



Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2022

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**COMMISSIONERS OF THE LAND OFFICE
STATE OF OKLAHOMA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
AND ACCOMPANYING INDEPENDENT AUDITOR'S REPORTS**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

Prepared by:
Financial Services Division

Karen Johnson
Chief Financial Officer

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Introductory Section

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January 5, 2023

To the Commissioners of the Land Office and the Citizens of the State of Oklahoma,

The Commissioners of the Land Office, State of Oklahoma (Agency) fiscal year Annual Comprehensive Financial Report (ACFR) provides a comprehensive overview of the Agency's financial position and the results of operations for the past fiscal year. It complies with Oklahoma Statutes requiring an annual independent audit and submission of the report within six months of the close of the fiscal year to the State Auditor and Inspector.

The ACFR was prepared using accounting principles generally accepted in the United States (U.S. GAAP). It is fairly stated in all material respects. Responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Agency. Agency management's narrative on the financial activities of the Agency for the fiscal year ended June 30, 2022, is expanded in the Management's Discussion and Analysis (MD&A) section of this report, immediately following the Independent Auditor's Report. This letter of transmittal is written to convey the ACFR to its intended users and provide information about the Agency that is useful in assessing the Agency's general economic condition and to recognize contributors to the ACFR. As such, it should be read from that perspective and in conjunction with all other sections of the ACFR.

Management is responsible for establishing and maintaining an internal control structure to ensure that the assets of the Agency are protected from loss, theft or misuse and that adequate accounting data is compiled for preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. We believe the information, as presented, is accurate in all material aspects and that all disclosures necessary to enable the reader to gain an adequate understanding of the Agency's financial activities have been included.

The Agency engaged FORVIS, LLP to express opinions on the financial statements based on their audit. The goal of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The auditor's opinion encompassed the basic financial statements, as well as combining and individual fund statements and schedules for the fiscal year ended June 30, 2022. The independent auditor's report is presented as the first component of the financial section of this report.

Agency Profile

The mission of the Commissioners of the Land office is to manage assets to support education. The Agency's role was defined by the U.S. Congress in the Organic Act of 1890 and the Oklahoma Enabling Act. This legislation reserved Sections 16 and 36 of each township in Oklahoma for the use and benefit of the common schools. The federal government had no title to lands in the eastern half of the state, known as Indian Territory. Therefore, the federal government compensated the Trust Fund with a grant of \$5 Million to be held and invested. State higher education institutions were also provided for in the Enabling Act, as Section 13 of each township was set aside for their support. These lands were divided among the University of Oklahoma and the University Preparatory Schools (1/3), the Normal Schools (1/3), and the Agricultural and Mechanical University and the Langston Agricultural and Normal University (1/3). Additionally, the legislation set aside Section 33 in each township to support public buildings and corrections. Unlike other Land Office monies, the money earned from this land is not held in trust. Instead, it is disbursed on an annual basis. The federal government deeded a total of more than three million acres in the initial grant to ensure that public education would always have a financial base. Early state leaders shared that view, stating in Article Two, Section 11 of the Oklahoma Constitution that the "...principal shall be deemed a trust fund held by the state, and shall ever remain inviolate. It may be increased, but shall never be diminished."

Of the three million acres of land granted at statehood, the Commissioners of the Land Office still own and manage over 700,000 surface acres and 1.2 million mineral acres. Money from the land leases are distributed monthly to common schools, colleges and universities. In 2010, the Land Office began distributing lease bonus money from the leasing of land for oil and gas exploration.

As Oklahoma and its cities grew, so did the possibilities of commercial development on school land. Today there are pharmacies, restaurants, shopping centers, distribution facilities, etc. on school land. Revenues from those developments are distributed on a monthly basis. Revenue from the sale of land or royalties from oil or gas are placed in the Permanent Trust.

The Commissioners of the Land Office are comprised by statute by the Governor, Lieutenant Governor, State Auditor and Inspector, Superintendent of Public Instruction, and State Secretary of Agriculture. The Secretary of the Land Office administers the Agency. The Secretary is appointed by the Governor with the advice and consent of the Commissioners.

The distributable income from the assets under the Agency's management are distributed to the common schools of Oklahoma on a pro rata basis and to the state's higher educational institutions in the manner prescribed by statute. The Agency uses average daily attendance (ADA) numbers provided annually by the Oklahoma Department of Education to base its pro rata disbursements to common schools.

The Agency is funded by fees earned on the management of its assets and not from tax revenues. The Agency is allowed by Oklahoma Statute to retain 6% of the revenues from oil & gas royalties, surface leases and investment earnings along with other minor revenue sources to fund its operations.

The Agency annually budgets operating expenditures from its General Fund based upon anticipated needs for the next fiscal year. Although the Legislature does not fund the budget, it must approve and appropriate the budget.



Economic Conditions

The Agency's financial performance is intrinsically linked to both the local and national economies. The agency's investment portfolio is comprised largely of securities and fixed income investments traded on the open market; consequently, economic circumstances at the national level have direct impact on the Agency.

During fiscal year 2022, the national economy grew slightly while the local economy contracted. This is reflected in the tables below showing gross domestic product and personal income per capita for both the United States and Oklahoma.

Gross Domestic Product

(in millions of dollars)

	2018	2019	2020	2021	2022 ⁽²⁾
Federal ⁽¹⁾	18,609,078	19,036,052	18,509,143	19,609,812	19,895,271
Oklahoma ⁽¹⁾	197,453	201,162	192,486	193,230	189,412

⁽¹⁾ Source: U.S. Bureau of Economic Analysis

⁽²⁾ 2nd quarter of 2022

Personal Income (per capita)

Personal income per capita both nationally and for Oklahoma in the second quarter of 2022 appears to have increased approximately 1% over 2021. Despite the rise, the indication for the economy is disturbing when compared to the sharp rise in inflation.

	2018	2019	2020	2021	2022 ⁽²⁾
Federal ⁽¹⁾	53,786	56,250	59,765	64,143	64,993
Oklahoma ⁽¹⁾	46,415	48,646	50,518	53,870	54,445

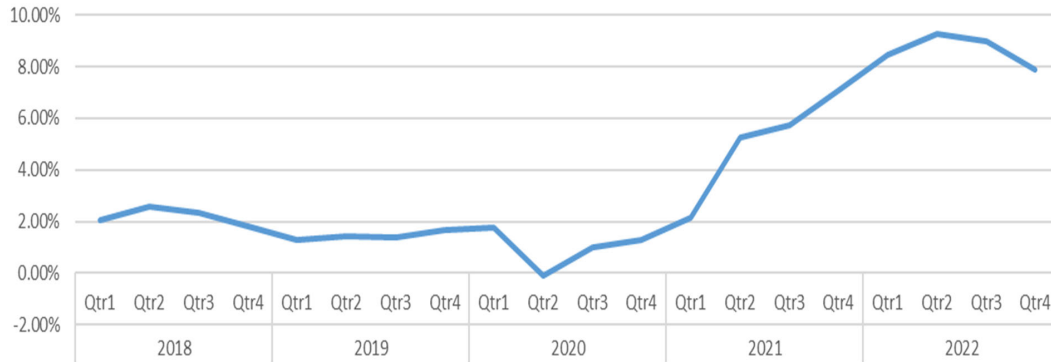
⁽¹⁾ Source: U.S. Bureau of Economic Analysis

⁽²⁾ 2nd quarter of 2022

Beginning in the last half of calendar year 2021 the consumer price index (CPI) began a sharp rise signaling an acceleration of inflationary factors after years of relative stability. During fiscal year 2022, inflation rose as high as 9.8%. Since the end of the fiscal year, inflation has slowed, though it is still a source of concern.

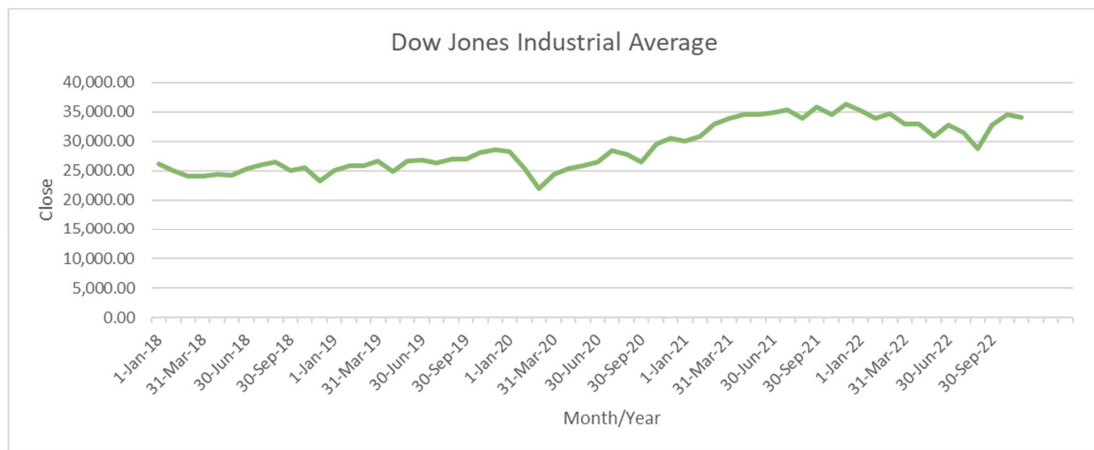
The graph below shows the sharp increase in CPI for the south region of the United States which includes Oklahoma:

Consumer Price Index - South Region U.S.



The market rebound after fiscal year 2020 proved to be short-lived. This is reflected in the marked loss in investment value shown in the Agency's 2022 financial statements. Market indicators subsequent to June 30 reflect growth in the financial markets which management anticipates will continue into fiscal year 2023.

Market Indexes (Down Jones Industrial Average)



Oklahoma is one of the top energy producing states in the nation. Historically, the local economy of Oklahoma has been tied to the strength of the energy sector – particularly oil and gas. Additionally, one of the Agency's significant revenue streams is royalties from oil and gas production. Prices of oil and gas were consistently high during the fiscal year. Subsequent to the end of the fiscal year, oil and gas prices have declined, but remain strong. Additionally, management is exploring methods of managing and marketing the Agency's oil and gas holdings to increase available revenues to support the Agency's mission.

Oklahoma Oil and Gas Production

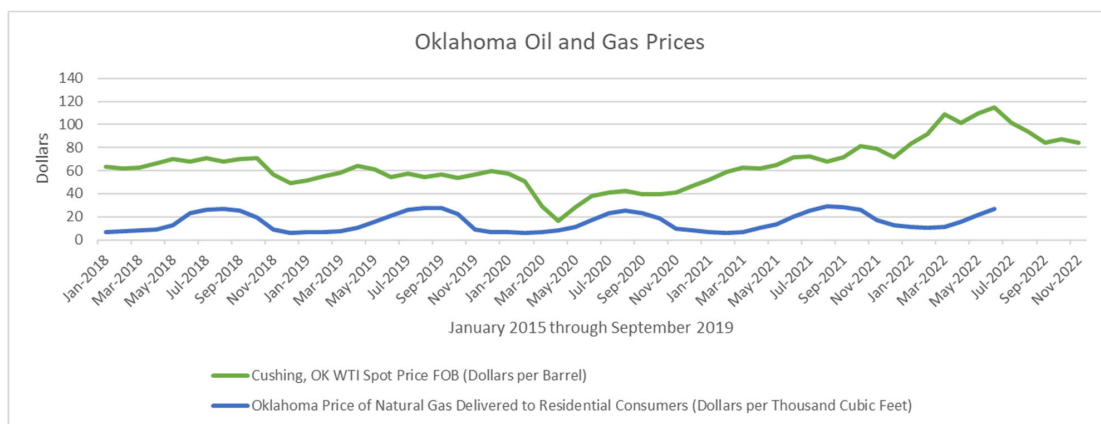
	2018	2019	2020	2021	2022
Field Production of Crude Oil (Thousand Barrels) ⁽¹⁾	201,304	218,302	173,217	143,054	112,241 ⁽²⁾
Natural Gas Marketed Production (Million Cubic Feet) ⁽¹⁾	2,875,786	3,036,050	2,786,364	2,572,268	2,032,574 ⁽³⁾

⁽¹⁾ Source: U.S. Energy Information Administration

⁽²⁾ Data from January through September 2022. January through September 2021 productions was 105,911 (thousands of barrels)

⁽³⁾ Data from January through September 2022. January through September 2021 productions was 1,916,009 (million cubic feet)

Oklahoma Oil and Gas Prices



Financial Policies

As an agency of the State of Oklahoma, the Agency is subject to most of the basic financial policies of the State with respect to deposit of funds, reconciliations and purchasing. However, to help assure that the Agency will be able to distribute maximum funds to benefit Oklahoma educational institutions, management has implemented certain specific policies to achieve that goal.

Under the direction of the Agency's Investment Committee, investment policies are reviewed and updated annually. Key provisions of the investment policy are:

- Active management of the portfolio with asset managers vetted by the investment committee
- Asset allocation targets to diversify the portfolio between growth and distributable income
- Specific performance goals to measure manager and portfolio performance

State law established the Multiyear Education Distribution Stabilization Revolving Fund to allow for distribution of bonus and delay rental income to common schools and state higher educational institutions. The purpose of this fund is to avoid drastic year to year swings in distributions. The distributions from the fund are done at the instigation of the Secretary of the Land Office with approval of the Commission with a goal to distribute on a five-year rolling average.

Acknowledgements

We would like to formally thank our audit firm, FORVIS, LLP for their assistance.

Finally, to the Commissioners, we would like to thank them for their guidance and support that allows the Agency to serve the citizens of Oklahoma and play a role in furthering the educational goals of the State of Oklahoma.

