL ASSETS

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

	July 1, 2022	Additions	Retirements	June 30, 2023
Capital assets:				
Computer equipment	$ 1,752,638	804,308	(120,950)	2,435,996
Office equipment	528,278	11,863	(169,408)	370,733
Furniture	1,983,255	83,778	(16,632)	2,050,401
Building improvements	464,675	-	-	464,675
Total capital assets	4,728,846	899,949	(306,990)	5,321,805
Accumulated depreciation:				
Computer equipment	1,414,966	459,268	(120,950)	1,753,284
Office equipment	377,838	48,444	(169,408)	256,874
Furniture	931,413	243,511	(12,271)	1,162,653
Building improvements	72,560	46,468	-	119,028
Total accumulated depreciation	2,796,777	797,691	(302,629)	3,291,839
Net capital assets	$ 1,932,069	102,258	(4,361)	2,029,966

See Independent Auditors' Report.

(4) CAPITAL ASSETS, CONTINUED

	July 1, 2021	Additions	Retirements	June 30, 2022
Capital assets:				
Computer equipment	$ 1,551,870	202,392	(1,624)	1,752,638
Office equipment	439,131	109,115	(19,968)	528,278
Furniture	1,608,501	374,754	-	1,983,255
Building improvements	70,923	396,252	(2,500)	464,675
Total capital assets	3,670,425	1,082,513	(24,092)	4,728,846
Accumulated depreciation:				
Computer equipment	1,107,538	309,052	(1,624)	1,414,966
Office equipment	345,052	47,913	(15,127)	377,838
Furniture	698,780	232,633	-	931,413
Building improvements	28,592	46,468	(2,500)	72,560
Total accumulated depreciation	2,179,962	636,066	(19,251)	2,796,777
Net capital assets	$ 1,490,463	446,447	(4,841)	1,932,069

Depreciation expense for the years ended June 30, 2023 and 2022, was $797,691 and $636,066, respectively.

The House has no significant infrastructure assets.

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

See Independent Auditors' Report.

(5) LEASES

The House, as lessee, has entered into two lease agreements for office equipment.

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

	Balance at June 30, 2022	Additions	Reduction	Balance at June 30, 2023
Lease asset:				
Equipment	$ 115,317	355,180	-	470,497
Total lease asset	115,317	355,180	-	470,497
Accumulated amortization	(36,517)	(88,180)	-	(124,697)
Lease asset, net	$ 78,800	267,000	-	345,800

	Balance at June 30, 2021	Additions	Reduction	Balance at June 30, 2022
Lease asset:				
Equipment	$ 115,317	-	-	115,317
Total lease asset	115,317	-	-	115,317
Accumulated amortization	(13,454)	(23,063)	-	(36,517)
Lease asset, net	$ 101,863	(23,063)	-	78,800

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

	Principal	Interest	Total
Year Ending June 30:			
2024	$ 91,944	9,375	101,319
2025	94,666	6,653	101,319
2026	85,171	3,885	89,056
2027	75,321	1,473	76,794
2028	6,383	17	6,400
	$ 353,485	21,403	374,888

See Independent Auditors' Report.

(6) SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT LIABILITY

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

The House has 3 SBITAs with terms from 3 to 4 years. The applicable rate for SBITAs without stated discount rates ranges from 1% to 4.19%.

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

	Balance at June 30, 2022	Additions	Reduction	Balance at June 30, 2023
SBITA assets	$ 227,973	258,571	-	486,544
Total SBITA assets	227,973	258,571	-	486,544
Accumulated amortization	(56,993)	(130,689)	-	(187,682)
SBITA assets, net	$ 170,980	127,882	-	298,862

	Balance at June 30, 2021	Additions	Reduction	Balance at June 30, 2022
SBITA assets	$ -	227,973	-	227,973
Total SBITA assets	-	227,973	-	227,973
Accumulated amortization	-	(56,993)	-	(56,993)
SBITA assets, net	$ -	170,980	-	170,980

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

Years Ending June 30:	Principal	Interest	Total
2024	$ 165,628	5,851	171,479
2025	131,198	1,584	132,782
2026	7,529	27	7,556
	$ 304,355	7,462	311,817

See Independent Auditors' Report.

