

Oklahoma State Senate

Financial Statements

June 30, 2023 and 2022

(With Independent Auditors' Report Thereon)



OKLAHOMA STATE SENATE

FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

The Honorable Greg Treat
President Pro Tempore
Oklahoma State Senate

Report on the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Oklahoma State Senate (the "Senate"), 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 Senate's basic financial statements as listed in the table of contents.

Qualified Opinion on Governmental Activities

In our opinion, except for the possible effects, if any, of the matter described in the Basis for Qualified Opinion on Governmental Activities paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Senate as of June 30, 2023 and 2022, and the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States.

Unmodified Opinion on the General Fund

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

Basis for Qualified and Unmodified 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 Senate, 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 qualified and unmodified audit opinions.

(Continued)

INDEPENDENT AUDITORS' REPORT

Basis for Qualified and Unmodified Opinions, Continued

Contribution of Artwork

As discussed in Note 4, we were unable to obtain sufficient appropriate audit evidence regarding the fair value of the artwork donated to the Senate by The Oklahoma State Senate Historical Preservation Fund. Consequently, we were unable to determine if any adjustment to the amount reflected for the artwork in the accompanying statements of net position at June 30, 2023 and 2022, was necessary. Donated capital assets should be reported at fair value as required by accounting principles generally accepted in the United States.

Emphasis of Matters

Adoption of New Accounting Pronouncement

As discussed in Note 2 to the financial statements, in fiscal year 2022 the Senate 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 Senate 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 Senate. They do not purport to, and do not present fairly the financial position of the State of Oklahoma as of June 30, 2023 or 2022, or the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States. Our opinions are not modified with respect to this matter.

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 Senate'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.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

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

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

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages I-1 through I-5 and the schedules of the Senate'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 Senate 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 26, 2024, on our consideration of the Senate'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 Senate'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 Senate's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Finley & Cook, PLLC". The signature is written in a cursive, flowing style.

Shawnee, Oklahoma
February 26, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

As management of the Oklahoma State Senate (the "Senate"), we offer readers of the Senate'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 Senate's net position increased \$3,647,290 from June 30, 2022, resulting in net position of \$18,203,493 at June 30, 2023. During 2022, the Senate's net position increased \$9,422,499 from June 30, 2021, resulting in net position of \$14,556,202 at June 30, 2022. During 2021, the Senate's net position decreased \$4,502,135 from June 30, 2020, resulting in net position of \$5,133,563 at June 30, 2021.
- At June 30, 2023, the Senate's assets totaling \$18,924,418 decreased \$1,981,368 from June 30, 2022, due mainly to a decrease in net pension asset and contributions receivable from the Legislative Service Bureau (LSB) and an increase in cash. At June 30, 2022, the Senate's assets totaling \$20,905,786 increased \$13,722,858 from June 30, 2021, due mainly to an increase in cash, contributions receivable, and the net pension asset. At June 30, 2021, the Senate's assets totaling \$7,182,928 decreased \$3,615,633 from June 30, 2020, due mainly to a decrease in cash.
- At June 30, 2023, the Senate's liabilities totaling \$5,223,411 increased \$3,870,611 from June 30, 2022, due mainly to an increase in net pension liability. At June 30, 2022, the Senate's liabilities totaling \$1,352,800 decreased \$3,553,963 from June 30, 2021, due mainly to a decrease in net pension liability. At June 30, 2021, the Senate's liabilities totaling \$4,906,763 increased \$3,069,009 from June 30, 2020, due mainly to an increase in pension liability.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Senate'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 Senate's finances in a manner similar to a private-sector business.

The statements of net position present information on all of the Senate'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 Senate is improving or deteriorating.

The statements of activities present information showing how the Senate's net position changed during the most recent fiscal years. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A), CONTINUED

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 Senate 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 Senate 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 Senate 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A), CONTINUED

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Senate's net position at June 30 is reported as follows:

	<u>2023</u>	<u>2022</u> (Restated)	<u>2021</u>
Assets			
Current assets	\$ 16,634,481	13,118,393	5,829,453
Capital assets, net	1,371,013	1,566,643	1,148,469
Leased assets, net	160,427	38,209	11,813
SBITA assets, net	389,050	96,667	-
Net OPEB asset	369,447	565,474	193,193
Net pension asset	-	5,520,400	-
Total assets	<u>18,924,418</u>	<u>20,905,786</u>	<u>7,182,928</u>
Deferred outflows of resources related to the pension and OPEB	<u>4,903,054</u>	<u>1,684,937</u>	<u>3,105,945</u>
Liabilities			
Current liabilities	775,110	632,410	562,985
Noncurrent liabilities	<u>4,448,301</u>	<u>720,390</u>	<u>4,343,778</u>
Total liabilities	<u>5,223,411</u>	<u>1,352,800</u>	<u>4,906,763</u>
Deferred inflows of resources related to the pension and OPEB	<u>400,569</u>	<u>6,681,721</u>	<u>248,547</u>
Net Position			
Net investment in capital assets	1,371,013	1,566,643	1,148,469
Unrestricted	<u>16,832,479</u>	<u>12,989,559</u>	<u>3,985,094</u>
Total net position	<u>\$ 18,203,492</u>	<u>14,556,202</u>	<u>5,133,563</u>

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A), CONTINUED

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Governmental activities:			
Charges for services	\$ 31,734	42,319	43,281
Operating grants	-	72,575	35,205
Contributions from the Legislative Service Bureau (LSB)	5,689,283	11,378,566	-
Expenses	<u>(14,853,802)</u>	<u>(13,138,740)</u>	<u>(15,598,540)</u>
Total governmental activities	<u>(9,132,785)</u>	<u>(1,645,280)</u>	<u>(15,520,054)</u>
General revenues:			
Appropriations from the General Fund of the State of Oklahoma	<u>12,780,075</u>	<u>11,067,919</u>	<u>11,017,919</u>
Total general revenues	<u>12,780,075</u>	<u>11,067,919</u>	<u>11,017,919</u>
Changes in net position	3,647,290	9,422,639	(4,502,135)
Net position, beginning of year	<u>14,556,202</u>	<u>5,133,563</u>	<u>9,635,698</u>
Net position, end of year	<u>\$ 18,203,492</u>	<u>14,556,202</u>	<u>5,133,563</u>