Respectfully submitted,



Dan Whitmarsh, Acting Secretary





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Commissioners of the Land Office
State of Oklahoma**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

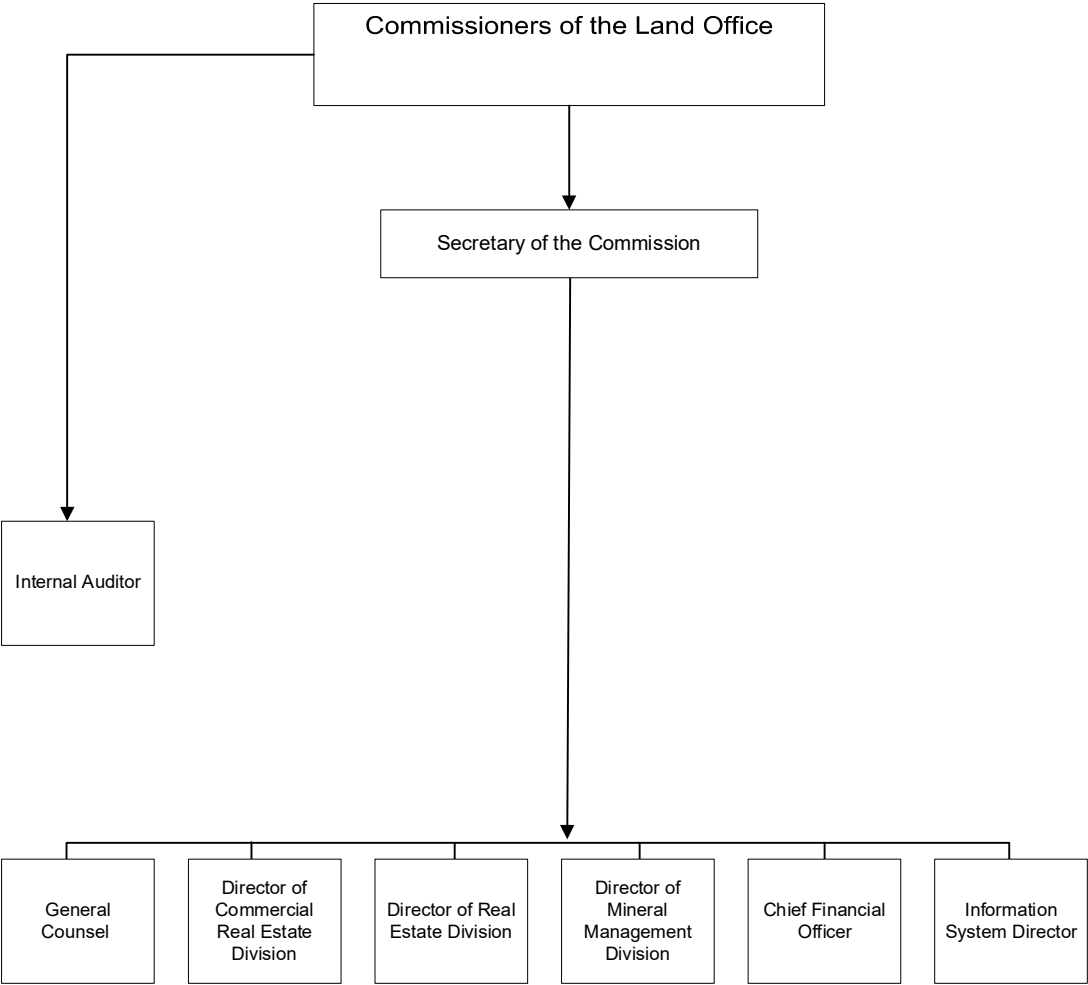
Christopher P. Morill

Executive Director/CEO

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Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)

Organizational Chart
For Fiscal Year Ended June 30, 2022



**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**List of Principal Officials
For the Fiscal Year Ended Jun 30, 2022**

Commissioners of the Land Office

Kevin Stitt – Governor of the State of Oklahoma

Matt Pinnell – Lieutenant Governor of the State of Oklahoma

Cindy Byrd – State Auditor and Inspector

Joy Hofmeister – Superintendent of Public Instruction

Blayne Arthur – Commissioner, State Board of Agriculture

Dan Whitmarsh – Acting Secretary



Financial Section

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Independent Auditor's Report

Commissioners of the Land Office
State of Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Commissioners of the Land Office, State of Oklahoma (the Agency), an agency of the State of Oklahoma, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency as of June 30, 2022 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As discussed in *Note 1*, the financial statements of the Agency of the State of Oklahoma are intended to present only the financial position and the changes in financial position of only that portion of the governmental activities and each major fund of the State of Oklahoma that is attributable to the transactions of the Agency. They do not purport to, and do not, present fairly the financial position of the State of Oklahoma as of June 30, 2022 and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As discussed in *Note 1* to the financial statements, on July 1, 2021, the Agency adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America 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.

Auditor's 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 auditor's 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 GAAS 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 GAAS 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 Agency'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.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information of the general fund, and pension information, as 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 GASB, 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 GAAS, which

consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The other supplementary information, consisting of the combining balance sheet – general fund and the schedules of distributions, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated January 5, 2023, on our consideration of the Agency'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 Agency'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 Agency's internal control over financial reporting and compliance.

FORVIS, LLP

Oklahoma City, Oklahoma
January 5, 2023

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**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2022**

Our discussion and analysis of the Commissioners of the Land Office (the Agency), State of Oklahoma's financial performance provides an overview of the Agency's financial activity for the fiscal year ended June 30, 2022. It should be read in conjunction with the financial statements, which begin, on page 20.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Financial Highlights

- Net position is down approximately \$240.6 million. The decrease was primarily due to the net decrease in investment earnings.
- Of the \$71.0 million in mineral revenue, royalties of \$28.5 million were added to the permanent fund and \$2.0 million in lease bonuses and delay rentals were apportioned.
- The change in the fair market value of investments was \$(302.3) million in 2022 as compared to an increase of \$412.7 in 2021.
- Interest from investments was up \$2.1 million, from \$59.0 million in fiscal year 2021 to \$61.1 million in fiscal year 2022.
- Actual cash distributions to beneficiaries were up approximately \$7.0 million, from \$118.1 million in fiscal year 2021 to \$125.1 million in fiscal year 2022, primarily due to a \$0.8 million increase in higher education distributions and \$5.5 million increase in public school distributions. These increases were primarily due to the decision to forego making a special distribution in fiscal year 2021. Of the \$125.1 million in cash distributions during fiscal year 2022, \$30.9 million were to universities and colleges, \$91.6 million to public schools, and \$2.6 million to public buildings.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Agency's assets, deferred outflows, liabilities and deferred inflows and the difference between them (net position). Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

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

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2022**

Government-wide financial statements (continued)

The financial statements report governmental activities. Most services normally associated with state government fall into this category, including support for both common public schools and higher education (apportionments).

The government-wide financial statements can be found on pages 20 and 21 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

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

The Agency maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the permanent fund, both of which are considered to be major funds.

The Agency adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided as required supplementary information for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 22 and 23 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 51 of this report.

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2022**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2.62 billion at the close of the most recent fiscal year.

The largest portion of the Agency's net position (over 99 percent) is subject to external restrictions on how they may be used. The Agency uses these assets to provide apportionments to beneficiaries

Net Position

	2022	2021*
Assets:		
Current assets	\$ 185,895	\$ 124,406
Investments	2,466,670	2,776,996
Other assets	71,853	74,518
Capital Assets	7,014	7,009
Total Assets	<u>\$ 2,731,432</u>	<u>\$ 2,982,929</u>
Deferred outflows of resources	<u>\$ 986</u>	<u>\$ 991</u>
Liabilities:		
Current Liabilities	\$ 14,571	\$ 22,804
Noncurrent liabilities	411	2,301
Total Liabilities	<u>\$ 14,982</u>	<u>\$ 25,105</u>
Deferred inflows of resources	<u>\$ 96,120</u>	<u>\$ 96,933</u>
Net Position:		
Investment in capital assets	\$ 7,014	\$ 7,009
Restricted	2,587,295	2,831,311
Unrestricted	27,007	23,562
Total net position	<u>\$ 2,621,316</u>	<u>\$ 2,861,882</u>

* - Restated for implementation of GASB 87, *Leases*

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2022**

Changes in Net Position

There was a decrease of \$240.6 million in net position. The key elements of the increase are as follows:

Changes in Net Position (in thousands)

	2022	2021*
Expenses:		
Apportionment to beneficiaries	\$ 125,141	\$ 118,298
Custodial fees	6,122	6,563
Other expenses	15,677	10,999
Total expenses	146,940	135,860
Revenues:		
Program revenue:		
Investment earnings (loss)	(203,913)	506,713
Mineral revenue	70,969	41,236
Rents	29,441	22,576
Fees	298	740
Total program revenues	(103,205)	571,265
General revenues		
Proceeds from sale of grant land	114	17,374
Miscellaneous	7,849	2,245
Other interest	1,616	867
Total general revenues	9,579	20,486
Change in net position	(240,566)	455,891
Net position, beginning of year *	2,861,882	2,405,991
Net position, end of year	\$ 2,621,316	\$ 2,861,882

* - Restated for implementation of GASB 87, *Leases*

Apportionments increased from \$118.3 million during fiscal year 2021 to \$125.1 million during fiscal year 2022. The increase was primarily due to the decision to forego making a special distribution in fiscal year 2021.

Investment earnings decreased from \$506.7 million in fiscal year 2021 to \$(203.9) million in fiscal year 2022. The primary driver was a decrease in fair market values of equity investments due to global economic downturn.

Mineral income increased from \$41.2 million in fiscal year 2021 to \$71.0 million in fiscal year 2022. The increase was due to a slight rebound of market prices during the fiscal year as well as the receipt a number of settlement payments that had been pending in prior years.

Financial Analysis of the Government's Funds

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2022**

Financial Analysis of the Government's Funds (continued)

The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows and balances of resources available to spend. Such information is useful in assessing the Agency's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Agency's governmental funds reported a combined ending fund balance of \$2.6 billion, a decrease of \$243 million in comparison with the prior year. Approximately \$2.6 billion is restricted and nonexpendable to indicate that it is not available for general purposes because it has been restricted to specific beneficiaries. Approximately \$1.7 million is assigned for operating expenditures. The remainder of the fund balance is unassigned which is available for spending at the Agency's discretion.

The general fund is the administrative fund of the Agency. At June 30, 2022, the unassigned fund balance was \$27.0 million, or 322 percent of budgeted general fund expenditures, the assigned fund balance was \$1.7 million, or 21 percent of budgeted general fund expenditures, and the restricted fund balance was \$437 thousand, or 5 percent of budgeted general fund expenditures. The unassigned fund balance of the general fund decreased by 3.7 million from June 30, 2021. Operating expenses exceeded revenues for the fund by approximately \$7.4 million but were offset by net transfers from the permanent fund of approximately \$11.3 million. The most significant factor contributing to this increase was related to personnel vacancies that went unfilled.

The entire balance of the permanent fund is for the use and benefit of common education and thirteen Oklahoma colleges and universities. Total revenue, which includes the decrease in fair market value of investments, was \$(94.6) million compared to \$572.7 million of prior year. Cash apportionments distributed to beneficiaries during 2022 totaled \$125.1 million with \$30.9 million disbursed to universities and colleges, \$91.6 million disbursed to public schools, and \$2.6 million to public buildings. This was an increase of \$7.0 million from the cash apportionments distributed during fiscal year 2021.

General Fund Budgetary Highlights

For fiscal year 2022, general fund actual expenditures on a budgetary basis were \$7.5 million compared to the final budget of \$8.4 million. The \$0.9 million variance was largely due to personnel vacancies that were not filled in 2022.

Investment in Land, Mineral Rights, and Capital Assets

The Agency obtained the majority of the land held in trust from a grant of the United States prior to statehood and is carried at \$1 per acre (book value). It is reported by the Agency as capital assets. The land is mainly in the western portion of Oklahoma, with approximately 40 percent of the land being located in the Oklahoma Panhandle. Management estimates the market value of the land at June 30, 2022 is approximately \$935,000,000 using land values established by in-house appraisers. Each year, one-fifth (1/5) of the land is appraised and that value is used for five years.

Currently, the Agency owns approximately 1,206,000 mineral acres. Valuation of such properties normally requires a property-by-property reserve study. As this is not feasible, an estimated market value of the mineral rights has not been determined.

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2022**

Investment in Land, Mineral Rights, and Capital Assets (continued)

The agency's investment in capital assets as of June 30, 2022, amounts to \$10,652,012, less accumulated depreciation of \$3,637,865, leaving a net book value of \$7,014,147. This investment in capital assets is primarily the land granted by the Federal Government and land improvements. See Note 9 in the notes to the financial statements for further information.

Description of Current and Expected Conditions

Economic indicators have been difficult to pinpoint as the global economy recovers from the Covid-19 pandemic. Markets have fluctuated during the fiscal year, meanwhile inflationary indicators have risen significantly. The Commissioners of the Land Office cannot reasonably estimate the duration and ultimate financial effects at this time.

Requests for Information

This financial report is designed to provide a general overview of the Agency's finances and to show the Agency's accountability to its beneficiaries. If you have questions about this report or need additional financial information, contact the Agency's office at 204 N. Robinson, Suite 900, Oklahoma City, Oklahoma 73102.