(7) LONG-TERM LIABILITIES

Long-term liability activity for the years ended June 30 was as follows:

	July 1, 2022	Increase	Paid	June 30, 2023	Amount Due Within 1 Year
Compensated absences	$ 846,065	438,191	(436,937)	847,319	504,771
Lease liabilities	82,141	355,180	(83,836)	353,485	91,944
SBITA liabilities	171,831	258,571	(126,047)	304,355	165,628
Total long-term liabilities	$ 1,100,037	1,051,942	(646,820)	1,505,159	762,343

	July 1, 2021	Increase	Paid	June 30, 2022	Amount Due Within 1 Year
Compensated absences	$ 826,590	476,305	(456,830)	846,065	520,276
Lease liabilities	104,389		(22,248)	82,141	22,780
SBITA liabilities, restated	-	227,973	(56,142)	171,831	56,706
Total long-term liabilities	$ 930,979	704,278	(535,220)	1,100,037	599,762

(8) PENSION PLAN

Plan Description

The House contributes to the Oklahoma Public Employees Retirement Plan, a cost-sharing, multiple-employer defined benefit public employee retirement plan administered by OPERS. OPERS provides retirement, disability, and death benefits to plan members and beneficiaries. The benefit provisions are established and may be amended by the Oklahoma Legislature. Title 74 of the Oklahoma Statutes, Sections 901 through 932 and Section 935, as amended, assigns the authority for management and operation of the Oklahoma Public Employees Retirement Plan to the Board of Trustees of OPERS (the "Board"). OPERS issues a publicly available annual financial report that includes financial statements and required supplementary information for the Oklahoma Public Employees Retirement Plan. That annual report may be obtained by writing to the Oklahoma Public Employees Retirement System, 5400 N. Grand Boulevard, Suite 400, Oklahoma City, Oklahoma 73112 or by calling 1-800-733-9008, or can be obtained at: https://www.opers.ok.gov

(8) PENSION PLAN, CONTINUED

Benefits Provided

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

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

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

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

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

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

(8) PENSION PLAN, CONTINUED

Benefits Provided, Continued

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

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

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

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

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

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

(8) PENSION PLAN, CONTINUED

Contributions

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

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

For 2023, 2022, and 2021 state agency employers contributed 16.5% on all salary, and state employees contributed 3.5% on all salary.

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

Contributions to OPERS by the House for 2023, 2022, and 2021 were approximately as follows:

2023	2022	2021
$ 1,560,000	1,563,000	1,504,000

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

At June 30, 2023 and 2022, the House reported a net liability of $4,673,719 and a net asset of $(7,424,567), respectively, for its proportionate share of the net pension liability (asset). As of June 30, 2023, the net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. As of June 30, 2022, the net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2021. The House's proportion of the net pension liability (asset) was based on the House's contributions received by OPERS relative to the total contributions received by OPERS for all participating employers as of June 30, 2022 and 2021. Based upon this information, the House's proportion for June 30, 2023 and 2022, was 0.55602125% and 0.55318015%, respectively.

(8) PENSION PLAN, CONTINUED

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

For the years ended June 30, 2023 and 2022, the House recognized pension expense of $1,201,911 and pension benefit of $(2,034,550), respectively. At June 30, 2023 and 2022, the House reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	214,284
Net difference between projected and actual earnings on pension plan investments	4,905,658	-
Changes in proportion	61,965	-
The House's contributions subsequent to the measurement date	1,559,537	-
	$ 6,527,160	214,284

See Independent Auditors’ Report.