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

The Senate’s 2023 appropriation from the State of Oklahoma increased approximately 15.47%, or \$1,712,000, from FY 2022 due to a budgeted increase in state revenues. During the year ended June 30, 2023, the LSB paid \$5,689,283 in contributions to the Senate. The Senate’s 2022 appropriation from the State of Oklahoma increased approximately 0.45%, or \$50,000, from FY 2021 due to a budgeted increase in state revenues for FY 2022. During the year ended June 30, 2022, the LSB paid \$11,378,566 in contributions to the Senate. The Senate’s 2021 appropriation from the State of Oklahoma, including refunds, decreased approximately 4%, or \$459,080, from FY 2020 due to a budgeted decrease in state revenue for FY 2021. During the year ended June 30, 2021, the LSB did not contribute funds to the Senate.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A), CONTINUED

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

The Senate's 2023 expenditures, not including adjustments for depreciation, amortization, compensated absences, and pension and OPEB decreased approximately 1.47%, or \$224,000, from FY 2022 due to a decrease in capital outlay and an increase in personal services and contractual services. The Senate's 2022 expenditures, not including adjustments for depreciation, amortization, compensated absences, and pension and OPEB increased approximately 6%, or \$853,000, from FY 2021 due to an increase in salaries and personnel services, amortization, and capital outlay. The Senate's 2021 expenditures, not including adjustments for depreciation, amortization, compensated absences, and pension and OPEB, increased approximately 1%, or \$111,000, from FY 2020 due to an increase in salaries and personnel services, and travel expenses.

CAPITAL ASSETS

As of June 30, 2023, 2022, and 2021, the Senate's investment in capital assets, net of accumulated depreciation, totaled approximately \$1,371,000, \$1,567,000, and \$1,148,000, respectively. Depreciation for 2023, 2022, and 2021 totaled approximately \$253,000, \$447,000, and \$285,000, respectively. Capital assets include artwork, building improvements, computer equipment, office furniture, and other equipment.

RESTATEMENT

The 2022 financial statements were restated to reflect the implementation of Governmental Accounting Standard Board Statement No. 96, *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.

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 Senate's appropriation for the fiscal year July 1, 2023, to June 30, 2024.

The Senate 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 SENATE'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the Senate's finances and to demonstrate the Senate's accountability for the funds received. If you have questions relative to the report or have a need for additional financial information, please contact the Oklahoma State Senate, State Capitol Building, 2300 N. Lincoln Blvd., Room 309, Oklahoma City, Oklahoma 73105-4808.

OKLAHOMA STATE SENATE

STATEMENTS OF NET POSITION

<i>June 30,</i>	<i>2023</i>	<i>2022</i>
Assets		
Current assets:		
Cash, including short-term investments	\$ 16,634,481	7,356,535
Grant receivable	-	72,575
Contributions receivable from the Legislative Service Bureau	-	5,689,283
Total current assets	<u>16,634,481</u>	<u>13,118,393</u>
Noncurrent assets:		
Capital assets:		
Nondepreciable—artwork	882,400	882,400
Depreciable, net of accumulated depreciation	488,613	684,243
Capital assets, net	<u>1,371,013</u>	<u>1,566,643</u>
Lease assets, net	160,427	38,209
SBITA assets, net, restated	389,050	96,667
Net OPEB asset	369,447	565,474
Net pension asset	-	5,520,400
Total noncurrent assets, restated	<u>2,289,937</u>	<u>7,787,393</u>
Total assets, restated	<u>18,924,418</u>	<u>20,905,786</u>
Deferred Outflows of Resources		
Deferred amounts related to the pension and OPEB	<u>4,903,054</u>	<u>1,684,937</u>
Total deferred outflows of resources	<u>4,903,054</u>	<u>1,684,937</u>
Total assets and deferred outflows of resources	<u>\$ 23,827,472</u>	<u>22,590,723</u>

(Continued)

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

OKLAHOMA STATE SENATE

STATEMENTS OF NET POSITION, CONTINUED

<i>June 30,</i>	<i>2023</i>	<i>2022</i>
Liabilities		
Current liabilities:		
Accounts payable	\$ 56,648	36,104
Accrued salaries and benefits	43,669	8,051
Compensated absences, current portion	459,309	529,558
Lease liabilities, current portion	42,229	10,020
SBITA liabilities, current portion, restated	173,255	48,677
Total current liabilities, restated	<u>775,110</u>	<u>632,410</u>
Noncurrent liabilities:		
Compensated absences	462,154	288,234
Lease liabilities	120,428	28,426
SBITA liabilities, restated	219,558	47,990
Net pension liability	3,318,216	-
Net OPEB liability	327,945	355,740
Total noncurrent liabilities, restated	<u>4,448,301</u>	<u>720,390</u>
Total liabilities, restated	<u>5,223,411</u>	<u>1,352,800</u>
Deferred Inflows of Resources		
Deferred amounts related to the pension and OPEB	<u>400,569</u>	<u>6,681,721</u>
Total liabilities, restated, and deferred inflows of resources	<u>5,623,980</u>	<u>8,034,521</u>
Net Position		
Net investment in capital assets	1,371,013	1,566,643
Unrestricted	16,832,479	12,989,559
Total net position	<u>18,203,492</u>	<u>14,556,202</u>
Total liabilities, restated, deferred inflows of resources, and net position	<u>\$ 23,827,472</u>	<u>22,590,723</u>