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**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Statement of Net Position
June 30, 2022**

Assets

Cash and cash equivalents	\$ 157,857,367
Restricted cash	437,185
Investments	2,314,888,083
Property held for investment	151,781,501
Accrued interest receivable	13,565,004
Other receivables	13,513,050
Other assets	522,512
Net pension asset	2,583,091
Leases receivable	69,269,759

Capital Assets

Land	5,597,417
Other capital assets, net of depreciation	<u>1,416,730</u>

Total Assets 2,731,431,699

Deferred outflows of resources

Deferred pension plan outflows	<u>986,308</u>
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Total Outflows of Resources 986,308

Liabilities, Deferred Inflows and Net Position

Liabilities

Accounts payable and accrued liabilities	14,287,886
Unearned revenue	283,584
Accrued compensated absences	<u>411,028</u>

Total Liabilities 14,982,498

Deferred inflows of resources

Deferred pension plan inflows	2,257,080
Deferred lease inflows	<u>93,862,600</u>

Total Deferred Inflows of Resources 96,119,680

Net position

Investment in capital assets	7,014,147
Restricted	
Nonexpendable	2,584,275,138
Expendable - Oil and Gas performance fee	437,185
Expendable - net pension asset	1,312,319
Unrestricted	<u>28,277,040</u>

Total net position \$2,621,315,829

See notes to basic financial statements.

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Statement of Activities
For the Year Ended June 30, 2022**

Expenses

Program expenses	
Apportionment to beneficiaries	
Universities and colleges	\$ 30,984,582
Public schools	91,572,073
Public buildings	<u>2,584,500</u>

Total apportionments 125,141,155

Custodial fees	6,122,445
Administrative expenses	5,899,863
Other expenses	9,558,141
Depreciation	<u>219,056</u>

Total program expenses 146,940,660

Program revenues

Investment earnings	
Interest	61,090,845
Dividends	37,320,348
Net decrease in fair value of investments	<u>(302,323,841)</u>

Net investment income (loss) (203,912,648)

Charges for services	
Mineral revenue	70,969,201
Rents	20,509,811
Commercial real estate rent	8,931,285
Fees	<u>297,674</u>

Total program revenues (103,204,677)

General Revenues

Proceeds from sale of grant land	113,893
Miscellaneous	7,848,776
Other interest	<u>1,616,437</u>

Total general revenues 9,579,106

Change in Net Position (240,566,231)

Net position, beginning of year, as previously reported	2,884,543,512
Restatement (GASB 87)	<u>(22,661,452)</u>
Net position, beginning of year, as restated	<u>2,861,882,060</u>
Net position, end of year	<u><u>\$2,621,315,829</u></u>

See notes to basic financial statements.

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Balance Sheet
Governmental Funds
June 30, 2022**

	<u>General Fund</u>	<u>Permanent Fund</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 32,124,429	\$ 125,732,938	\$ 157,857,367
Restricted cash	437,185	-	437,185
Investments	-	2,314,888,083	2,314,888,083
Property held for investments	-	151,781,501	151,781,501
Accrued and interest receivable	-	13,565,004	13,565,004
Other receivables	2,412	13,510,640	13,513,052
Lease receivables	-	69,269,759	69,269,759
Other assets	-	522,512	522,512
Due from other funds	-	1,745,026	1,745,026
Total assets	<u>\$ 32,564,026</u>	<u>\$ 2,691,015,463</u>	<u>\$ 2,723,579,490</u>
Liabilities and Fund Balance			
Liabilities			
Accounts payable and accrued expenses	\$ 1,693,745	\$ 12,594,141	\$ 14,287,886
Unearned revenue	-	283,584	283,584
Due to other funds	1,745,028	-	1,745,028
Total liabilities	<u>3,438,773</u>	<u>12,877,725</u>	<u>16,316,498</u>
Deferred inflows			
Deferred lease inflows	-	93,862,600	93,862,600
Total deferred inflows	<u>-</u>	<u>93,862,600</u>	<u>93,862,600</u>
Fund Balance			
Nonspendable, permanent fund corpus	-	2,584,275,138	2,584,275,138
Restricted	437,185	-	437,185
Assigned	1,722,205	-	1,722,205
Unassigned	26,965,863	-	26,965,863
Total fund balance	<u>29,125,253</u>	<u>2,584,275,138</u>	<u>2,613,400,391</u>
Total liabilities and fund balance	<u>\$ 32,564,026</u>	<u>\$ 2,691,015,463</u>	
Reconciliation to the Statement of Net Position			
Capital assets not considered financial resources and not included in funds			7,014,147
Compensated absences not due and payable in the current period			(411,028)
Net pension asset not considered a financial resource and not included in funds			2,583,091
Deferred pension inflows			(2,257,080)
Deferred pension outflows			986,308
Net position of governmental activities			<u>\$ 2,621,315,829</u>

See notes to basic financial statements.

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022**

	General Fund	Permanent Fund	Total
Revenues			
Investment Revenues			
Interest	\$ -	\$ 61,090,845	\$ 61,090,845
Dividends	-	37,320,348	37,320,348
Net increase in fair value	-	(302,323,841)	(302,323,841)
Investment Revenues	-	(203,912,648)	(203,912,648)
Fees	297,674	-	297,674
Other interest	392,144	1,224,293	1,616,437
Mineral revenue	-	70,969,201	70,969,201
Rents	-	29,441,096	29,441,096
Miscellaneous revenue	168,029	7,680,745	7,848,774
Total revenues	857,847	(94,597,313)	(93,739,466)
Expenditures			
Administrative	8,220,385	-	8,220,385
Capital outlay	56,479	268,586	325,065
Other	-	9,456,935	9,456,935
Custodial fees	-	6,122,445	6,122,445
Apportionment to beneficiaries			
Universities and colleges		30,984,582	30,984,582
Public Schools		91,572,073	91,572,073
Public buildings		2,584,500	2,584,500
Total expenditures	8,276,864	140,989,123	149,265,985
Other financing sources (uses)			
Transfers in	11,286,228	150,386	11,436,614
Transfers out	(150,386)	(11,286,228)	(11,436,614)
Proceeds from sale of grant land	-	113,893	113,893
Other financing sources (uses)	11,135,842	(11,021,949)	113,893
Net change in fund balances	3,716,825	(246,608,383)	(242,891,562)
Fund balances, beginning of the year, as previously reported	25,408,428	2,853,544,973	2,878,953,401
Restatement (GASB 87)	-	(22,661,452)	(22,661,452)
Fund balances, beginning of the year, as restated	25,408,428	2,830,883,521	2,856,291,949
Fund balances, end of year	<u>\$ 29,125,253</u>	<u>\$ 2,584,275,138</u>	<u>\$ 2,613,400,391</u>
Reconciliation to the Statement of Activities			
Net change in fund balances			\$ (242,891,562)
Capital assets purchased			223,930
Increase in liability for compensated absences			(17,093)
Current year depreciation expense			(219,056)
Loss on disposal of capital assets			(67)
Pension expense			1,750,362
Current year pension contributions			587,255
Change in net position of governmental activities			<u>\$ (240,566,231)</u>

See notes to basic financial statements.

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**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Notes to the Financial Statements
For the Year Ended June 30, 2022**

Note 1. Summary of Significant Accounting Policies

Organization

In 1906, the Government of the United States of America granted certain assets to the State of Oklahoma (the State) to be held in trust for the benefit of public education including the Common Schools of Oklahoma and other beneficiaries. The Constitution of the State of Oklahoma established the Commissioners of the Land Office (the Agency) to act as trustee for these trust assets (the Trust), which are held for the benefit of the following beneficiaries:

- Public Schools
- Public Building Fund
- University of Oklahoma
- Oklahoma State University
- Langston University
- Northern Oklahoma College
- Southeastern Oklahoma State University
- Northeastern Oklahoma State University
- University of Central Oklahoma
- East Central Oklahoma State University
- Southwestern Oklahoma State University
- Northwestern Oklahoma State University
- Cameron University
- Oklahoma Panhandle State University
- University of Science and Arts of Oklahoma

Apportionment

The primary goal of the Commissioners of the Land Office is to support education. To accomplish this goal, monthly distributions are made to both common schools and Oklahoma universities and colleges. The amount that is distributed to the common school districts is calculated from the average daily attendance, which is provided from the Department of Education each fiscal year. Effective in fiscal year 2013, House Bill 2927 enabled the Agency to implement a multi-year education distribution stabilization fund based on a five-year rolling average. This new legislation helps provide consistent distributions for the 511 common school districts. As with common schools, college apportionment is distributed monthly. The university and college distribution is divided on a percentage basis as outlined in Title 70, section 3904 of the Oklahoma Statutes.

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Notes to the Financial Statements
For the Year Ended June 30, 2022**

Note 1. Summary of Significant Accounting Policies (continued)

Basis of presentation

The accounting and reporting policies of the Agency conform to accounting principles generally accepted in the United States applicable to governmental units. Generally accepted accounting principles for state agencies are defined as those principles prescribed by the Governmental Accounting Standards Boards (GASB). In accordance with those principles, the Agency presents government-wide financial statements of net position and activities, which are presented on the economic resources measurement focus and accrual basis of accounting requiring that certain capital assets be recorded at cost less accumulated depreciation and the reporting of long-term liabilities.

The Agency also presents fund financial statements for all of the funds relevant to the operations of the Agency. The Agency's financial statements are included in the annual comprehensive financial report of the State of Oklahoma.

The accounts of the Agency are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which are comprised of its assets, liabilities, fund balance, revenues and expenditures. The various funds are grouped into two funds in the financial statements of this report as follows:

General fund: The general fund is classified as a governmental fund type and uses the current financial resources measurement focus and modified accrual basis of accounting whereby revenues are recognized when measurable and available and expenditures are recognized when liabilities are incurred except for compensated absences and the net pension liability, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The general fund consists of several individual accounts, including the Revolving 16 account, and the Commissioners of the Land Office (CLO) account. The Revolving 16 account contains certain fees expenditures for administration of the Trust. The CLO account receives six percent of the revenues earned by the permanent fund, with the exception of gains on the sale of permanent land.

Permanent fund: The permanent fund is classified as a governmental fund type and is used to account for all Trust assets, liabilities, fund balances, revenues and distributions to beneficiaries. The permanent fund uses the current financial resources measurement focus and modified accrual basis of accounting whereby revenues are recognized when measurable and available and expenditures are recognized when incurred. The permanent fund represents the historic dollar value of the permanent fund assets, along with certain additions, and must be maintained in perpetuity. Additions to the permanent fund are made by the retention of a portion of the revenues generated by assets able to be depleted that are considered a return of principal as a result of production.

The Agency considers all revenues available if they are collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. A ninety-day period is used for revenue recognition for all governmental fund type revenues. Those revenues susceptible to accrual are interest revenue, mineral revenue and surface leases, gas marketing and commercial real estate investments.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, and then unrestricted resources as they are needed.

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Notes to the Financial Statements
For the Year Ended June 30, 2022**

Note 1. Summary of Significant Accounting Policies (continued)

Budget

The Agency operates on internally generated funds under a financial work program approved by the State Legislature and administered by the Office of Management Enterprise Services. The Agency does not receive any State general funds. A budgetary comparison is presented as required supplementary information on the cash basis of accounting.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying footnotes. Actual results could differ from those estimates.

Deferred inflows of resources

Deferred inflows of resources are the acquisition of net assets by the Agency that are applicable to a future reporting period. At June 30, 2022, the Agency had deferred inflows related to lease agreements of \$93,862,600 and for pensions of \$2,257,080. See Notes 3, 4 and 8 for additional discussion regarding deferred inflows of resources for leases and pension.

Deferred outflows of resources

Deferred outflows of resources are the consumption of net assets by the Agency that are applicable to a future reporting period. At June 30, 2022, the Agency had deferred outflows of resources related to pensions of \$986,308. See Notes 8 for additional discussion regarding deferred outflows of resources for pension.

Cash and cash equivalents

The Agency considers highly liquid investments with original maturities of three months or less to be cash equivalents.

Land

The Federal government granted the Agency upon statehood approximately 3.1 million acres of land, of which approximately 685,000 acres remain at June 30, 2022. This land is held in trust and is stated at \$1 per acre in the financial statements at June 30, 2022. The \$1 per acre was set as a nominal amount for recordkeeping purposes.

The Agency has repossessed approximately 51,000 acres, which had been sold by the Agency, or on which the Agency held a first mortgage as collateral relating to farm loans made by the Agency in prior years. The land was recorded at lower of cost or market at date of foreclosure or repossession as determined by appraisals of the property. At June 30, 2022, repossessed land is carried at approximately \$4,906,000.

Land is considered capital assets and is reported at cost.

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Notes to the Financial Statements
For the Year Ended June 30, 2022**

Note 1. Summary of Significant Accounting Policies (continued)

Depreciable capital assets

Capital assets, which include commercial real estate, improvements and fixtures, furniture and equipment, are assets with an estimated useful life in excess of one year. Such assets are recorded at cost. Donated capital assets are valued at their acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized, while improvements and betterments are capitalized.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Improvements:

Reservoirs	50 years
Water wells, erosion control	20 years
Water ways	10-25 years
Other land improvements	5 years
Fixtures, furniture and equipment	5 years

Unearned revenue

Unearned revenue represents billings not yet earned for which cash was received prior to year-end. This unearned revenue is recognized when earned in the following year.

Income taxes

Since the Agency is considered a governmental unit, it is not subject to income taxes and no amount for taxes has been recorded in the accompanying statements.

Investments

The Agency is allowed by state statutes to invest in equities, fixed income investments, pooled equity funds, commercial real estate and cash equivalents. Each type of investment has a minimum, maximum and target percentage that has been established by the Agency's investment committee. Equities, fixed income investments, and commercial real estate are stated at fair value and pooled equity funds and open-ended mutual funds are stated at the net asset value (NAV) of the pool. See Note 2.

**Commissioners of the Land Office
State of Oklahoma
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**Notes to the Financial Statements
For the Year Ended June 30, 2022**

Note 1. Summary of Significant Accounting Policies (continued)

Property held for investments

Property held for investment is recorded at fair value. The Agency determines fair value of each of its real properties by obtaining an appraisal by a certified real estate appraiser every three calendar years or more frequently if an event occurs that could indicate a significant change in the value of the building or the overall real estate market. For periods in which an appraisal is not obtained, the Agency evaluates the extent to which changes in the use of the real properties or the overall real estate market may have affected the fair value of the properties since the last appraisal.