(8) PENSION PLAN, CONTINUED

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

2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	186,684
Changes in assumptions	547,084	-
Net difference between projected and actual earnings on pension plan investments	-	8,279,748
Changes in proportion	213,000	-
The House's contributions subsequent to the measurement date	1,563,312	-
	$ 2,323,396	8,466,432

Reported deferred outflows of resources of $1,559,537 related to pension resulting from the House's contributions subsequent to the measurement date will be recognized as a change of the net pension liability in the year ending June 30, 2024. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense or benefits as follows:

Years Ending June 30:	
2024	$ 2,057,722
2025	2,057,722
2026	637,895
	$ 4,753,339

See Independent Auditors' Report.

(8) PENSION PLAN, CONTINUED

Actuarial Methods and Assumptions

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

Investment return:	6.50% for 2022 and 2021, compounded annually, net of investment expense and including inflation
Salary increases:	3.50% to 9.25% for both 2022 and 2021
Mortality rates:	For 2022 and 2021—Pub-2010 Below Media, General Membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019. Male rates are unadjusted, and female rates are set forward 2 years.
Annual post-retirement benefit increases:	None
Assumed inflation rate:	2.50% for both 2022 and 2021
Payroll growth:	3.25% for both 2022 and 2021
Actuarial cost method:	Entry age
Select period for the termination of employment assumptions:	10 years

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

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

(8) PENSION PLAN, CONTINUED

Actuarial Methods and Assumptions, Continued

The target asset allocation and best estimates of arithmetic real rates of return for each major class as of June 30, 2023 and 2022, are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 6.50% for both 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in state statute. Based on those assumptions, OPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

(8) PENSION PLAN, CONTINUED

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

The following presents the net pension liability (asset) as of June 30, 2023 and 2022, of the House calculated using the discount rate of 6.50%, as well as what the House's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate as of June 30:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
2023			
Net pension liability (asset)	$ 11,455,308	4,673,719	(1,061,540)
2022			
Net pension asset	$ (689,280)	(7,424,567)	(13,117,478)

Pension Plan Fiduciary Net Position

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

(9) OTHER POSTEMPLOYMENT BENEFITS

HEALTH INSURANCE SUBSIDY PLAN OPEB

Description

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

Benefits Provided

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

(9) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

HEALTH INSURANCE SUBSIDY PLAN OPEB, CONTINUED

Contributions

The contribution rates for each member category of OPERS are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. An actuarially determined portion of the total contribution to OPERS is set aside to finance the cost of the benefits of the HISP in accordance with provisions of the Internal Revenue Code.

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

Contributions to OPERS for the HISP by the House for the years ended June 30, 2023, 2022, and 2021, were approximately $92,000, $101,000, and $113,000, respectively.

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

At June 30, 2023, the House reported an asset for its proportionate share of the net OPEB asset of $520,367. The net OPEB asset was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of July 1, 2022. At June 30, 2022, the House reported an asset for its proportionate share of the net OPEB asset of $760,525. The net OPEB asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of July 1, 2021. The House's proportion of the net OPEB asset at June 30, 2023 and 2022, was based on the House's contributions received by OPERS relative to the total contributions received by OPERS for all participating employers as of June 30, 2022 and 2021, respectively. Based upon this information, the House's proportion for June 30, 2023 and 2022, was 0.55602125% and 0.55318015%, respectively.

(9) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

HEALTH INSURANCE SUBSIDY PLAN OPEB, CONTINUED

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

For the years ended June 30, 2023 and 2022, the House recognized OPEB benefits related to the HISP of $273,211 and $187,171, respectively. At June 30, the House reported deferred outflows of resources and deferred inflows of resources related to the HISP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2023		
Differences between expected and actual experience	$ -	259,983
Changes in assumptions	43,938	-
Net difference between projected and actual earnings on OPEB investments	196,952	-
Changes in proportion and differences between fund contributions and proportionate share of contributions	121,052	-
The House's contributions subsequent to the measurement date	91,529	-
	$ 453,471	259,983
2022		
Differences between expected and actual experience	$ -	246,530
Changes in assumptions	67,614	-
Net difference between projected and actual earnings on OPEB investments	-	216,549
Changes in proportion and differences between fund contributions and proportionate share of contributions	-	24,981
The House's contributions subsequent to the measurement date	100,565	-
	$ 168,179	488,060

See Independent Auditors' Report.