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

OKLAHOMA STATE SENATE

STATEMENTS OF ACTIVITIES

Year Ended June 30, 2023

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
Legislative operations	\$(14,853,802)	31,734	-	(14,822,068)
Contributions from the Legislative Service Bureau	<u>-</u>	<u>-</u>	<u>5,689,283</u>	<u>-</u>
Total governmental activities	<u>\$(14,853,802)</u>	<u>31,734</u>	<u>5,689,283</u>	<u>(9,132,785)</u>
General revenues:				
State appropriations				<u>12,780,075</u>
Total general revenues				<u>12,780,075</u>
Changes in net position				3,647,290
Net position, beginning of year				<u>14,556,202</u>
Net position, end of year				<u>\$ 18,203,492</u>

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

OKLAHOMA STATE SENATE

STATEMENTS OF ACTIVITIES, CONTINUED

Year Ended June 30, 2022

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
Legislative operations	\$(13,138,740)	42,319	72,575	- (13,023,846)
Contributions from the Legislative Service Bureau	<u>-</u>	<u>-</u>	<u>11,378,566</u>	<u>- 11,378,566</u>
Total governmental activities	<u>\$(13,138,740)</u>	<u>42,319</u>	<u>11,451,141</u>	<u>- (1,645,280)</u>
General revenues:				
State appropriations				<u>11,067,919</u>
Total general revenues				<u>11,067,919</u>
Changes in net position				9,422,639
Net position, beginning of year				<u>5,133,563</u>
Net position, end of year				<u>\$ 14,556,202</u>

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

OKLAHOMA STATE SENATE

BALANCE SHEETS—GENERAL FUND

<i>June 30,</i>	<i>2023</i>	<i>2022</i>
Assets		
Cash, including short-term investments	\$ 16,634,481	7,356,535
Grant receivable	-	72,575
Contributions receivable from the Legislative Service Bureau	-	5,689,283
Total assets	<u>\$ 16,634,481</u>	<u>13,118,393</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 56,648	36,104
Accrued salaries and benefits	43,669	8,051
Total liabilities	<u>100,317</u>	<u>44,155</u>
Fund balance:		
Unassigned	<u>16,534,164</u>	<u>13,074,238</u>
Total fund balance	<u>16,534,164</u>	<u>13,074,238</u>
Total liabilities and fund balance	<u>\$ 16,634,481</u>	<u>13,118,393</u>
Reconciliation of Fund Balance to Net Position		
Total fund balance from above	\$ 16,534,164	13,074,238
Amounts reported in the statements of net position are different because they are not financial resources and therefore are not reported in the governmental fund financial statements:		
Net capital assets used in governmental activities	1,371,013	1,566,643
Lease assets, used in governmental activities	160,427	38,209
SBITA assets, used in governmental activities, restated	389,050	96,667
Deferred outflows related to the pension and OPEB	4,903,054	1,684,937
Net OPEB asset	369,447	565,474
Net pension asset	-	5,520,400
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental fund financial statements:		
Compensated absences	(921,463)	(817,792)
Net pension liability	(3,318,216)	-
Lease liability	(162,657)	(38,446)
SBITA liabilities, restated	(392,813)	(96,667)
Net OPEB liability	(327,945)	(355,740)
Deferred inflows related to the pension and OPEB	<u>(400,569)</u>	<u>(6,681,721)</u>
Net position, per the statements of net position	<u>\$ 18,203,492</u>	<u>14,556,202</u>
See Independent Auditors' Report.		
See accompanying notes to financial statements.		

OKLAHOMA STATE SENATE

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

<i>Years Ended June 30,</i>	<i>2023</i>	<i>2022</i>
Revenues:		
Contributions from the Legislative Service Bureau	\$ 5,689,283	11,378,566
Operating grants	-	72,575
Other	31,734	42,319
Total revenues	<u>5,721,017</u>	<u>11,493,460</u>
Expenditures:		
Personnel services	13,354,317	12,950,194
Contractual services	681,525	556,325
Capital outlay	231,308	1,066,513
Travel	621,262	586,520
Supplies and materials	152,754	104,364
General assistance, awards, grants, and other program	-	1,313
Total expenditures	<u>15,041,166</u>	<u>15,265,229</u>
Deficiency of revenues over expenditures	(9,320,149)	(3,771,769)
Other funding sources:		
State appropriations	<u>12,780,075</u>	<u>11,067,919</u>
Total other funding sources	<u>12,780,075</u>	<u>11,067,919</u>
Net changes in fund balance	3,459,926	7,296,150
Fund balance, beginning of year	<u>13,074,238</u>	<u>5,778,088</u>
Fund balance, end of year	<u>\$ 16,534,164</u>	<u>13,074,238</u>

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

OKLAHOMA STATE SENATE

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

<i>Years Ended June 30,</i>	<i>2023</i>	<i>2022</i>
Net changes in fund balance—General Fund	\$ 3,459,926	7,296,150
<p>Amounts reported for governmental activities in the statements of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures while government-wide activities report depreciation and amortization expense to allocate those expenditures over the lives of the assets:</p>		
Depreciation expense	(252,605)	(446,716)
Amortization expense	(190,579)	(6,774)
Capital asset purchases capitalized	56,975	864,890
	<u>(386,209)</u>	<u>411,400</u>
<p>Some expenses reported in the statements of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental fund financial statements:</p>		
Lease payments	41,177	6,677
SBITA payments	143,646	-
Accrued compensated absences	(103,671)	(35,367)
Deferred amount related to the pension and OPEB	492,421	1,743,779
	<u>573,573</u>	<u>1,715,089</u>
Changes in net position, per the statements of activities	<u>\$ 3,647,290</u>	<u>9,422,639</u>

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

(1) NATURE OF THE ORGANIZATION

The Oklahoma State Senate (the “Senate”), a component of the General Fund of the State of Oklahoma (the “State”), is a legislative body of the State. The Senate consists of 48 members who are elected by Oklahoma voters to serve 4-year terms. The Senate initiates legislation, holds legislative hearings, confirms appointments of the Governor, and tries impeachment cases.