Compensated absences

In accordance with State policy, employees earn annual leave on a calendar-month basis at rates of 10 to 15 hours per month. Annual leave can be accumulated from 240 to 480 hours, depending on the years of continuous service in State employment. At June 30, 2022, unpaid and accumulated benefits totaled \$411,028. The activity for the year is as follows:

Beginning balance	\$ 393,993
Change in leave	<u>17,035</u>
End balance	<u><u>\$ 411,028</u></u>

Net position

Net position is the excess of all the Agency's assets and deferred outflows over all its liabilities and deferred inflow, regardless of fund. Net position is divided into three captions on the Statement of Net Position. These captions apply only to net position, which is determined at the Government-wide level are described below:

Investment in capital assets: This describes the portion of net position which consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings attributable to those assets, if applicable.

Restricted net position: This consists of that portion of net position with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.

Unrestricted: The portion of net position which is not restricted as to use.

It is the Agency'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.

**Commissioners of the Land Office
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**Notes to the Financial Statements
For the Year Ended June 30, 2022**

Note 1. Summary of Significant Accounting Policies (continued)

Fund balance

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows and based on the nature of any limitations requiring the use of resources for specific purposes.

Nonspendable: Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements. The assets comprising the Permanent Fund corpus are considered nonspendable fund balance due to State law requiring the corpus to be maintained in perpetuity.

Restricted: This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation.

Committed: This component consists of amounts that can only be used only for the specific purposes determined by a formal action of the Agency's highest level of decision making authority. The Agency has no committed fund balance at June 30, 2022.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The authority for assigning fund balance is expressed by the Commissioners or their designee (Secretary) as established by statute.

Unassigned: This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the General Fund.

It is the Agency's policy to use restricted fund balance prior to the use of unassigned fund balance when an expenditure is incurred for purposes for which both restricted and unassigned fund balance are available. The Agency's policy for the use of unassigned fund balance amounts requires that committed amounts would be used first, followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in the unassigned fund balance classification could be used.

New accounting pronouncements adopted in fiscal year

In 2022, CLO adopted:

GASB Statement No. 87 – *Leases* (GASB 87): GASB 87 addresses the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognizing inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activity.

Net position has been restated as of June 30, 2021 due to the implementation of GASB Statement 87, *Leases*. Net position decreased \$22,661,452 upon reconsideration of temporary easements as lease agreements.

**Commissioners of the Land Office
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**Notes to the Financial Statements
For the Year Ended June 30, 2022**

Note 1. Summary of Significant Accounting Policies (continued)

GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*: The primary objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. It also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

GASB Statement No. 92 – *Omnibus 2020*: The objectives of GASB Statement No. 92 are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. GASB Statement No. 92 addresses a variety of topics and includes specific provisions about the following:

- The effective date of GASB Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of GASB Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of GASB Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements:
- Measurement of liabilities (and assets, if any) related to AROs in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

GASB Statement No. 93 - *Replacement of Interbank Offered Rates*: Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

**Commissioners of the Land Office
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**Notes to the Financial Statements
For the Year Ended June 30, 2022**

Note 1. Summary of Significant Accounting Policies (continued)

- The objective of GASB Statement No. 93 is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. GASB Statement No. 93 achieves that objective by:
- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in GASB Statement No. 53, as amended
- Providing an exception to the lease modifications guidance in GASB Statement No. 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend

GASB Statement No. 101 - *Compensated Absences* -- The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

The adoption of Statements No. 89, 92, 93 and 101 did not have an effect on the beginning net position or fund balance and no effect on changes in net position or fund balances for the year ended June 30, 2022.

New accounting pronouncements issued but not yet adopted

The following accounting standards have been recently issued and will be adopted as applicable by CLO in future years:

**Commissioners of the Land Office
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**Notes to the Financial Statements
For the Year Ended June 30, 2022**

Note 1. Summary of Significant Accounting Policies (continued)

New accounting pronouncements issued but not yet adopted (continued)

GASB Statement No. 91 - *Conduit Debt Obligations*: The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2021 (effective for CLO's June 30, 2023 year-end).

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*: The primary objective of GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in GASB Statement No. 94, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which GASB defines in GASB Statement No. 94 as a PPP in which 1) the operator collects and is compensated by fees from third parties; 2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and 3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. GASB Statement No. 94 is effective for reporting periods beginning after June 15, 2022 (effective for CLO's June 30, 2023, year-end).

GASB Statement No. 96 - *Subscription-Based Information Technology Arrangements* – This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). GASB Statement No. 96 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and 4) requires note disclosures regarding a SBITA. GASB Statement No. 96 is effective for reporting periods beginning after June 15, 2022 (effective for CLO's June 30, 2023, year-end).

GASB Statement No. 99 - *Omnibus 2022* – The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument

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Note 1. Summary of Significant Accounting Policies (continued)

New accounting pronouncements issued but not yet adopted (continued)

- Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a shortterm lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives
- Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset
- Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a shortterm SBITA, and recognition and measurement of a subscription liability
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
- Disclosures related to nonmonetary transactions
- Pledges of future revenues when resources are not received by the pledging government
- Clarification of provisions in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance (effective for CLO's June 30, 2022, year-end). The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter (effective for CLO's June 30, 2023, year-end). The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023 (effective for CLO's June 30, 2024, year-end), and all reporting periods thereafter.

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Note 1. Summary of Significant Accounting Policies (continued)

New accounting pronouncements issued but not yet adopted (continued)

GASB Statement No. 100 - *Accounting Changes and Error Corrections* – The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 100 is effective for reporting periods beginning after June 15, 2023 (effective for CLO's June 30, 2024, year-end).

The effect of these statements on CLO has not been determined but could have a significant impact on CLO's overall net position.

Note 2. Deposits, Investments and Related Policies

Cash and cash equivalents: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Agency's deposits may not be returned to it. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Substantially all of the Agency's deposits are collateralized through the Oklahoma State Treasurer or its investment custodians; however, the Agency does not have a specific policy that reduces the Agency's exposure to custodial credit risk.

The Agency uses a pooled cash concept in maintaining its bank accounts. Cash is pooled for operating and investing purposes and each fund has equity in the pooled amount. For reporting purposes, cash has been allocated to each fund based on its equity in the pooled amount. At June 30, 2022, the carrying amount of the Agency's deposits at the Office of the State Treasurer was, \$102,452,607 and the bank balance was, \$99,312,854. The cash that is deposited with the Oklahoma State Treasurer (OST) is fully insured or collateralized by the State Treasurer. This carrying amount represents the Agency's net asset value of its interest in OK INVEST. The amounts held in OK INVEST are considered liquid as they are available to be withdrawn with limited redemption restrictions. For financial reporting purposes, deposits with the State Treasurer that are invested in OK INVEST are classified as cash equivalents.

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**Notes to the Financial Statements
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Note 2. Deposits, Investments and Related Policies (continued)

Agencies and funds that are considered to be part of the State's reporting entity in the State's Annual Comprehensive Financial Report are allowed to participate in OK INVEST. Oklahoma statutes and the State Treasurer establish the primary objectives and guidelines governing the investment of funds in OK INVEST. Safety, liquidity, and return on investment are the objectives that establish the framework for the day-to-day OK INVEST management, with an emphasis on safety of the capital and the probable income to be derived and meeting the State and its funds' and agencies' daily cash flow requirements. Guidelines in the investment policy address credit quality requirements, diversification percentages and the types and maturities of allowable investments. The specifics regarding these policies can be found on the State Treasurer's website at <http://www.ok.gov/treasurer>. The State Treasurer, at his discretion, may further limit or restrict such investments on a day-to-day basis. OK INVEST includes a substantial investment in securities with an overnight maturity as well as in U.S. government securities with a maturity of up to three years. OK INVEST maintains an overall weighted average maturity of less than four years. Participants in OK INVEST maintain interest in its underlying investments and, accordingly, may be exposed to certain risks. As stated in the State Treasurer information statement, the main risks are interest rate risk, credit/default risk, liquidity risk, and U.S. government securities risk. Interest rate risk is the risk that during periods of rising interest rates, the yield and market value of the securities will tend to be lower than prevailing market rates; in periods of falling interest rates, the yield will tend to be higher.

Credit/default risk is the risk that an issuer or guarantor of a security, or a bank or other financial institution that has entered into a repurchase agreement, may default on its payment obligations. Liquidity risk is the risk that OK INVEST will be unable to pay redemption proceeds within the stated time period because of unusual market conditions, an unusually high volume of redemption requests, or other reasons. U.S. government securities risk is the risk that the U.S. government will not provide financial support to U.S. government agencies, instrumentalities, or sponsored enterprises if it is not obligated to do so by law. Various investment restrictions and limitations are enumerated in the State Treasurer's investment policy to mitigate those risks; however, any interest in OK INVEST is not insured or guaranteed by the State, the FDIC, or any other government agency.

Cash is also maintained by the Bank of Oklahoma's Trust Department as part of various investments accounts held in the name of the Agency. Investment policy requires that these deposits must be invested in fully collateralized interest bearing accounts. The carrying amount and balance of the cash equivalents totaled, \$55,841,945 at June 30, 2022 and consists of an investment in a mutual fund composed of short-term investments with an original maturity date of three months or less, which are readily convertible into cash.

Investments: Investments are reported at fair value. Changes in fair value are recognized daily by the investment managers. Actual gains and losses realized by the Agency will be determined at the time of the sale and will be based on market conditions at that date. The Agency also has a policy that requires the Trust to have a current custodial agreement in the Agency's name with respect to investment collateral held by third-party custodians. In addition, the Bank of Oklahoma maintains a blanket bond insurance policy that covers all Trust assets. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the Trust and are held by counterparty or the counterparty's trust department but not in the name of the Trust. At June 30, 2022, the Agency does not have any securities that are not registered in the name of the Trust.

Substantially all investments are held by Bank of Oklahoma Trust Department. At June 30, 2022, the Agency had the following investments:

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**Notes to the Financial Statements
For the Year Ended June 30, 2022**

Note 2. Deposits, Investments and Related Policies (continued)

Investments:

Stocks	
Common stocks	\$ 396,739,882
Pooled equity funds	223,053,195
Equity-based mutual funds - domestic	202,944,911
Equity-based mutual funds - foreign	212,605,714
Fixed income securities:	
U.S. Government securities and municipal obligations	343,678,983
Corporate bonds - domestic	666,714,526
Corporate bonds - foreign	209,184,128
Preferred stocks:	
Preferred stock - nonconvertible	59,966,744
Total	<u><u>\$ 2,314,888,083</u></u>

Credit risk exists when there is a possibility that the issuer or other counterparty to an investment may be unable to fulfill its obligations. The Agency is authorized by State statutes to invest in equities, fixed income investments and cash equivalents. Each type of investment has a minimum, maximum and target percentage that has been established by the Agency's investment committee. The Agency considers investment grade as the Aaa-Baa3 rating categories. Below investment grade corporate fixed income investments shall be limited to twenty percent of the investment manager's total portfolio. This restriction does not apply to dedicated high yield managers or convertible managers. As applicable, average credit quality ratings are disclosed in the table below to indicate associated credit risk.

Fixed income investments and nonconvertible preferred stock by investment rating at June 30, 2022 consisted of the following:

Investment Name	Fair Value (in thousands)	Moody's Rating
U.S government sponsored:		
U.S. Treasury notes	\$ 41,067	AAA
U.S Treasury bond	32,684	AAA
U.S Treasury obligation	500	AAA
Federal Home Loan Mortgage Corp.	31,789	AAA
Federal National Mortgage Association	92,770	AAA
Government National Mortgage Association	61,283	AAA
Other	75,667	AAA
Other	1,040	BAA1
	<u>336,800</u>	

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**Notes to the Financial Statements
For the Year Ended June 30, 2022**

Note 2. Deposits, Investments and Related Policies (continued)

Investment Name	Fair Value (in thousands)	Moody's Rating
Municipal obligations:		
Municipal bonds	1,569	AAA
Municipal bonds	1,179	A1
Municipal bonds	3,023	AA
Municipal bonds	1,107	BAA1
	<u>6,878</u>	
Corporate bonds (held in U.S. currency):		
Domestic bonds	4,776	A1
Domestic bonds	19,278	A2
Domestic bonds	19,847	A3
Domestic bonds	3,672	AA1
Domestic bonds	2,916	AA2
Domestic bonds	2,149	AA3
Domestic bonds	6,459	AAA
Domestic bonds	47,154	B1
Domestic bonds	36,277	B2
Domestic bonds	31,099	B3
Domestic bonds	44,410	BA1
Domestic bonds	46,306	BA2
Domestic bonds	51,340	BA3
Domestic bonds	45,281	BAA1
Domestic bonds	100,636	BAA2
Domestic bonds	76,198	BAA3
Domestic bonds	3,087	CAA1
Domestic bonds	122,444	NA/NR
Domestic bonds	3,386	WR
	<u>666,715</u>	
Foreign bonds (held in U.S. currency):		
Foreign bonds	2,779	A1
Foreign bonds	1,360	A2
Foreign bonds	23,753	A3
Foreign bonds	960	AA2
Foreign bonds	9,923	B1
Foreign bonds	7,608	B2
Foreign bonds	4,987	B3
Foreign bonds	12,988	BA1
Foreign bonds	23,010	BA2
Foreign bonds	8,886	BA3
Foreign bonds	26,694	BAA1
Foreign bonds	20,924	BAA2
Foreign bonds	49,155	BAA3
Foreign bonds	1,380	CAA1
Foreign bonds	567	CAA2
Foreign bonds	14,210	NA/NR
	<u>209,184</u>	
Total fixed income	<u>\$ 1,219,577</u>	

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**Notes to the Financial Statements
For the Year Ended June 30, 2022**

Note 2. Deposits, Investments and Related Policies (continued)

Investment Name	Fair Value (in thousands)	Moody's Rating
Preferred stock - nonconvertible:		
Preferred stock	257	A3
Preferred stock	5,776	BA1
Preferred stock	2,839	BA2
Preferred stock	999	BA3
Preferred stock	2,967	BAA1
Preferred stock	5,414	BAA2
Preferred stock	13,193	BAA3
Preferred stock	26,118	NA
Preferred stock	2,404	WR
	<u>\$ 59,967</u>	

Concentration of credit risk is the risk of loss attributed to the magnitude of the Agency's investments in a single issuer. It is generally considered that an increased risk of loss occurs as more investments are acquired from a single issuer. The Agency has formal written policies regarding the concentration of credit risk for both unsecured fixed income investments and equity-type investments. With the exception of U.S. Government and Agency issues, no more than 10 percent of the bond portfolio at market will be invested in the securities of a single issuer or 5 percent of the bond portfolio in an individual issue. Equity managers shall not invest more than 10 percent of its portfolio market value in any one company. Equity managers may invest up to 5 percent of their portfolio's market value at the time of the initial purchase in a single entity. At June 30, 2022, no single issuer represented more than 5 percent of the Agency's investments.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Agency's policy provides that to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from the over-concentration of assets in a specific maturity period, a single issuer or an individual class of securities.