(9) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

HEALTH INSURANCE SUBSIDY PLAN OPEB, CONTINUED

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

Reported deferred outflows of resources of $91,529 related to OPEB resulting from the House's contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2024. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2023, will be recognized in OPEB expense or benefits as follows:

Years Ending June 30:	
2024	$ 17,340
2025	17,340
2026	17,340
2027	17,340
2028	17,340
Thereafter	15,259
	$ 101,959

See Independent Auditors' Report.

(9) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

HEALTH INSURANCE SUBSIDY PLAN OPEB, CONTINUED

Actuarial Methods and Assumptions

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

Investment return:	6.50% for both 2022 and 2021, compounded annually, net of investment expense and including inflation
Salary increases:	3.50% to 9.25% for both 2022 and 2021, including price inflation
Mortality rates:	For 2022 and 2021—Pub-2010 Below Media, General Membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019. Male rates are unadjusted, and female rates are set forward 2 years.
Annual post-retirement benefit increases:	None
Assumed inflation rate:	2.50% for 2022 and 2021
Payroll growth:	3.25% for 2022 and 2021
Actuarial cost method:	Entry age
Select period for the termination of employment assumptions:	10 years

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

(9) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

HEALTH INSURANCE SUBSIDY PLAN OPEB, CONTINUED

Actuarial Methods and Assumptions, Continued

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023 and 2022, are summarized in the following table:

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

See Independent Auditors' Report.

(9) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

HEALTH INSURANCE SUBSIDY PLAN OPEB, CONTINUED

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50% for both 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that contributions from the employers will be made at the current contribution rate as set out in state statute. Based on those assumptions, OPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determined does not use a municipal bond rate.

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

The following presents the net OPEB asset of the House calculated using the discount rate of 6.50% for 2023 and 2022, as well as what the House's net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate as of June 30:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
2023			
Net OPEB asset	$ (335,895)	(520,367)	(678,428)
2022			
Net OPEB asset	$ (571,871)	(760,525)	(922,223)

OPEB Plan Fiduciary Net Position

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

See Independent Auditors' Report.

(9) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE PLAN OPEB LIABILITY

Description

The House participates in the EGID's health insurance plan, which is a non-trusted single-employer plan that provides for employee and dependent healthcare coverage from the date of retirement to age 65, provided the participant was covered by the health insurance plan before retiring.

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

The IRSHIP provides members with postretirement medical benefits until age 65 if the retiree and spouse pay the full active premium. Participants in the health insurance plan can elect to enroll in special coverage, and surviving spouses may continue in the plan until age 65. Contributions to the health insurance plan are made by both participants and the House on a "pay as you go" basis. The House contributions for years ended June 30, 2023 and 2022, were approximately $39,000 and $36,000, respectively.

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

At June 30, 2023 and 2022, the House reported a liability of $443,838 and $494,765, respectively, for its proportionate share of the total IRSHIP OPEB liability. The total IRSHIP OPEB liability was measured as of July 1, 2022 and 2021, and the IRSHIP OPEB liability used to calculate the total IRSHIP OPEB liability was determined by an actuarial valuation as of June 30, 2023 and 2022. The House's proportion of the total IRSHIP OPEB liability was based on the House's active employees to all active employees of the State agencies included in the State's calculations as of July 1, 2022 and 2021. Based upon this information, the House's proportion was 0.34927900% and 0.35154710% at June 30, 2023 and 2022, respectively.

(9) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE PLAN OPEB LIABILITY, CONTINUED

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

For the years ended June 30, 2023 and 2022, the House recognized OPEB expense of $20,513 and $63,212, respectively. At June 30, the House 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		
Differences between expected and actual experience	$ -	2,395
Changes in assumptions	22,655	42,698
Changes in proportion and differences between fund contributions and proportionate share of contributions	-	43,198
The House's contributions subsequent to the measurement date	38,662	-
	$ 61,317	88,291
2022		
Differences between expected and actual experience	$ -	3,053
Changes in assumptions	28,867	16,056
Changes in proportion and differences between fund contributions and proportionate share of contributions	-	42,737
The House's contributions subsequent to the measurement date	36,418	-
	$ 65,285	61,846

See Independent Auditors' Report.