Financial Reporting Entity

The financial statements of the Senate 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 Senate’s accounting policies are described below.

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

Fund Accounting and Budgetary Information

The Senate is included in the General Fund—Government of the State. The accompanying financial statements 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 attributable to the transactions of the Senate. They do not purport to, and do not, present fairly the financial position or changes in financial position of the State. The Senate 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 Senate to utilize unexpended appropriations from the prior year before expending current-year appropriations.

The Senate 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 Senate. 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.

See Independent Auditors’ Report.

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

Basis of Presentation and Basis of Accounting, Continued

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 Senate as 60 days after year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when the liability has matured.

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

Contributions

The Senate 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.

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:

Computer equipment	3 years
Office furniture and other equipment	5 years
Building improvements	5 years

While the Senate does not own or lease a portion of the State Capitol Building, it does maintain the space used and has capitalized improvements made to the space used.

See Independent Auditors’ Report.

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

Capital Assets, Continued

A full year's depreciation is taken in the year an asset is placed in service, with the exception of building improvements, for which a full year's depreciation is taken if an asset is placed in service during the first half of the fiscal year and a half year's depreciation is taken if an asset is placed in service during the second half of the fiscal year. 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 240 hours for employees with less than 5 years of service and a maximum of 480 hours for employees with more than 5 years of service. All accrued annual leave is payable upon termination, resignation, retirement, or death. The General Fund records expenditures when employees are paid for leave. Accrued annual leave is considered a long-term liability and is included in the statements of net position. Sick leave does not vest to the employee and therefore is not recorded as a liability. However, employees are able to transfer unused sick leave into retirement service credit upon retirement or departure from state service. When this happens, the Senate pays the costs for that service credit.

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.

Leases

The Senate is a party as lessee for various noncancellable long-term leases of equipment. The Senate 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 Senate 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 Senate 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.

See Independent Auditors' Report.

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

Pension Plans

Defined Benefit Plan

The Senate 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, and pension expense, information about the fiduciary net position of the Oklahoma Public Employees Retirement Plan and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Defined Contribution Plan

Effective November 1, 2015, OPERS established Pathfinder, a mandatory defined contribution plan for eligible state employees who first become employed by a participating employer on or after November 1, 2015, and have no prior participation in OPERS. Under Pathfinder, members will choose a contribution rate which will be matched by their employer up to 7%. During the years ended June 30, 2023 and 2022, the Senate made contributions to Pathfinder of approximately \$280,000 and \$239,000, respectively.

Other Postemployment Benefits (OPEB)

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

Income Taxes

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

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

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 do not meet the definition of “restricted” or “net investment in capital assets.”

It is the Senate’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 Senate did not have any restricted net position.

Fund Financial Statements

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

- a. Nonspendable fund balance—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 Senate’s highest level of decision-making authority. Also, such constraints can only be removed or changed by the same form of formal action.

(Continued)

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

Equity Classifications, Continued

Fund Financial Statements, Continued

- d. Assigned fund balance—the assigned fund balance classification reflects amounts that are constrained by the Senate’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 Senate has given authority to the President Pro Tempore of the Senate to assign state appropriations received by the Senate 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 Senate’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 Senate’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.

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 and LSB contributions	\$ 16,534,164	13,074,238
Total fund balances	\$ 16,534,164	13,074,238

See Independent Auditors’ Report.

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

Encumbrances

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

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 management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 Senate adopted GASB 94 on July 1, 2022, which did not have a significant impact on the financial statements.

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

Recent Accounting Pronouncements, Continued

Accounting Standards Adopted in Fiscal Year 2023, Continued

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). GASB 96 provides accounting and financial reporting guidance for the governmental end users of subscription-based information technology arrangements (SBITAs). GASB 96 defines an SBITA, establishes right-to-use assets and corresponding liabilities, and provides capitalization criteria and the note disclosures required for SBITAs. The Senate 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 Senate 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 Senate for the June 30, 2024, reporting year as required by GASB 99. The Senate 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 Senate will adopt GASB 100 on July 1, 2023, for the June 30, 2024, reporting year. The Senate 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 Senate will adopt GASB 101 on July 1, 2024, for the June 30, 2025, reporting year. The Senate has not determined the impact of GASB 101 on the financial statements.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(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, <u>Net</u>	SBITA Liabilities, <u>Current</u>	SBITA Liabilities, <u>Noncurrent</u>
As previously reported	\$ -	-	-
Effects of changes	<u>96,667</u>	<u>48,677</u>	<u>47,990</u>
As restated	<u>\$ 96,667</u>	<u>48,677</u>	<u>47,990</u>

Date of Management’s Review of Subsequent Events

The Senate’s leadership has evaluated subsequent events through February 26, 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**

At June 30, 2023 and 2022, the Senate maintained cash balances of approximately \$16,634,000 and \$7,357,000, respectively, with the State Treasurer. The Senate’s deposits with the State Treasurer are pooled with the funds of other state agencies and then, in accordance with statutory limitation, are 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.

See Independent Auditors’ Report.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(4) CAPITAL ASSETS

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

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2023</u>
Capital assets not being depreciated:				
Artwork	\$ 882,400	-	-	882,400
Capital assets being depreciated:				
Computer equipment	2,555,097	41,479	-	2,596,576
Office furniture and other equipment	1,904,494	15,496	-	1,919,990
Building improvements	2,702,856	-	-	2,702,856
Total capital assets being depreciated	<u>7,162,447</u>	<u>56,975</u>	<u>-</u>	<u>7,219,422</u>
Accumulated depreciation:				
Computer equipment	(2,356,941)	(114,242)	-	(2,471,183)
Office furniture and other equipment	(1,418,407)	(138,363)	-	(1,556,770)
Building improvements	(2,702,856)	-	-	(2,702,856)
Total accumulated depreciation	<u>(6,478,204)</u>	<u>(252,605)</u>	<u>-</u>	<u>(6,730,809)</u>
Total capital assets being depreciated, net	<u>684,243</u>	<u>(195,630)</u>	<u>-</u>	<u>488,613</u>
Capital assets, net	<u>\$ 1,566,643</u>	<u>(195,630)</u>	<u>-</u>	<u>1,371,013</u>

See Independent Auditors' Report.