The Agency's exposure to interest rate risk is as follows:

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**Notes to the Financial Statements
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Note 2. Deposits, Investments and Related Policies (continued)

Investment Name	Fair Value	Effective Duration (Years)
U.S. government securities:		
U.S. Treasury notes	\$ 41,067	6.38
U.S. Treasury bond	32,684	17.69
Government National Mortgage Association	61,283	3.90
Other	76,708	2.88
	<u>211,742</u>	
Mortgage-backed securities:		
Federal Home Loan Mortgage Corp.	31,789	3.01
Federal National Mortgage Corp.	92,770	4.37
	<u>124,559</u>	
Municipal obligations, municipal bonds	<u>6,878</u>	11.74
Corporate bonds (held in U.S. currency):		
Domestic bonds	666,715	5.37
Foreign bonds	209,184	4.84
	<u>875,899</u>	
Total fixed income	<u><u>\$ 1,219,078</u></u>	

Fair value measurement: The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The inputs to the three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Significant other observable inputs, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in markets that are not active and other market corroborated inputs

Level 3: Significant unobservable inputs

Assets measured at fair value on a recurring basis are summarized below:

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**Notes to the Financial Statements
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Note 2. Deposits, Investments and Related Policies (continued)

	Level 1	Level 2	Level 3	Total
Investments by fair value level				
Equity:				
Common stocks	\$ 396,740	\$ -	\$ -	\$ 396,740
Preferred stock - nonconvertible	59,967	-	-	59,967
Fixed income securities:				
Corporate bonds - domestic	-	665,938	777	666,715
Corporate bonds - foreign	-	209,184	-	209,184
Municipal bonds	-	6,878	-	6,878
U.S. government sponsored:				
Federal National Mortgage Association	-	93,435	-	93,435
Federal Home Loan Mortgage Corp.	-	31,789	-	31,789
Government National Mortgage Assoc.	-	61,833	-	61,833
U.S. Treasury obligation	74,252	-	-	74,252
Other government	1,937	73,553	-	75,490
Commercial real estate	-	-	151,782	151,782
Total investments by fair value level	<u>\$ 532,896</u>	<u>\$ 1,142,610</u>	<u>\$ 152,559</u>	<u>1,828,065</u>
Investments measured at the net asset value (NAV)				
Pooled equity funds				91,261
Equity-based mutual funds - domestic				202,945
Equity-based mutual funds - foreign				212,606
Cohen & Steers Global Listed Infrastructure Fund, Inc.				131,793
Total Investments measured at fair value				<u>\$ 2,466,670</u>

Common and preferred stocks classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Fixed income securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds classified in Level 2 are valued using an option-adjusted spread model which considers relevant trade data, benchmark quotes, and spreads. Municipal bonds classified in Level 2 are valued using internal yield curves based on established trading spreads between similar issues, historical trading spreads over widely accepted market benchmarks, new issues scales and market information. U.S. government sponsored asset-backed securities classified in Level 2 are valued using an option-adjusted spread model that incorporates cash flow, benchmark spread, and deal collateral performance.

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**Notes to the Financial Statements
For the Year Ended June 30, 2022**

Note 2. Deposits, Investments and Related Policies (continued)

Pooled equity funds consist solely of a fund of funds containing individual stocks in the Russell 1000 Index. Equity-based mutual funds-domestic consist solely of an open-ended mutual fund containing common stocks of companies primarily in the United States that are characterized by high-dividend yield. Equity-based mutual funds-foreign consist solely of an open-ended mutual fund containing stocks issued by companies located in developed and emerging markets, excluding the United States. The fund of funds and equity-based mutual funds are valued using the net asset value (NAV) of the pool or fund. The Agency has no unfunded commitments related to investments valued at NAV. Shares are redeemable daily at the NAV at the time of redemption for each of these investment types. Commercial real estate classified in Level 3 of the fair value hierarchy are valued by certified appraisers using a blend of a sales comparison approach which determines the value using recent sales prices of comparable properties and an income approach which determines the value using direct capitalization of projected net operating income.

The Cohen & Steers Global Listed Infrastructure Fund, Inc. (the Fund) is an open-end management investment company registered under the U.S. Investment Company Act of 1940. The fund invests in U.S. and non-U.S. common stocks and other equity securities issued by infrastructure companies, consisting of utilities, pipelines, toll roads, airports, railroads, marine ports, telecommunications companies and other infrastructure companies. The Agency has no unfunded commitments as of 6/30/2022. Shares are redeemable monthly with a 15-day redemption notice requirement.

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**Notes to the Financial Statements
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Note 3. Leasing Operations

The Agency leases to others approximately 735,000 acres of land belonging to the Trusts as of June 30, 2022, primarily for agricultural purposes.

The lease terms are generally for five-year periods (on a calendar-year basis) with rents prepaid one year in advance. The annual rental amount is determined by the lessee's maximum bid amount.

The Agency also leases real property, including land easements for power lines, pipelines, roadways and communication lines to external parties. Lease terms generally range from 5 to 50 years (including extensions). Temporary land easements contain a consideration clause in the form of a one-time payment at the inception of the agreement. Land easement contracts that are continuous in term or do not contain a clause requiring rent or one-time payment are not considered leases under the requirements of GASB 87 and any payment received is recognized as revenue when received.

Revenue recognized under lease contracts during the year ended June 30, 2022 was \$22,284,614, which includes both lease revenue and interest.

The following is a schedule of the future minimum rent due to the Agency under its noncancelable leases at June 30, 2022:

Years ended June 30:

Year	Principal	Interest	Total
2023	\$ 12,902,827	\$ 847,711	\$ 13,750,538
2024	9,535,786	672,926	10,208,712
2025	6,871,162	529,706	7,400,868
2026	4,058,039	417,059	4,475,098
2027	1,002,890	361,629	1,364,519
2028-2032	5,081,293	1,653,155	6,734,448
2033-2037	6,047,699	1,371,995	7,419,694
2038-2042	7,148,846	1,037,757	8,186,603
2043-2047	5,882,433	696,000	6,578,433
2048-2052	5,509,275	408,920	5,918,195
2053-2057	3,501,062	154,632	3,655,694
2058-2062	928,373	57,354	985,727
2063-2067	398,159	28,042	426,201
2068-2072	401,915	8,935	410,850
	<u>\$ 69,269,759</u>	<u>\$ 8,245,821</u>	<u>\$ 77,515,580</u>

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**Notes to the Financial Statements
For the Year Ended June 30, 2022**

Note 4. Investment property

With the implementation of the House Bill 1022 in 2013, the Commissioners of the Land Office have been authorized to acquire, purchase, exchange and grant any real property under its jurisdiction. The Agency shall invest up to 5 percent of the total value of the assets of the permanent school funds in connection with investment in real property. At June 30, 2022, the Agency owned the following property which is carried at fair value and leased to multiple tenants:

<u>Property</u>	<u>Fair Value</u>
5005 N. Lincoln	\$ 2,925,000
119 N. Robinson Ave	11,050,000
City Place (204 N. Robinson Ave. 4th, 8th & 9th floors)	5,085,000
3017 N. Stiles	2,275,000
400 NE 50th Street	650,000
City Place (204 N. Robinson Ave 10th Floor)	1,725,000
921 NE 23rd Street	4,325,000
5727 South Lewis Avenue, Tulsa	11,720,000
Lincoln Corridor properties	4,411,500
13000 N. Pennsylvania Ave.	6,610,000
5050 N. Lincoln	11,085,000
201 W. 5th St. Tulsa	8,350,000
10625 and 10630 NW 4th St., Yukon	4,300,000
15024 W. Highway 66, Yukon	1,900,000
4734 Kickapoo, Shawnee	1,750,000
122nd and Western tract	10,010,000
14201 & 14301 Caliber Dr.	9,690,000
9201 N. I-35	26,520,000
123 Robert S Kerr Ave., 5th, 6th 7th, 8th & 29th floors	14,400,000
1 Robert S. Kerr Ave.	13,000,000
	<u>\$ 151,781,500</u>

Rental agreements for investment properties are not subject to lease reporting as defined by GASB Statement 87, *Leases*. The Agency recognized lease revenue associated with these investment properties of \$7,156,482 for the year ended June 30, 2022.

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**Notes to the Financial Statements
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Note 5. Other Receivables

Other receivables at June 30, 2022 consisted of the following:

Accrued mineral revenue	\$ 14,415,783
Surface leases	620,916
Gas marketing	2,412
Allowance for doubtful accounts	<u>(1,526,061)</u>
	<u><u>\$ 13,513,050</u></u>

Note 6. Interfund balances and transfers

At June 30, 2022, the Permanent Fund recognized an interfund receivable from the General Fund in the amount of \$1,745,026 which is comprised of royalty payments held in escrow by the General Fund.

Transfers between the funds are typically to transfer the six percent of the Permanent Fund revenues to the general fund for the Agency's administration of the Trust. Periodically, as the Secretary determines, funds are transferred from the general fund to the permanent fund for the benefit of the Multiyear Education Distribution Stabilization Revolving Fund for distribution to Trust beneficiaries at the Commissioners' discretion.

For the fiscal year ended June 30, 2022, \$11,286,228 was transferred from the permanent fund to the general fund for Agency's administration of the Trust. Additionally, the general fund transferred to the permanent fund approximately \$150,386 to fund various expenditures.

Note 7. Related party transactions

During the course of normal operations, the Agency may purchase goods and services from other State agencies. The expenditures made to other State agencies during the fiscal year ended June 30, 2022 was approximately \$364,000.

Note 8. Employee Benefit Plans

Retirement plan: The Agency contributes to the Oklahoma Public Employees Retirement System (OPERS) cost sharing multiple-employer defined benefit plan. OPERS was established in 1964 by the Oklahoma Legislature and covers substantially all employees of the State, except those covered by six other plans sponsored by the State, and also covers employees of participating counties and local agencies. The Plan provides that all eligible persons, except those specifically excluded, shall become members of OPERS as a condition of their employment. The supervisory authority for the management and operation of OPERS is its Board of Trustees.

OPERS offers retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits, and survivor benefits. The Plan's provisions are established under Title 74 of the Oklahoma Statutes.

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**Notes to the Financial Statements
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Note 8. Employee Benefit Plans (continued)

Benefits provided: Members qualify for 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 six 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 ten 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 eight years of credited service whose disability status has been certified as being within one 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.

Benefits are determined at 2 percent of the average annual salary received during the highest thirty-six months of the last ten 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 ten 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 percent computation factor for each full year the additional contributions are made. In 2004, legislation was enacted to provide an increased benefit to retiring members who were not yet eligible for Medicare. The Medicare Gap benefit option became available to members under age 65 who retired on or after May 1, 2006. Members may elect to receive a temporary increased benefit to cover the cost of health insurance premiums until the member is eligible to receive Medicare. After the member becomes eligible for Medicare, the retirement benefit will be permanently reduced by an actuarially determined amount. The option is irrevocable, must be chosen prior to retirement, and is structured to have a neutral actuarial cost to the Plan.

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

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

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

**Commissioners of the Land Office
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**Notes to the Financial Statements
For the Year Ended June 30, 2022**

Note 8. Employee Benefit Plans (continued)

For 2022, state agency employers contributed 16.5 percent on all salary, and state employees contributed 3.5 percent on all salary.

The Agency's contributions to the Plan for the year ended June 30, 2022 were approximately \$587,255 and was equal to its required contribution.

Members have the option to elect to increase the benefit computation factor for all future service from 2.0 percent to 2.5 percent. 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 percent which is actuarially determined.

Pension assets, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2022, the Agency reported an asset of \$2,583,091 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2021. The Agency's proportion of the net pension asset was based on the Agency's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2021, the Agency's proportion was 0.19245767 percent which is a decrease of 0.02126140 percent from the prior fiscal year.