(9) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE PLAN OPEB LIABILITY, CONTINUED

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

Reported deferred outflows of resources of $38,662 related to OPEB resulting from the House's contributions subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2024. Deferred inflows of resources and deferred outflows of resources related to the IRSHIP OPEB liability as of June 30, 2023, will be recognized in OPEB expense or benefit as follows:

Years Ending June 30:		
2024	$	(11,415)
2025		(11,415)
2026		(11,415)
2027		(11,415)
2028		(11,415)
2029		(8,561)
	$	(65,636)

Actuarial Methods and Assumptions

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

- Investment return—Not applicable, as the health insurance plan is unfunded and benefits are not paid from a qualifying trust.

- Mortality rates—For 2022 and 2021, Pub-2010 Public Retirement Plans General Mortality Table weighted by Headcount projected by MP-2021.

- Salary scale, retirement rate, withdrawal rate, and disability rate actuarial assumptions are based on rates for the various retirement systems that the health insurance plan's participants are in, including—

  - Oklahoma Public Employees Retirement System
  - Oklahoma Law Enforcement Retirement System
  - Teachers' Retirement System of Oklahoma
  - Uniform Retirement System of Justices & Judges
  - Oklahoma Department of Wildlife Conservation Defined Benefit Pension Plan

(9) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE PLAN OPEB LIABILITY, CONTINUED

Actuarial Methods and Assumptions, Continued

- Plan participation—For 2023 and 2022, 45% of retired employees are assumed to participate in the health insurance plan.

- Marital assumptions—Male participants: 25% who elect coverage are assumed to have a spouse who will receive coverage

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

  Males are assumed to be 3 years older than their spouses

- Plan entry date is the date of hire.

- Actuarial cost method—Entry age normal based upon salary.

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

At July 1, 2022 and 2021, the House had 236 participants in the plan, consisting of active participants and no retirees or surviving spouses.

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.

(9) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE PLAN OPEB LIABILITY, CONTINUED

Changes in the Total OPEB Liability

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

	2023	2022
Balance at beginning of year	$ 494,765	411,872
Changes for the year:		
Service cost	21,487	21,845
Interest expense	10,693	11,115
Changes in assumptions	(46,924)	87,031
Benefits paid	(36,183)	(37,098)
Net changes	(50,927)	82,893
Balance at end of year	$ 443,838	494,765

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate—The following presents the total IRSHIP OPEB liability of the House calculated using the discount rate of 3.54% and 2.16% for 2023 and 2022, respectively, as well as what the House's total IRSHIP OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate as of June 30:

2023	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total IRSHIP OPEB liability	$ 474,549	443,838	415,061

2022	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total IRSHIP OPEB liability	$ 528,380	494,765	462,933

See Independent Auditors' Report.

(9) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE PLAN OPEB LIABILITY, CONTINUED

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

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

	1% Decrease in Healthcare Trend Rate (5.10% decreasing to 3.80%)	Current Healthcare Trend Rate (6.10% decreasing to 4.80%)	1% Increase in Healthcare Trend Rate (7.10% decreasing to 5.80%)
2023			
Total IRSHIP OPEB liability	$ 400,536	443,838	494,584
2022			
Total IRSHIP OPEB liability	$ 448,217	494,765	549,434

A copy of the actuarial valuations for the IRSHIP OPEB liability can be obtained at the following link: https://oklahoma.gov/content/dam/ok/en/omes/documents/ImplicitRateSubsidy2023.pdf.

See Independent Auditors' Report.

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

Deferred Compensation Plan

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

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

The Plan is available to all State employees, as well as any elected officials receiving a salary from the State. Participants may direct the investment of their contributions in available investment options offered by the Plan. The minimum contribution amount is the equivalent of $25 per month, and participants are immediately 100% vested in their respective accounts. All interest, dividends, and investment fees are allocated to participants' accounts.