OKLAHOMA STATE SENATE

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(4) CAPITAL ASSETS, CONTINUED

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>
Capital assets not being depreciated:				
Artwork	\$ 882,400	-	-	882,400
Capital assets being depreciated:				
Computer equipment	2,261,879	293,218	-	2,555,097
Office furniture and other equipment	1,332,822	571,672	-	1,904,494
Building improvements	2,702,856	-	-	2,702,856
Total capital assets being depreciated	<u>6,297,557</u>	<u>864,890</u>	<u>-</u>	<u>7,162,447</u>
Accumulated depreciation:				
Computer equipment	(2,103,334)	(253,607)	-	(2,356,941)
Office furniture and other equipment	(1,225,298)	(193,109)	-	(1,418,407)
Building improvements	(2,702,856)	-	-	(2,702,856)
Total accumulated depreciation	<u>(6,031,488)</u>	<u>(446,716)</u>	<u>-</u>	<u>(6,478,204)</u>
Total capital assets being depreciated, net	<u>266,069</u>	<u>418,174</u>	<u>-</u>	<u>684,243</u>
Capital assets, net	<u>\$ 1,148,469</u>	<u>418,174</u>	<u>-</u>	<u>1,566,643</u>

The Senate has no significant infrastructure assets.

During 2017, the Senate received a contribution of artwork valued at \$882,400. The valuation was based on management’s estimate and not an independent appraisal of the artwork as required by accounting principles generally accepted in the United States. The artwork is not being held as an investment, but rather for public exhibition, education, or research as part of a public service. Activities verifying the existence and assessing the condition of the items are performed continually. There will be no planned depreciation of the artwork, as it will be reviewed periodically for impairment.

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

Depreciation expense for 2023 and 2022 was approximately \$253,000 and \$447,000, respectively.

See Independent Auditors’ Report.

OKLAHOMA STATE SENATE

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(5) LEASES

The Senate, as lessee, has entered into several lease agreements for office equipment.

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

	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2023</u>
Lease assets:				
Equipment	\$ 50,458	165,388	-	215,846
Total lease assets	50,458	165,388	-	215,846
Accumulated amortization	<u>(12,249)</u>	<u>(43,170)</u>	<u>-</u>	<u>(55,419)</u>
Lease assets, net	<u>\$ 38,209</u>	<u>122,218</u>	<u>-</u>	<u>160,427</u>
	<u>Balance at June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2022</u>
Lease assets:				
Equipment	\$ 17,288	33,170	-	50,458
Total lease assets	17,288	33,170	-	50,458
Accumulated amortization	<u>(5,475)</u>	<u>(6,774)</u>	<u>-</u>	<u>(12,249)</u>
Lease assets, net	<u>\$ 11,813</u>	<u>26,396</u>	<u>-</u>	<u>38,209</u>

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

Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 42,229	3,792	46,021
2025	41,207	2,720	43,927
2026	40,773	1,658	42,431
2027	<u>38,448</u>	<u>576</u>	<u>39,024</u>
	<u>\$ 162,657</u>	<u>8,746</u>	<u>171,403</u>

See Independent Auditors' Report.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(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 Senate has decided to use the Internal Revenue Service’s Applicable Federal Rate for the mid-term debt.

The Senate has 5 SBITAs with terms from 2 to 4 years. The applicable rate for SBITAs without stated discount rates ranges from 2.95% to 3.85%.

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

	<u>Balance at</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>June 30, 2023</u>
SBITA assets	\$ 96,667	439,792	-	536,459
Total SBITA assets	96,667	439,792	-	536,459
Accumulated amortization	-	(147,409)	-	(147,409)
SBITA assets, net	<u>\$ 96,667</u>	<u>292,383</u>	<u>-</u>	<u>389,050</u>
	<u>Balance at</u> <u>June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>June 30, 2022</u>
SBITA assets	\$ -	96,667	-	96,667
Total SBITA assets	-	96,667	-	96,667
Accumulated amortization	-	-	-	-
SBITA assets, net	<u>\$ -</u>	<u>96,667</u>	<u>-</u>	<u>96,667</u>

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

Years Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 173,255	13,115	186,370
2025	129,746	6,787	136,533
2026	59,636	2,444	62,080
2027	30,176	379	30,555
	<u>\$ 392,813</u>	<u>22,725</u>	<u>415,538</u>

See Independent Auditors’ Report.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(7) **LONG-TERM OBLIGATIONS**

Changes in long-term obligations for the years ended June 30 were as follows:

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2023</u>	Amount Due Within <u>1 Year</u>
Compensated absences	\$ 817,792	506,147	(402,476)	921,463	459,309
Lease liabilities	38,446	165,388	(41,177)	162,657	42,229
SBITA liabilities	<u>96,667</u>	<u>439,792</u>	<u>(143,646)</u>	<u>392,813</u>	<u>173,255</u>
 Total long-term obligations	 <u>\$ 952,905</u>	 <u>1,111,327</u>	 <u>(587,299)</u>	 <u>1,476,933</u>	 <u>674,793</u>

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2022</u>	Amount Due Within <u>1 Year</u>
Compensated absences	\$ 782,425	514,512	(479,145)	817,792	529,558
Lease liabilities	11,953	33,170	(6,677)	38,446	10,020
SBITA liabilities, restated	<u>-</u>	<u>96,667</u>	<u>-</u>	<u>96,667</u>	<u>48,677</u>
 Total long-term obligations, restated	 <u>\$ 794,378</u>	 <u>644,349</u>	 <u>(485,822)</u>	 <u>952,905</u>	 <u>588,255</u>

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

(8) **PENSION PLAN**

Plan Description

The Senate 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>.

See Independent Auditors' Report.