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**Notes to the Financial Statements
For the Year Ended June 30, 2022**

Note 8. Employee Benefit Plans (continued)

For the year ended June 30, 2022, the Agency recognized pension expense of \$(1,750,362). At June 30, 2022, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumption	\$ 236,110	\$ -
Differences between expected and actual experience	-	39,801
Net difference between projected and actual investment earnings on pension plan investments	-	2,217,279
Changes in proportion and differences between Agency contributions and proportionate share of contributions	162,943	-
Total deferred amounts to be recognized in pension expense in future periods	399,053	2,257,080
Agency contributions subsequent to the measurement date	587,255	-
Total deferred amounts related to pension	<u>\$ 986,308</u>	<u>\$ 2,257,080</u>

Deferred pension outflows resulting from the Agency's employer contributions subsequent to the measurement date, totaling \$587,255 at June 30, 2022, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Deferred inflows related to the difference between projected and actual investment earnings are being amortized over five years beginning in the year each originated. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension consist of amounts originating in current and prior years and will be recognized in pension expense using the average expected remaining life of the Plan as of the beginning of the fiscal year in which each item originated. The average expected remaining service life of the Plan is determined by taking the calculated total future service years of the Plan divided by the number of people in the Plan including retirees. The total future service years are determined using the mortality, termination, retirement and disability assumptions associated with the Plan.

Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows at June 30:

	June 30, Deferred Outflows(Inflows)
2023	\$ (270,333)
2024	(480,760)
2025	(530,811)
2026	(576,124)
	<u>\$ (1,858,028)</u>

**Commissioners of the Land Office
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**Notes to the Financial Statements
For the Year Ended June 30, 2022**

Note 8. Employee Benefit Plans (continued)

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

- Investment return—6.50 percent compounded annually net of investment expense and including inflation
- Salary increases—3.5 percent to 9.25 percent per year including inflation
- Mortality rates—In 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 set back one year, and female rates are set forward one year.
- No annual post-retirement benefit increases
- Assumed inflation rate—2.50 percent
- Payroll growth—3.25 percent per year
- Actuarial cost method—Entry age
- Select period for the termination of employment assumptions—10 years

The actuarial assumptions used in the July 1, 2021 valuation are based on the results of the most recent actuarial experience study, which covers the three-year period ending June 30, 2019. The experience study report is dated May 13, 2020. The long-term rate of return was modified by the Plan during 2019.

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 geometric real rates of return for each major asset class as of June 30, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U. S. Large Cap Equity	34.0%	4.7%
U.S. Small Cap Equity	6.0%	5.8%
Int's Developed Equity	23.0%	6.5%
Emerging Market Equity	5.0%	8.5%
Core Fixed Income	25.0%	0.5%
Long Term Treasuries	3.5%	0.0%
US TIPS	3.5%	0.3%
	100.0%	

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**Notes to the Financial Statements
For the Year Ended June 30, 2022**

Note 8. Employee Benefit Plans (continued)

Discount rate: The discount rate used to measure the total pension liability was 6.50 percent. 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, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

Sensitivity of the Agency's proportionate share of the net pension liability to changes in the discount rate: The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Agency's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Commissioners of the Land Office's proportionate share of the net pension liability (asset)	<u>\$ (239,808)</u>	<u>\$ (2,583,091)</u>	<u>\$ (4,563,720)</u>

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements, June 30, 2021 CAFR, available at:

https://www.opers.ok.gov/wp-content/uploads/2021/11/2021_ACFR_OPERS_FINAL.pdf

Deferred compensation plan: The State offers to its own employees, state agency employees and other duly constituted authority or instrumentality employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457 and Chapter 45 of Title 74, Oklahoma Statutes. The Oklahoma State Employees Deferred Compensation Plan (the 457 Plan), also known as SoonerSave, is a voluntary plan that allows participants to defer a portion of their salary into the 457 Plan. Participation allows a person to shelter the portion of their salary that they defer from current federal and state income tax. Taxes on the interest or investment gains on this money, while in the 457 Plan, are also deferred. The deferred compensation is not available to employees until termination, retirement, death or approved unforeseeable emergency.

Under SoonerSave, the untaxed deferred amounts are invested as directed by the participant among various 457 Plan investment options. Effective January 1, 1998, a Trust and Trust Fund covering the 457 Plan assets was established 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. Under terms of the Trust, the corpus or income of the Trust Fund may be used only for the exclusive benefit of the 457 Plan participants and their beneficiaries. Further information may be obtained from the Oklahoma State Employees Deferred Compensation Plan audited financial statements for the years ended June 30, 2021 and 2020. The Agency believes that it has no liabilities in respect to the State's plan.

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**Notes to the Financial Statements
For the Year Ended June 30, 2022**

Note 9. Capital Assets

The changes in the capital asset accounts for fiscal year 2022 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Capital Assets, not being depreciated, land	<u>\$ 5,597,484</u>	<u>\$ -</u>	<u>\$ (67)</u>	<u>\$ 5,597,417</u>
Capital assets being depreciated:				
Furniture, fixture and equipment	1,881,035	82,358	(33,308)	1,930,085
Land Improvements	<u>2,982,940</u>	<u>141,570</u>	<u>-</u>	<u>3,124,510</u>
Total capital assets being depreciated	<u>4,863,975</u>	<u>223,928</u>	<u>(33,308)</u>	<u>5,054,595</u>
Less accumulated depreciation for:				
Furniture, fixture and equipment	1,728,077	68,184	(33,308)	1,762,953
Land Improvements	<u>1,724,040</u>	<u>150,872</u>	<u>-</u>	<u>1,874,912</u>
Total accumulated depreciation	<u>3,452,117</u>	<u>219,056</u>	<u>(33,308)</u>	<u>3,637,865</u>
 Total capital assets being depreciated, net	<u>1,411,858</u>	<u>4,872</u>	<u>-</u>	<u>1,416,730</u>
Governmental activities capital assets, net	<u>\$ 7,009,342</u>	<u>\$ 4,872</u>	<u>\$ (67)</u>	<u>\$ 7,014,147</u>

Note 10. Fund balance

The following table shows further details of the fund balance classifications as shown on the governmental funds balance sheet as of June 30, 2022.

	<u>General</u>	<u>Permanent</u>	<u>Total Governmental Funds</u>
Fund balances			
Nonspendable			
Nonspendable,permanent fund corpus	\$ -	\$ 2,584,275,138	\$ 2,584,275,138
Restricted			
Oil & Gas Performance Fee fund	437,185	-	437,185
Assigned			
Multiyear Education Distribution Stabilization fund	1,722,205	-	1,722,205
Unassigned	<u>26,965,863</u>	<u>-</u>	<u>26,965,863</u>
Total fund balances	<u>\$ 29,125,253</u>	<u>\$ 2,584,275,138</u>	<u>\$ 2,613,400,391</u>

**Commissioners of the Land Office
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**Notes to the Financial Statements
For the Year Ended June 30, 2022**

Note 11. Commitments and Contingencies

Economic uncertainties: As a result the spread of COVID-19, economic uncertainties have arisen that may negatively impact the financial position and changes in the financial position of the Agency. The duration of these uncertainties and the ultimate financial effects cannot be reasonably determined at this time.

Loss contingencies:

Note 12. Risk Management

The Agency participates in the Oklahoma Risk Management Division's (a division of the Department of Central Services) insurance pool, which covers all governmental tort, property, vehicle, and directors and officers liability claims against the Agency. The Agency pays a yearly premium to the Department of Central Services to participate in the insurance pool. Premiums paid are not subject to retroactive adjustment.

Note 13. Subsequent Events

During the fiscal year ended June 30, 2021 the Agency managed a program to market natural gas whereby the Oklahoma State Office of Management and Enterprise Services (OMES) purchased natural gas from providers at a rate generally lower than market and resold it to State governmental agencies. This typically provided an overall cost savings to participating agencies. The CLO's role in the program was to bill and collect for the natural gas usage and remit the collections to the provider less a 6% fee for the Agency's management. At June 30, 2021, the CLO's role in this program had been discontinued by the Agency.

In February of 2021, much of the State of Oklahoma experienced a significant winter weather event that precipitated a major temporary increase in natural gas pricing. As a result, the February 2021 total invoice for the Agency's gas marketing program was \$16,147,480. This amount is greater than historic February billings by more than 1,000%. OMES and the CLO believed this amount to be unreasonable.

In December 2022, a resolution was reached whereby the CLO will bill its customers approximately \$400,000 of the amount and OMES will be responsible for the continued negotiations with the suppliers and ultimately any remaining amount that is decided.

Required Supplementary Information

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**Commissioners of the Land Office
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**Required Supplementary Information
Schedule of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual
General Fund (Non-GAAP Budgetary Basis)
Year Ended June 30, 2022**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Fees	\$ -	\$ -	\$ 291,707	\$ 291,707
Other Interest	-	-	387,830	387,830
Total revenues	-	-	679,537	679,537
Expenditures				
Administrative	1,355,778	1,355,778	1,138,829	216,949
Legal	990,374	990,374	1,108,939	(118,565)
Information technology	1,151,518	1,151,518	1,068,465	83,053
Real estate management	1,633,674	1,633,674	1,525,380	108,294
Commercial real estate	339,118	339,118	309,027	30,091
Financial services	1,417,048	1,417,048	1,105,987	311,061
Minerals management	1,491,766	1,491,766	1,276,995	214,771
Total expenditures	8,379,276	8,379,276	7,533,622	845,654
Other financing sources (Uses)				
Transfers from permanent fund	-	-	11,286,228	11,286,228
Transfers to permanent fund	-	-	(150,386)	(150,386)
Total other financing sources (uses)	-	-	11,135,842	11,135,842
Net change in fund balance	(8,379,276)	(8,379,276)	4,281,757	12,661,033
Fund Balance, beginning of year		(32,811,674)	33,724,268	55,045,808
Fund Balance, end of year		<u>\$ (41,190,950)</u>	38,006,025	<u>\$ 67,706,841</u>
Reconciliation to GAAP basis, accrual adjustments			(8,880,772)	
Fund Balance			<u>\$ 29,125,253</u>	

See notes to required supplementary information

**Commissioners of the Land Office
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**Required Supplementary Information
Schedule of the Agency's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2022**

	June 30			
	2022	2021	2020	2019
Agency's proportion of the net pension liability (asset)	0.19245767 %	0.21371907 %	0.21571265 %	0.22015372 %
Agency's proportionate share of the net pension liability (asset)	\$(2,583,091)	\$ 1,906,723	\$ 287,303	\$ 429,394
Agency's covered payroll	3,025,346	3,386,659	3,453,721	3,717,392
Agency's proportionate share of the net position liability (asset) as a percentage of its covered employee payroll	(85)%	56 %	8 %	12 %
Plan fiduciary net position as a percentage of the total pension liability	112.51 %	91.59 %	98.63 %	97.96 %
	June 30			
	2018	2017	2016	
Agency's proportion of the net pension liability (asset)	0.21185560 %	0.19708621 %	0.19002899 %	
Agency's proportionate share of the net pension liability (asset)	\$ 1,145,427	\$ 1,955,550	\$ 683,503	
Agency's covered payroll	3,793,931	3,565,236	3,314,185	
Agency's proportionate share of the net position liability (asset) as a percentage of its covered employee payroll	30 %	55 %	21 %	
Plan fiduciary net position as a percentage of the total pension liability	94.28 %	89.47 %	96.00 %	

NOTES:

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten year trend is compiled, the Agency will present information for those years for which information is available.

See notes to required supplementary information

**Commissioners of the Land Office
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**Required Supplementary Information
Schedule of the Agency's Contributions Oklahoma Public Employees Retirement Plan
Last 10 Fiscal Years**

	2022	2021	2020	2019	2018
Contractually required to contribute	\$ 587,255	\$ 586,127	\$ 567,737	\$ 548,453	\$ 571,262
Contractually required contributions	587,255	586,127	567,737	548,453	571,262
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
CLO's covered-employee payroll	\$ 3,025,346	\$ 3,386,659	\$ 3,453,721	\$ 3,717,392	\$ 3,793,931
Contributions as a percentage of covered-employee payroll	19.41 %	17.31 %	16.44 %	14.75 %	15.06 %

	2017	2016	2015	2014	2013
Contractually required to contribute	\$ 535,672	\$ 588,000	\$ 542,000	\$ 523,000	\$ 510,000
Contractually required contributions	535,672	588,000	542,000	523,000	510,000
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
CLO's covered-employee payroll	\$ 3,565,236	\$ 3,314,185	\$ 3,275,936	N/A	N/A
Contributions as a percentage of covered-employee payroll	15 %	19 %	17 %	N/A	N/A

See notes to required supplementary information

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**Required Supplementary Information
Notes to the Required Supplementary Information
Year Ended June 30, 2022**

Basis of budgeting

The Agency prepares its budget using the cash basis of accounting.

Valuation Date

Actuarially determined contributions are calculated as of the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	7 years
Asset valuation method	5-year moving average
Inflation	2.5 percent for 2021 and 2020, and 2.75 percent for 2019, 2018 and 2017, and 3.00 percent for 2016 and 2015
Salary increase	3.25 percent to 9.25 percent for 2021 and 2020. 3.50 to 9.50 percent for 2019, 2018 and 2017 and 4.50 to 8.40 percent for 2016 and 2015, including inflation
Investment rate of return	6.50 percent for 2021 and 2020, 7.00 percent in 2019, 2018 and 2017, 7.25 percent in 2016 and 7.50 percent for 2015, compounded annually, net of investment expense and including inflation
Retirement age	Age 65 for all members hired on or after November 1, 2011 Age 62 for members hired prior to November 1, 2011
Mortality Active/Retiree	For 2021 and 2020 - Pub-2010 Below Median, General membership Healthy Mortality table with base rates projected to 2030 using Scale MP-2019. Male rates are set back one year, and female rates are set forward one year. For 2019, 2018 and 2017, active participants and nondisabled pensioners— RP 2014 Mortality Table projected to 2025 by Scale MP-2016 (disabled pensioners set forward 12 years) For 2016 and 2015, active participants and nondisabled pensioners – RP-2000 Mortality Table projected to 2010 Scale AA (disabled pensioners set forward for 15 years.)