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

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

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

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

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

Deferred Compensation Plan, Continued

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

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

Deferred Savings Incentive Plan

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

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

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

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

Deferred Savings Incentive Plan, Continued

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.

Defined Contribution Plan

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

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

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

(11) LEGISLATIVE SERVICE BUREAU (LSB) PAYMENTS

LSB was created to serve, in various capacities, the House and the Oklahoma State Senate. It is responsible for such services as directed by the Speaker of the House and the President Pro Tempore of the Senate. One service which the LSB has been directed to provide the House is the transfer of funds for operational activities.

See Independent Auditors' Report.

(11) LEGISLATIVE SERVICE BUREAU (LSB) PAYMENTS, CONTINUED

During the years ended June 30, 2023 and 2022, LSB made payments totaling $20,241,164 and $10,120,582, respectively, to the House to assist in the House's operating expenditures. These amounts were paid from appropriations of LSB and were reflected as contributions from LSB on the accrual basis in the amount of $20,241,164 for the year ended June 30, 2023, and $10,120,582 for the year ended June 30, 2022. The House had a receivable of $20,241,164 and $10,120,582 at June 30, 2023 and 2022, respectively, in relation to LSB's accrual basis contribution.

(12) OTHER STATE AGENCY PAYMENTS

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

	2023	2022
Oklahoma Correctional Industries	$ 37,972	-
Department of Public Safety	21,925	26,324
OneNet	636	636
Department of Libraries	8,276	8,633
Office of Management and Enterprise Services	128,332	119,662
Oklahoma Bar Association	3,269	3,190
Oklahoma State Bureau of Investigation	1,305	900
Oklahoma Public Retirement System	19,777	797
	$ 221,492	160,142

See Independent Auditors' Report.

(13) RISK MANAGEMENT

The Risk Assessment and Compliance Division of the Office of Management and Enterprise Services (the "Division") is empowered by the authority of Title 74 O.S. Section 85.58A et seq. The Division is responsible for the acquisition and administration of all insurance purchased by the State or administration of any self-insurance plans and programs adopted for use by the State for certain organizations and bodies outside of state government, at the sole expense of such organizations and bodies.

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

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

(14) COMMITMENTS AND CONTINGENCIES

Legal

The House is involved in legal proceedings which, in the opinion of the leadership, will not have a material effect on the net position or the changes in net position of the House.

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

OKLAHOMA HOUSE OF REPRESENTATIVES

SCHEDULE OF THE HOUSE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

Oklahoma Public Employees Retirement System—Pension Plan

Last 9 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
The House's proportion of the net pension (asset) liability	0.5560%	0.5532%	0.4763%	0.4732%	0.4927%	0.5201%	0.5559%	0.5537%	0.5884%
The House's proportionate share of the net pension liability (asset)	$ 4,673,719	(7,424,567)	4,249,379	630,245	961,062	2,812,002	5,515,480	1,991,616	1,080,137
The House's covered payroll	$ 10,084,099	9,804,753	8,474,525	8,091,870	8,288,679	9,072,727	9,927,273	9,787,879	9,969,697
The House's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	46.35%	(75.72)%	50.14%	7.79%	11.59%	30.99%	55.56%	20.35%	10.83%
OPERS' fiduciary net position as a percentage of the total pension liability	92.24%	112.51%	91.59%	98.63%	97.96%	94.28%	89.48%	96.00%	97.90%

____

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

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

See Independent Auditors' Report

OKLAHOMA HOUSE OF REPRESENTATIVES

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 1,559,537	1,563,312	1,504,000	1,299,000	1,243,000	1,278,000	1,497,000	1,638,000	1,615,000	1,645,000
Contributions in relation to the contractually required contributions	1,559,537	1,563,312	1,504,000	1,299,000	1,243,000	1,278,000	1,497,000	1,638,000	1,615,000	1,645,000
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-	-
The House's covered payroll	$ 10,006,462	10,084,099	9,804,753	8,474,525	8,091,870	8,288,679	9,072,727	9,927,273	9,787,879	9,969,697
Contributions as a percentage of covered payroll	15.59%	15.50%	15.34%	15.33%	15.36%	15.42%	16.50%	16.50%	16.50%	16.50%