(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 State Legislature from time to time.

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.

(8) **PENSION PLAN, CONTINUED**

Contributions, Continued

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 Senate for 2023, 2022, and 2021 were approximately as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
\$	<u>1,129,000</u>	<u>1,110,000</u>	<u>1,124,000</u>

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 Senate reported a liability of \$3,318,216 and an asset of \$(5,520,400), 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 Senate’s proportion of the net pension liability (asset) was based on the Senate’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 Senate’s proportion for June 30, 2023 and 2022, was 0.39476027% and 0.41130690%, respectively.

See Independent Auditors’ Report.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(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 Senate recognized pension expense of \$730,384 and pension benefit of \$(1,586,691), respectively. At June 30, 2023 and 2022, the Senate reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>2023</u>		
Differences between expected and actual experience	\$ -	152,136
Net difference between projected and actual earnings on pension plan investments	3,482,887	-
Changes in proportion	-	8,997
Senate contributions subsequent to the measurement date	<u>1,128,623</u>	<u>-</u>
	<u>\$ 4,611,510</u>	<u>161,133</u>
<u>2022</u>		
Differences between expected and actual experience	\$ -	138,805
Change of assumptions	406,775	-
Net difference between projected and actual earnings on pension plan investments	-	6,156,255
Changes in proportion	-	7,764
Senate contributions subsequent to the measurement date	<u>1,109,571</u>	<u>-</u>
	<u>\$ 1,516,346</u>	<u>6,302,824</u>

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

Reported deferred outflows of resources of \$1,128,623 at June 30, 2023, related to pension resulting from the Senate’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 benefit as follows:

Years Ending June 30:	
2024	\$ 1,437,989
2025	1,437,989
2026	<u>445,776</u>
	<u>\$ 3,321,754</u>

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, respectively, using the following actuarial assumptions:

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

See Independent Auditors’ Report.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(8) PENSION PLAN, CONTINUED

Actuarial Methods and Assumptions, Continued

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

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

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>3.5%</u>	0.3%
	<u>100.0%</u>	

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.

See Independent Auditors' Report.

(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 Senate calculated using the discount rate of 6.50% in 2023 and 2022, as well as what the Senate’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%)
<u>2023</u>			
Net pension liability (asset)	\$ 8,132,963	3,318,216	(753,665)
<u>2022</u>			
Net pension (asset)	\$ (512,502)	(5,520,400)	(9,753,259)

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 Senate 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” (OPEB).

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.

See Independent Auditors’ Report.

(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 IRC.

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

Contributions to OPERS for the HISP by the Senate were approximately \$66,000, \$71,000, and \$79,000, for the years ended June 30, 2023, 2022, and 2021, respectively.

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

At June 30, 2023 and 2022, the Senate reported an asset for its proportionate share of the net OPEB asset of \$369,447 and \$565,474, respectively. The June 30, 2023, net OPEB asset was measured as of June 30, 2022, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of July 1, 2022. The Senate's proportion of the net OPEB asset at June 30, 2023 and 2022, was based on the Senate'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 Senate's proportion for June 30, 2023 and 2022, was 0.39476027% and 0.41130690%, 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 Senate recognized OPEB benefit related to the HISP of \$89,500 and \$137,608, respectively. At June 30, 2023 and 2022, the Senate reported deferred outflows of resources and deferred inflows of resources related to the HISP from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>2023</u>		
Differences between expected and actual experience	\$ -	184,581
Changes in assumptions	31,195	-
Net difference between projected and actual earnings on OPEB investments	139,830	-
Changes in proportion	8,974	-
The Senate contributions subsequent to the measurement date	<u>66,239</u>	<u>-</u>
	<u>\$ 246,238</u>	<u>184,581</u>
<u>2022</u>		
Differences between expected and actual experience	\$ -	183,303
Changes in assumptions	50,273	-
Net difference between projected and actual earnings on OPEB investments	-	161,011
Changes in proportion	-	1,206
The Senate contributions subsequent to the measurement date	<u>71,377</u>	<u>-</u>
	<u>\$ 121,650</u>	<u>345,520</u>

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 \$66,239 at June 30, 2023, related to OPEB resulting from the Senate's contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2024. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2023, will be recognized in OPEB expense or benefit as follows:

Years Ending June 30:	
2024	\$ (779)
2025	(779)
2026	(779)
2027	(779)
2028	(779)
Thereafter	<u>(687)</u>
	<u>\$ (4,582)</u>

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

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

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

See Independent Auditors' Report.

(9) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

HEALTH INSURANCE SUBSIDY PLAN OPEB, CONTINUED

Actuarial Methods and Assumptions, Continued

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:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>3.5%</u>	0.3%
	<u>100.0%</u>	

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.

(9) **OTHER POSTEMPLOYMENT BENEFITS, CONTINUED**

HEALTH INSURANCE SUBSIDY PLAN OPEB, CONTINUED

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

The following presents the net OPEB asset of the Senate calculated using the discount rate of 6.50% for 2023 and 2022, as well as what the Senate’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 <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
<u>2023</u>			
Net OPEB asset	\$ <u>(238,476)</u>	<u>(369,447)</u>	<u>(481,666)</u>
<u>2022</u>			
Net OPEB asset	\$ <u>(425,204)</u>	<u>(565,474)</u>	<u>(685,702)</u>

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.

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

Description

The Senate participates in 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 Senate met these criteria and therefore was one of the agencies included in the State’s calculation.

See Independent Auditors’ Report.