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**Required Supplementary Information
Notes to the Required Supplementary Information
Year Ended June 30, 2022**

Other Information

The Plan has been amended by House Bill 2630 in 2014 which states that effective November 1, 2015, OPERS shall create a defined contribution plan for most people first employed by a participating employer. Exemptions from the new defined contribution plan include hazardous duty members and district attorneys, assistant district attorneys and employees of the district attorney's office. Each employer shall send to OPERS the difference between the required employer contribution to OPERS and the amount required to match the participating employee's contribution in the defined contribution plan.

Senate Bill 2120, also enacted in 2014, amends House Bill 2630 to further exempt from the new defined contribution plan county elected officials and employees of a county, county hospital, city or town, conservation district, circuit engineering district, and any public or private trust in which a county, city or town participates. Senate Bill 2120 also states that employees who participate in the defined contribution system are excluded from the \$105 health subsidy.

New employees specifically exempted from the defined contribution plan will participate in the existing defined benefit plan.

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Other Supplementary Information

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**Commissioners of the Land Office
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**Other Supplementary Information
Combining Balance Sheet - General Fund
(in Thousands)
June 30, 2022**

	<u>Revolving 16</u>	<u>CLO</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 4,805	\$ 27,757	\$ 32,562
Other receivables	<u>2</u>	<u>-</u>	<u>2</u>
Total assets	<u>\$ 4,807</u>	<u>\$ 27,757</u>	<u>\$ 32,564</u>
Liabilities and Fund Balance			
Liabilities, accounts payable and accrued expenses	\$ 1,694	\$ -	\$ 1,694
Due to permanent fund	1,745	-	1,745
Fund balance	<u>1,368</u>	<u>27,757</u>	<u>29,125</u>
Total liabilities and fund balance	<u>\$ 4,807</u>	<u>\$ 27,757</u>	<u>\$ 32,564</u>

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**Other Supplementary Information
Schedule of Distributions to University and College Beneficiaries (Cash Basis)
For the Year Ended June 30, 2022**

University of Oklahoma	\$ 9,426,518
Oklahoma State University	7,826,264
Northern Oklahoma College	2,662,307
Langston University	1,908,232
Southeastern Oklahoma State University	1,013,276
University of Central Oklahoma	1,013,276
East Central Oklahoma State University	1,013,276
Northeastern Oklahoma State University	1,013,276
Northwestern Oklahoma State University	1,013,276
Southwestern Oklahoma State University	1,013,276
Cameron University	1,013,276
Oklahoma Panhandle State University	1,013,276
University of Science and Arts of Oklahoma	1,013,276
	<hr/>
	\$ 30,942,805

This schedule is presented on the cash basis of accounting and presents the distributions when paid rather than when the obligation is incurred. The schedule provides relevant information that is not provided by the historical accrual basic financial statements and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

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**Other Supplementary Information
Schedule of Distributions to Public School Beneficiaries (Cash Basis)
Year Ended June 30, 2022**

Achille	\$	46,904.26
Ada		361,735.54
Adair		150,662.85
Afton		71,036.22
Agra		48,935.56
Albion		9,124.96
Alex		44,010.69
Aline-Cleo		17,132.97
Allen		69,906.14
Allen-Bowden		38,230.92
Altus		495,766.12
Alva		154,488.01
Amber-Pocasset		67,280.46
Anadarko		220,222.85
Anderson		32,583.15
Antlers		137,775.95
Arapaho-Butler		73,012.62
Ardmore		397,189.99
Arkoma		57,937.19
Arnett		23,987.10
Asher		38,811.39
Atoka		125,977.77
Avant		11,526.72
Balko		21,544.65
Banner		41,741.43
Barnsdall		55,450.62
Bartlesville		868,094.21
Battiest		36,724.41
Bearden		21,448.09
Beaver		42,190.75
Beggs		145,726.35
Belfonte		22,848.84
Bennington		45,057.88
Berryhill		171,186.24
Bethany		261,399.80
Bethel		170,921.71
Big Pasture		28,677.21
Billings		11,263.55
Binger-Oney		50,163.99
Bishop		77,925.02
Bixby		988,442.86
Blackwell		161,573.84
Blair		36,450.10
Blanchard		295,505.11
Bluejacket		30,768.03
Subtotal		<u>6,279,344.12</u>

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**Other Supplementary Information
Schedule of Distributions to Public School Beneficiaries (Cash Basis) (CONTINUED)
Year Ended June 30, 2022**

(Subtotal forwarded)	\$	6,279,344.12
Boise City		45,927.89
Bokoshe		24,152.34
Boone-Apache		79,122.43
Boswell		43,572.46
Bowlegs		36,047.78
Bowring		8,811.28
Braggs		18,222.87
Bray-Doyle		40,694.92
Bridge Creek		257,640.76
Briggs		63,931.80
Bristow		254,146.76
Broken Arrow		2,785,614.76
Broken Bow		226,519.72
Brushy		57,548.49
Buffalo		44,584.88
Buffalo Valley		18,755.63
Burlington		19,900.09
Burns Flat-Dill City		76,460.86
Butner		28,132.64
Byng		254,474.08
Cache		299,430.84
Caddo		76,367.17
Calera		124,245.94
Calumet		43,925.18
Calvin		26,574.09
Cameron		37,823.49
Canadian		63,694.48
Caney		39,762.85
Caney Valley		113,764.72
Canton		48,066.98
Canute		54,438.20
Carnegie		79,868.28
Carney		34,481.59
Cashion		95,897.79
Catoosa		269,417.07
Cave Springs		25,199.63
Cement		31,830.18
Central		69,605.28
Central High		59,813.31
Chandler		169,961.39
Chattanooga		35,533.79
Checotah		196,904.03
Chelsea		114,207.93
Cherokee		63,827.06
Subtotal		<u>12,838,247.83</u>

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Other Supplementary Information
Schedule of Distributions to Public School Beneficiaries (Cash Basis) (CONTINUED)
Year Ended June 30, 2022**

(Subtotal forwarded)	\$	12,838,247.83
Cheyenne		47,319.83
Chickasha		301,037.49
Chisholm		174,832.77
Choctaw-Nicoma Park		804,008.09
Chouteau-Mazie		116,522.04
Cimarron		30,035.59
Claremore		569,109.51
Clayton		37,497.66
Cleora		21,639.57
Cleveland		236,588.23
Clinton		304,016.12
Coalgate		94,496.64
Colbert		107,523.48
Colcord		96,914.95
Coleman		24,337.34
Collinsville		434,121.61
Comanche		135,106.43
Commerce		124,416.03
Copan		31,383.49
Cordell		94,877.71
Cottonwood		23,607.51
Covington-Douglas		40,996.17
Coweta		492,026.36
Coyle		41,389.78
Crescent		84,997.18
Crooked Oak		163,731.64
Crowder		45,569.63
Crutcho		39,490.71
Cushing		226,753.26
Cyril		54,029.76
Dahlongegah		26,314.28
Dale		115,197.41
Darlington		36,030.68
Davenport		55,880.49
Davidson		6,256.29
Davis		132,124.54
Deer Creek		1,056,530.98
Deer Creek-Lamont		21,335.32
Denison		45,052.68
Depew		53,458.01
Dewar		63,284.58
Dewey		175,704.91
Dibble		100,256.12
Dickson		199,232.54
Subtotal		<u>19,923,283.24</u>

**Commissioners of the Land Office
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**Other Supplementary Information
Schedule of Distributions to Public School Beneficiaries (Cash Basis) (CONTINUED)
Year Ended June 30, 2022**

(Subtotal forwarded)	\$	19,923,283.24
Dover		24,274.66
Drummond		54,615.46
Drumright		62,440.14
Duke		23,094.48
Duncan		482,308.26
Durant		520,856.44
Eagletown		27,571.65
Earlsboro		38,521.49
Edmond		3,637,880.02
El Reno		407,297.67
Elgin		349,914.60
Elk City		296,316.91
Elmore City-Pernell		76,295.15
Empire		78,779.38
Enid		1,111,275.61
Erick		33,201.98
Eufaula		164,808.40
Fairland		90,729.92
Fairview		111,230.54
Fanshawe		17,033.40
Fargo		34,082.35
Felt		11,196.35
Fletcher		74,039.65
Flower Mound		49,866.07
Forest Grove		18,305.29
Forgan		18,621.82
Fort Cobb-Broxtton		45,226.13
Fort Gibson		265,516.67
Fort Supply		18,955.40
Fort Towson		46,802.53
Fox		32,018.84
Foyil		68,120.52
Frederick		124,952.82
Freedom		6,553.73
Friend		36,900.66
Frink-Chambers		62,919.43
Frontier		53,530.18
Gans		57,207.58
Garber		60,926.04
Geary		44,259.09
Geronimo		47,837.10
Glencoe		49,195.55
Glenpool		397,760.04
Glover		12,517.51
Subtotal		<u>29,169,040.75</u>

**Commissioners of the Land Office
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**Other Supplementary Information
Schedule of Distributions to Public School Beneficiaries (Cash Basis) (CONTINUED)
Year Ended June 30, 2022**

(Subtotal forwarded)	\$	29,169,040.75
Goodwell		32,749.98
Gore		77,213.32
Gracemont		20,113.77
Graham-Dustin		24,514.70
Grand View		75,200.55
Grandfield		31,805.15
Grandview		20,600.59
Granite		34,348.14
Greenville		9,507.82
Grove		348,593.87
Grove		72,631.00
Guthrie		411,733.42
Guymon		438,493.81
Gypsy		8,325.32
Haileyville		44,685.07
Hammon		34,409.37
Hanna		10,969.94
Hardesty		11,867.90
Harmony		34,002.03
Harrah		295,235.61
Hartshorne		106,810.84
Haskell		105,097.62
Haworth		78,847.62
Haywood		17,487.61
Healdton		74,135.04
Heavener		127,561.44
Hennessey		127,778.51
Henryetta		156,850.43
Hilldale		291,112.07
Hinton		107,224.04
Hobart		103,796.65
Hodgen		39,037.27
Holdenville		143,662.09
Hollis		79,645.62
Holly Creek		33,988.67
Hominy		84,735.20
Hooker		92,822.76
Howe		96,311.44
Hugo		163,127.82
Hulbert		79,559.74
Hydro-Eakly		69,641.98
Idabel		180,794.18
Indianahoma		29,437.29
Indianola		37,424.20
Subtotal		<u>33,632,932.24</u>

**Commissioners of the Land Office
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**Other Supplementary Information
Schedule of Distributions to Public School Beneficiaries (Cash Basis) (CONTINUED)
Year Ended June 30, 2022**

(Subtotal forwarded)	\$	33,632,932.24
Inola		183,074.76
Jay		215,399.51
Jenks		1,820,776.15
Jennings		34,580.13
Jones		157,329.26
Justice		19,300.02
Justus-Tiawah		80,904.55
Kansas		117,728.76
Kellyville		117,124.94
Kenwood		10,730.79
Keota		62,257.10
Ketchum		84,787.97
Keys		104,378.18
Keystone		40,368.15
Kiefer		132,103.82
Kildare		14,975.34
Kingfisher		210,747.13
Kingston		173,310.22
Kinta		28,775.56
Kiowa		41,794.97
Konawa		83,451.21
Krebs		64,135.30
Kremlin-Hillsdale		43,967.93
Lane		38,923.35
Latta		132,731.97
Laverne		69,489.70
Lawton		1,969,484.23
Le Flore		36,094.08
Leach		21,881.45
Leedey		30,366.64
Lexington		145,504.39
Liberty		51,867.45
Liberty		71,645.70
Lindsay		179,412.01
Little Axe		170,389.56
Locust Grove		195,693.47
Lomega		32,885.07
Lone Grove		210,416.16
Lone Star		130,650.80
Lone Wolf		16,526.36
Lookeba Sickles		35,065.26
Lowrey		16,843.83
Lukfata		55,428.37
Luther		113,745.06
Subtotal		<u>41,199,978.90</u>

**Commissioners of the Land Office
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**Other Supplementary Information
Schedule of Distributions to Public School Beneficiaries (Cash Basis) (CONTINUED)
Year Ended June 30, 2022**

(Subtotal forwarded)	\$	41,199,978.90
Macomb		36,120.34
Madill		268,391.13
Mangum		102,690.95
Mannford		214,324.55
Mannsville		14,026.66
Maple		29,069.94
Marble City		12,493.45
Marietta		166,526.67
Marlow		194,526.99
Maryetta		97,423.53
Mason		34,975.85
Maud		37,647.06
Maysville		44,368.59
Mcalester		427,437.22
Mccord		46,466.75
Mccurtain		32,845.55
Mcloud		226,429.05
Medford		42,262.80
Meeker		102,952.99
Merritt		125,777.60
Miami		312,118.39
Middleberg		32,312.71
Midway		34,323.97
Midwest City-DeI City		1,654,003.08
Milburn		30,685.64
Mill Creek		24,207.44
Millwood		132,725.59
Minco		78,904.65
Moffett		53,558.83
Monroe		19,340.65
Moore		3,558,277.58
Mooreland		85,184.49
Morris		142,588.74
Morrison		91,363.56
Moseley		25,141.39
Moss		37,952.38
Mounds		89,761.15
Mountain View-Gotebo		35,211.99
Moyers		23,717.06
Muldrow		190,303.94
Mulhall-Orlando		32,362.08
Muskogee		682,967.40
Mustang		1,771,552.69
Nashoba		8,016.54
Subtotal		<u>52,603,318.51</u>

**Commissioners of the Land Office
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**Other Supplementary Information
Schedule of Distributions to Public School Beneficiaries (Cash Basis) (CONTINUED)
Year Ended June 30, 2022**