See Independent Auditors' Report

OKLAHOMA HOUSE OF REPRESENTATIVES

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

	2023	2022	2021	2020	2019	2018
The House's proportion of the net OPEB (asset) liability	0.5560%	0.5532%	0.4763%	0.4732%	0.4927%	0.5201%
The House's proportionate share of the net OPEB (asset) liability	$ (520,367)	(760,525)	(223,304)	(183,955)	(63,766)	59,573
The House's covered payroll	$10,084,099	9,804,753	8,474,525	8,091,870	8,288,679	9,072,727
The House's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(5.16)%	(7.76)%	(2.64)%	(2.27)%	(0.77)%	0.66%
OPERS' fiduciary net position as a percentage of the total OPEB liability	130.01%	142.87%	114.27%	112.11%	103.94%	96.50%

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

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

See Independent Auditors' Report

OKLAHOMA HOUSE OF REPRESENTATIVES

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

	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 91,529	100,565	113,471	99,585	91,813	89,463
Contributions in relation to the contractually required contributions	91,529	100,565	113,471	99,585	91,813	89,463
Contribution deficiency (excess)	$ -	-	-	-	-	-
The House's covered payroll	$ 10,006,462	10,084,099	9,804,753	8,474,525	8,091,870	8,288,679
Contributions as a percentage of covered payroll	0.91%	1.00%	1.16%	1.18%	1.13%	1.08%

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

See Independent Auditors' Report

OKLAHOMA HOUSE OF REPRESENTATIVES

SCHEDULE OF THE HOUSE'S CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Implicit Rate Subsidy of Health Insurance Plan OPEB Liability

Last 6 Fiscal Years

	2023	2022	2021	2020	2019	2018
Total IRSHIP OPEB liability—beginning	$ 494,765	411,872	382,241	502,130	514,926	548,539
Changes for the year:						
Service cost	21,487	21,845	14,234	14,980	17,824	20,527
Interest	10,693	11,115	13,408	16,290	18,226	15,595
Changes in assumptions	(46,924)	87,031	33,133	(117,334)	(11,037)	(25,675)
Benefit paid	(36,183)	(37,098)	(31,144)	(33,825)	(37,809)	(44,060)
Net change in total IRSHIP OPEB liability	(50,927)	82,893	29,631	(119,889)	(12,796)	(33,613)
Total IRSHIP OPEB liability—ending	$ 443,838	494,765	411,872	382,241	502,130	514,926
Covered-employee payroll	$ 10,084,099	9,804,753	8,474,525	8,091,870	8,288,679	9,027,727
Total IRSHIP OPEB liability as a percentage of covered-employee payroll	4.40%	5.05%	4.86%	4.72%	6.06%	5.70%

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

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

See Independent Auditors’ Report

INFORMATION REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

F&C CPAs

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

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

The Honorable Charles McCall
Speaker of the House
Oklahoma House of Representatives

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of the Oklahoma House of Representatives (the "House"), a component of the General Fund of the State of Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the House's basic financial statements, and have issued our report thereon dated February 20, 2024. Our report includes an explanatory paragraph disclaiming an opinion on required supplementary information, an explanatory paragraph in relation to the restatement of the June 30, 2022, financial statements, an explanatory paragraph stating that the financial statements of the House are intended to present the financial position and changes in financial position of only that portion of the governmental activities and the General Fund of the State of Oklahoma attributable to the transactions of the House, and an explanatory paragraph stating that the House is not required by statute to prepare a line-item budget.

Report on Internal Control Over Financial Reporting

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

(Continued)

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

Report on Internal Control Over Financial Reporting, Continued

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.

Report on Compliance and Other Matters

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

Finley & Cook, PLLC

Shawnee, Oklahoma
February 20, 2024