(9) **OTHER POSTEMPLOYMENT BENEFITS, CONTINUED**

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

Description, Continued

The IRSHIP provides members with postretirement medical benefits until age 65 if the retiree and spouse pay the full active premium. Participation 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 Senate on a “pay as you go” basis. The Senate contributions for the years ended June 30, 2023 and 2022, were approximately \$29,000 and \$26,000, 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 Senate reported a liability of \$327,945 and \$355,740, 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 Senate’s proportion of the total IRSHIP OPEB liability was based on the Senate’s active employees to all active employees of the state agencies included in the State’s calculations as of July 1, 2021. Based upon this information, the Senate’s proportion was 0.2580775% and 0.25276560% at June 30, 2023 and 2022, respectively.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(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 Senate recognized OPEB benefit of \$4,682 and \$19,480, respectively. At June 30, 2023 and 2022, the Senate reported deferred outflows of resources and deferred inflows of resources related to the IRSHIP OPEB liability from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>2023</u>		
Differences between expected and actual experience	\$ -	1,770
Changes in assumptions	16,740	31,549
Changes in proportion and differences between fund contributions and proportionate share of contributions	-	21,536
The Senate contributions subsequent to the measurement date	<u>28,566</u>	<u>-</u>
	<u>\$ 45,306</u>	<u>54,855</u>
<u>2022</u>		
Differences between expected and actual experience	\$ -	2,195
Changes in assumptions	20,755	11,545
Changes in proportion and differences between fund contributions and proportionate share of contributions	-	19,637
The Senate contributions subsequent to the measurement date	<u>26,186</u>	<u>-</u>
	<u>\$ 46,941</u>	<u>33,377</u>

See Independent Auditors' Report.

(8) **OTHER POSTEMPLOYMENT BENEFITS, CONTINUED**

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

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

Reported deferred outflows of resources of \$28,566 at June 30, 2023, related to OPEB resulting from the Senate’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	\$ (6,734)
2025	(6,734)
2026	(6,734)
2027	(6,734)
2028	(6,734)
Thereafter	<u>(4,445)</u>
	<u>\$ (38,115)</u>

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—Pub-2010 Public Retirement Plans General Mortality Table, weighted by Headcount, projected by MP-2021 for 2022 and 2021.
- Salary scale, retirement rate, withdrawal rate, and disability rate actuarial assumptions are based on rates for the various retirement systems that the health insurance plan’s participants are in, including—
 - Oklahoma Public Employees Retirement System
 - Oklahoma Law Enforcement Retirement System
 - Teachers’ Retirement System of Oklahoma
 - Uniform Retirement System of Justices & Judges
 - Oklahoma Department of Wildlife Conservation Defined Benefit Pension Plan

(Continued)

See Independent Auditors’ Report.

(9) **OTHER POSTEMPLOYMENT BENEFITS, CONTINUED**

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

Actuarial Methods and Assumptions, Continued

- Plan participation—45% for 2022 and 2021 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 2022 and 2021.

At July 1, 2022 and 2021, the Senate had 153 participants in the plan, consisting of 153 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.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(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:

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	\$ 355,740	384,645
Changes for the year:		
Service cost	15,876	15,707
Differences between expected and actual experience	-	(276)
Interest expense	7,901	7,991
Changes in assumptions	(24,837)	(25,654)
Benefits paid	<u>(26,735)</u>	<u>(26,673)</u>
Net changes	<u>(27,795)</u>	<u>(28,905)</u>
Balance at end of year	<u>\$ 327,945</u>	<u>355,740</u>

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 Senate calculated using the discount rate of 3.54% for 2023 and 2.16% for 2022, as well as what the Senate’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:

	1% Decrease <u>(2.54%)</u>	Current Discount Rate <u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
<u>2023</u>			
Total IRSHIP OPEB liability	<u>\$ 350,638</u>	<u>327,945</u>	<u>306,683</u>
	1% Decrease <u>(1.16%)</u>	Current Discount Rate <u>(2.16%)</u>	1% Increase <u>(3.16%)</u>
<u>2022</u>			
Total IRSHIP OPEB liability	<u>\$ 379,910</u>	<u>355,740</u>	<u>332,853</u>

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%, 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 as of June 30:

	1% Decrease in Healthcare Trend Rate (5.10% decreasing to <u>3.80%</u>)	Current Healthcare Trend Rate (6.10% decreasing to <u>4.80%</u>)	1% Increase in Healthcare Trend Rate (7.10% decreasing to <u>5.80%</u>)
<u>2023</u>			
Total IRSHIP OPEB liability	\$ <u>295,950</u>	<u>327,945</u>	<u>365,441</u>
<u>2022</u>			
Total IRSHIP OPEB liability	\$ <u>322,272</u>	<u>355,740</u>	<u>395,048</u>

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>

**(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 IRC, as amended by the Tax Reform Act of 1986, and in accordance with the provisions of Sections 1701–1706 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 employees of the State, 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 Senate 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 an employee of the State 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 Oklahoma State Employees Deferred Compensation Plan described in the previous section, and is not voluntary.

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

See Independent Auditors' Report.

**(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)

LSB was created to serve, in various capacities, the Senate and the Oklahoma House of Representatives. It is responsible for such services as directed by the President Pro Tempore of the Senate and the Speaker of the Oklahoma House of Representatives. One service in which LSB has been directed to serve the Senate is the payment of certain expenditures. These expenditures are included in the Senate's financial statements. LSB did not incur expenditures paid on behalf of the Senate for the years ended June 30, 2023 or 2022.

See Independent Auditors' Report.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

(11) LEGISLATIVE SERVICE BUREAU (LSB), CONTINUED

During the year ended June 30, 2023, LSB made contributions totaling \$5,689,283 to the Senate to assist in the Senate’s operating expenditures. During the year ended June 30, 2022, LSB made contributions totaling \$11,378,566 to the Senate to assist in the Senate’s operating expenditures, of which \$5,689,283 was due from LSB at June 30, 2022. These amounts were paid from appropriations of LSB and are reflected as contributions from LSB.

(12) OTHER STATE AGENCY PAYMENTS

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

	<u>2023</u>	<u>2022</u>
Division of Capital Assets Management—		
Central Printing	\$ 18,260	5,900
Division of Capital Assets Management—		
Fleet Management Division	18,650	12,972
Division of Capital Assets Management—		
Risk Management Division	79,262	34,725
Office of Management and Enterprise Services	42,612	27,014
Oklahoma Department of Libraries	3,276	3,072
Oklahoma State Bureau of Investigation	152	-
Oklahoma State Election Board	54,267	47,589
Oklahoma Department of Corrections	977	849
	<u>\$ 217,456</u>	<u>132,121</u>

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 the use by the State for certain organizations and bodies outside of state government, at the sole expense of such organizations and bodies.

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

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

(14) COMMITMENTS AND CONTINGENCIES

Legal

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

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

OKLAHOMA STATE SENATE

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

Oklahoma Public Employees Retirement System—Pension Plan

Last 9 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The Senate's proportion of the net pension liability (asset)	0.3948%	0.4113%	0.4121%	0.4271%	0.4482%	0.4607%	0.4508%	0.4452%	0.4561%
The Senate's proportionate share of the net pension liability (asset)	\$ 3,318,216	(5,520,400)	3,676,375	568,846	874,182	2,490,620	4,473,357	1,601,164	837,327
The Senate's covered payroll	8,606,138	8,509,075	8,139,900	8,002,651	8,177,049	8,036,364	8,090,909	7,866,667	7,733,333
The Senate's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	38.56%	(64.88)%	45.16%	7.11%	10.69%	30.99%	55.29%	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 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 STATE SENATE

SCHEDULE OF THE SENATE'S CONTRIBUTIONS

Oklahoma Public Employees Retirement System—Pension Plan

Last 10 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,129,000	1,110,000	1,124,000	1,130,000	1,122,000	1,247,000	1,326,000	1,335,000	1,298,000	1,276,000
Contributions in relation to the contractually required contributions	<u>1,129,000</u>	<u>1,110,000</u>	<u>1,124,000</u>	<u>1,130,000</u>	<u>1,122,000</u>	<u>1,247,000</u>	<u>1,326,000</u>	<u>1,335,000</u>	<u>1,298,000</u>	<u>1,276,000</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
The Senate's covered payroll	\$ 7,241,582	8,606,138	8,509,075	8,139,900	8,002,651	8,177,049	8,036,364	8,090,909	7,866,667	7,733,333
Contributions as a percentage of covered payroll	15.59% *	12.90% *	13.21% *	13.88% *	14.02% *	15.25% *	16.50%	16.50%	16.50%	16.50%

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

See Independent Auditors' Report.

OKLAHOMA STATE SENATE

SCHEDULE OF THE SENATE'S PROPORTIONATE SHARE OF
 THE NET OPEB (ASSET) LIABILITY
 Oklahoma Public Employees Retirement System—Health Insurance Subsidy Plan

Last 6 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
The Senate's proportion of the net OPEB (asset) liability	0.3948%	0.4113%	0.4121%	0.4271%	0.4482%	0.4607%
The Senate's proportionate share of the net OPEB (asset) liability	\$ (369,447)	(565,474)	(193,193)	(166,034)	(58,001)	52,764
The Senate's covered payroll	8,606,138	8,509,075	8,139,900	8,002,651	8,177,049	8,036,364
The Senate's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(4.29)%	(6.65)%	(2.37)%	(2.07)%	(0.71)%	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 the 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 STATE SENATE

SCHEDULE OF THE SENATE'S CONTRIBUTIONS

Oklahoma Public Employees Retirement System—Health Insurance Subsidy Plan

Last 6 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 66,239	71,377	78,841	80,460	82,876	76,773
Contributions in relation to the contractually required contributions	<u>66,239</u>	<u>71,377</u>	<u>78,841</u>	<u>80,460</u>	<u>82,876</u>	<u>76,773</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
The Senate's covered payroll	\$7,241,582	8,606,138	8,509,075	8,139,900	8,002,651	8,177,049
Contributions as a percentage of covered payroll	0.91%	0.83%	0.93%	0.99%	1.04%	0.94%

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

See Independent Auditors' Report.

OKLAHOMA STATE SENATE

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total IRSHIP OPEB liability—beginning	\$ 355,740	384,645	366,851	467,535	476,735	507,854
Changes for the year:						
Service cost	15,876	15,707	13,293	14,377	16,596	19,005
Difference in expected and actual experience	-	(276)	(1,516)	(1,696)	-	-
Interest expense	7,901	7,991	12,522	15,635	16,970	14,438
Changes in assumptions	(24,837)	(25,654)	22,580	(96,537)	(7,562)	(23,770)
Benefits paid	<u>(26,735)</u>	<u>(26,673)</u>	<u>(29,085)</u>	<u>(32,463)</u>	<u>(35,204)</u>	<u>(40,792)</u>
Net change in total IRSHIP OPEB liability	<u>(27,795)</u>	<u>(28,905)</u>	<u>17,794</u>	<u>(100,684)</u>	<u>(9,200)</u>	<u>(31,119)</u>
Total IRSHIP OPEB liability—ending	\$ <u>327,945</u>	<u>355,740</u>	<u>384,645</u>	<u>366,851</u>	<u>467,535</u>	<u>476,735</u>
Covered-employee payroll	\$ 8,606,138	8,509,075	8,139,900	8,002,651	8,177,049	8,036,364
Total IRSHIP OPEB liability as a percentage of covered-employee payroll	3.81%	4.18%	4.73%	4.58%	5.72%	5.93%

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**

**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 Greg Treat
President Pro Tempore
Oklahoma State Senate

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 State Senate (the "Senate"), 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 Senate's basic financial statements, and have issued our report thereon dated February 26, 2024. We issued a modified report qualifying our opinion on the donated artwork, as the fair value of the donated artwork could not be determined. 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 Senate 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 Senate, and an explanatory paragraph stating that the Senate 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 Senate'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 Senate's internal control. Accordingly, we do not express an opinion on the effectiveness of the Senate'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 Senate'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 Senate'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 Senate'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 Senate's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Finley & Cook, PLLC". The signature is written in a cursive, flowing style.

Shawnee, Oklahoma
February 26, 2024