(Subtotal forwarded)	\$	52,603,318.51
Navajo		66,220.33
New Lima		35,768.11
Newcastle		350,508.08
Newkirk		108,086.33
Ninnekah		77,642.20
Noble		416,410.21
Norman		2,167,888.47
North Rock Creek		165,514.88
Norwood		21,327.93
Nowata		112,919.96
Oak Grove		28,014.63
Oakdale		100,914.17
Oaks-Mission		27,013.21
Oilton		37,945.71
Okarche		59,016.54
Okay		52,572.25
Okeene		47,448.91
Okemah		100,344.95
Oklahoma City		4,389,896.27
Oklahoma Union		96,816.75
Okmulgee		167,052.54
Oktaha		100,815.67
Olive		38,262.29
Olustee-Eldorado		26,137.64
Oologah-Talala		250,570.72
Optima		7,545.80
Osage		20,799.13
Osage Hills		28,098.78
Owasso		1,390,806.46
Paden		33,597.99
Panama		104,040.04
Panola		10,115.72
Paoli		31,644.89
Pauls Valley		183,563.57
Pawhuska		103,824.14
Pawnee		90,441.87
Peavine		15,808.12
Peckham		15,849.94
Peggs		30,781.13
Perkins-Tryon		234,799.15
Perry		150,882.02
Piedmont		687,755.36
Pioneer		57,782.16
Pioneer-Pleasant Vale		71,006.02
Subtotal		<u>64,917,569.55</u>

**Commissioners of the Land Office
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**Other Supplementary Information
Schedule of Distributions to Public School Beneficiaries (Cash Basis) (CONTINUED)
Year Ended June 30, 2022**

(Subtotal forwarded)	\$	64,917,569.55
Pittsburg		25,026.51
Plainview		224,630.83
Pleasant Grove		30,353.97
Pocola		108,149.57
Ponca City		643,630.83
Pond Creek-Hunter		50,388.24
Porter Consolidated		81,368.33
Porum		67,608.72
Poteau		321,774.31
Prague		144,383.74
Preston		91,894.73
Pretty Water		36,610.27
Prue		44,858.88
Pryor		389,134.78
Purcell		208,618.55
Putnam City		2,633,214.44
Quapaw		84,106.25
Quinton		59,676.91
Rattan		66,904.01
Ravia		13,932.53
Red Oak		49,924.89
Reydon		17,427.11
Ringling		54,080.36
Ringwood		55,593.29
Ripley		63,297.86
Riverside		21,813.41
Robin Hill		56,019.76
Rock Creek		68,170.35
Rocky Mountain		25,902.49
Roff		41,840.04
Roland		123,976.58
Rush Springs		68,328.81
Ryal		9,098.73
Ryan		33,598.56
Salina		113,269.41
Sallisaw		271,112.69
Sand Springs		735,443.58
Sapulpa		526,381.72
Sasakwa		30,512.94
Savanna		55,649.56
Sayre		98,131.72
Schulter		20,302.49
Seiling		64,780.18
Seminole		205,946.86
Subtotal		<u>73,054,439.34</u>

**Commissioners of the Land Office
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**Other Supplementary Information
Schedule of Distributions to Public School Beneficiaries (Cash Basis) (CONTINUED)
Year Ended June 30, 2022**

(Subtotal forwarded)	\$	73,054,439.34
Sentinel		46,033.77
Sequoyah		187,632.03
Shady Grove		22,830.66
Shady Point		20,985.62
Sharon-Mutual		28,334.97
Shattuck		54,795.95
Shawnee		500,053.85
Shidler		29,298.95
Silo		144,211.25
Skiatook		336,028.65
Smithville		40,988.85
Snyder		69,434.19
Soper		51,709.12
South Coffeyville		35,566.28
South Rock Creek		61,038.49
Sperry		153,131.00
Spiro		153,744.31
Springer		30,562.62
Sterling		53,450.28
Stidham		13,551.30
Stigler		180,885.43
Stillwater		835,786.38
Stilwell		193,505.34
Stonewall		64,086.18
Straight		5,949.72
Stratford		93,403.30
Stringtown		34,359.12
Strother		59,306.40
Stroud		122,334.29
Stuart		32,860.13
Sulphur		219,455.26
Sweetwater		18,483.26
Tahlequah		512,217.47
Talihina		76,290.19
Taloga		14,705.44
Tannehill		20,374.05
Tecumseh		286,220.35
Temple		28,720.19
Tenkiller		37,371.43
Terral		6,116.76
Texhoma		35,922.38
Thackerville		42,192.70
Thomas-Fay-Custer Unified Dist		72,469.32
Timberlake		38,708.91
Subtotal		<u>78,119,545.48</u>

**Commissioners of the Land Office
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**Other Supplementary Information
Schedule of Distributions to Public School Beneficiaries (Cash Basis) (CONTINUED)
Year Ended June 30, 2022**

(Subtotal forwarded)	\$	78,119,545.48
Tipton		36,615.08
Tishomingo		124,865.22
Tonkawa		114,461.72
Tulsa		4,346,961.38
Tupelo		34,077.42
Turkey Ford		14,032.77
Turner		45,713.84
Turpin		59,879.71
Tushka		68,391.50
Tuskahoma		9,610.94
Tuttle		279,982.08
Twin Hills		49,797.69
Tyrone		32,249.11
Union		2,219,905.77
Union City		45,700.06
Valliant		134,660.97
Vanoss		75,460.24
Varnum		52,610.70
Velma-Alma		65,272.05
Verden		43,617.36
Verdigris		202,737.90
Vian		122,831.08
Vici		45,048.86
Vinita		183,021.79
Wagoner		315,845.24
Wainwright		12,350.63
Walters		90,021.94
Wanette		18,555.92
Wapanucka		34,407.82
Warner		121,249.87
Washington		157,491.64
Watonga		103,892.28
Watts		39,683.27
Waukomis		60,384.46
Waurika		64,525.39
Wayne		67,035.69
Waynoka		31,208.56
Weatherford		323,444.33
Webbers Falls		42,693.32
Welch		42,706.78
Weleetka		58,161.30
Wellston		78,522.51
Western Heights		338,497.88
Westville		149,365.58
Subtotal		<u>88,677,095.13</u>

**Commissioners of the Land Office
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**Other Supplementary Information
Schedule of Distributions to Public School Beneficiaries (Cash Basis) (CONTINUED)
Year Ended June 30, 2022**

(Subtotal forwarded)	\$	88,677,095.13
Wetumka		59,348.87
Wewoka		97,183.75
White Oak		3,833.40
White Rock		17,707.07
Whitebead		54,317.91
Whitefield		29,492.86
Whitesboro		30,189.06
Wickliffe		12,738.58
Wilburton		123,361.02
Wilson		64,267.63
Wilson		43,954.80
Wister		69,010.39
Woodall		57,512.78
Woodland		59,261.42
Woodward		373,925.65
Wright City		72,154.18
Wyandotte		109,923.12
Wynnewood		101,278.72
Wynona		14,538.49
Yale		53,882.27
Yarbrough		14,090.66
Yukon		1,300,224.35
Zaneis		46,349.22
Zion		46,443.67
		<hr/>
Total	\$	<hr/> 91,532,085.00 <hr/>



Statistical Section

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Statistical Section Narrative
June 30, 2022**

Statistical Section Narrative

This part of the Agency's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Agency's overall financial position.

Such statistical information includes:

Financial Trends

These schedules contain trend information to help the reader understand how the Agency's financial performance and well-being have changed over time. Schedules presented are:

- Net Position – Last Ten Fiscal Years
- Changes in Net Position – Last Ten Fiscal Years
- Fund Balances, Governmental Funds – Last Ten Fiscal Years
- Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years

Revenue Capacity

These schedules contain information to help the reader assess the Agency's ability to generate its own source revenues.

The Agency's significant sources of own source revenue consists of rents from real estate leases, mineral revenues primarily from oil & gas lease royalties and investment earnings from the Agency's investment portfolio.

Both real estate and oil and gas leases are awarded to the highest bidders at auction. Consequently, rates vary according to local market conditions.

The pool of lessees consists of numerous payers of materially similar amounts. Accordingly, the agency believes the presentation of the top strata of payers would not be meaningful.

Revenues from the investment portfolio are subject to market forces. Note 2 of the Agency's audited financial statements reflect the composition of the portfolio. Historic portfolio income and rate of return information is presented for additional analysis.

Schedules presented are:

- Principal Royalty Payers - Last Ten Fiscal Years
- Portfolio Income – Last Ten Fiscal Years
- Portfolio Rate of Return – Last Ten Fiscal Years

**Commissioners of the Land Office
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**Statistical Section Narrative
June 30, 2022**

Debt Capacity

The Agency has no debt, consequently no schedules are presented.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Agency's financial activities take place. The Agency's service area comprises the entire State of Oklahoma

Schedules presented are:

- Demographic and Economic Statistics
- Major Non-governmental Employers – Current and Ten Years Ago

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Agency's financial report relates to the activities it performs.

Schedules presented are:

- Agency Full Time Equivalents by Division – Last Ten Fiscal Years

Capital Assets

These schedules provide information on the volume and usage of the Agency's capital assets. The material elements of the Agency's capital assets are used in its leasing functions.

Schedules presented are:

- Surface Acres Owned by County – Last Ten Fiscal Years
- Net Mineral Acres Owned by County – Last Ten Fiscal Years

**Commissioners of the Land Office
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**Schedule 1: Net Position - Primary Government (a)
Last Ten Fiscal Years
(in thousands)
June 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Governmental Activities				
Net investment in capital assets	\$ 7,014	\$ 7,009	\$ 6,960	\$ 6,927
Restricted for:				
Education - nonexpendable	2,584,275	2,853,545	2,399,344	2,519,954
Education - expendable	1,750	427	418	9,406
Unrestricted	<u>28,277</u>	<u>23,562</u>	<u>22,265</u>	<u>22,159</u>
Total (b)	<u><u>\$ 2,621,316</u></u>	<u><u>\$ 2,884,543</u></u>	<u><u>\$ 2,428,987</u></u>	<u><u>\$ 2,558,446</u></u>
 % change from prior year	 (9.13)%	 18.75 %	 (5.06)%	 4.11 %

(a) This schedule reports using the accrual basis of accounting

(b) See Table 2 for changes in net position from year to year

**Commissioners of the Land Office
State of Oklahoma
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**Schedule 1: Net Position - Primary Government (a)
Last Ten Fiscal Years
(in thousands) (Continued)
June 30, 2022**

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 7,041	\$ 7,366	\$ 7,595	\$ 7,692	\$ 7,842	\$ 6,905
2,418,820	2,382,746	2,223,966	2,278,697	2,303,031	2,022,163
2,528	440	5,081	1,265	7,417	14,486
<u>28,953</u>	<u>23,494</u>	<u>21,790</u>	<u>25,677</u>	<u>41,273</u>	<u>32,858</u>
<u>\$ 2,457,342</u>	<u>\$ 2,414,046</u>	<u>\$ 2,258,432</u>	<u>\$ 2,313,331</u>	<u>\$ 2,359,563</u>	<u>\$ 2,076,412</u>
1.79 %	6.89 %	(2.37)%	(1.96)%	13.64 %	8.65 %

**Commissioners of the Land Office
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**Schedule 2: Changes in Net Position - Primary Government (a)
Last Ten Fiscal Years
(in thousands)
June 30, 2022**

	2022	2021	2020	2019
<u>Program Expenses</u>				
Governmental Activities				
Education apportionment to beneficiaries:				
Universities and colleges	\$ 30,985	\$ 30,236	\$ 30,804	\$ 31,206
Public Schools	91,572	86,079	89,394	94,241
Public buildings	2,585	1,984	2,691	3,542
Custodial fees	6,122	6,563	6,374	6,731
Administrative expenses	5,900	9,177	8,466	7,350
Commercial real estate expense	-	-	118	-
Other expenses	9,457	1,564	3,277	2,444
Depreciation	219	257	240	314
Total Program Expenses	\$ 146,840	\$ 135,860	\$ 141,364	\$ 145,828
<u>Program Revenues</u>				
Governmental Activities				
Investment earnings				
Interest	61,091	59,034	60,252	61,188
Dividends	37,320	34,973	38,427	36,757
Net increase(decrease) in fair value of investments	(302,324)	412,706	(146,096)	59,303
Mineral royalties	70,969	41,236	30,453	61,448
Rents	20,510	17,187	17,705	16,991
Commercial real estate rents	8,931	5,053	4,465	3,705
Gain on sale of land	114	17,374	2,251	680
Miscellaneous	7,849	2,245	2,402	4,363
Fees	298	740	404	253
Other interest	1,616	867	1,646	2,244
Total Program Revenues	(93,626)	591,415	11,909	246,932
CHANGES IN NET POSITION				
Increase (decrease) in net position	\$ (240,466)	\$ 455,555	\$ (129,455)	\$ (101,104)

(a) This schedule reports using the accrual basis of accounting

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Schedule 2: Changes in Net Position - Primary Government (a)
Last Ten Fiscal Years
(in thousands) (Continued)
June 30, 2022**

2018	2017	2016	2015	2014	2013
\$ 32,628	\$ 35,862	\$ 31,604	\$ 32,716	\$ 30,452	\$ 28,510
93,581	103,360	95,366	118,485	87,985	81,725
3,185	4,364	5,348	5,388	7,058	9,291
6,971	7,035	7,459	8,453	5,506	7,587
8,180	7,776	7,461	6,463	821	7,297
5	1,557	1,665	1,055	-	-
946	597	1,017	820	821	540
590	532	525	503	221	217
<u>\$ 146,086</u>	<u>\$ 161,083</u>	<u>\$ 150,445</u>	<u>\$ 173,883</u>	<u>\$ 132,864</u>	<u>\$ 135,167</u>
57,909	55,461	54,377	55,360	55,233	56,538
35,599	36,302	36,681	34,099	23,126	21,225
5,625	127,014	(75,916)	(76,024)	214,679	110,918
62,699	66,793	56,165	91,908	105,072	90,439
16,797	15,468	15,622	14,229	12,058	11,062
3,462	3,974	3,300	1,803	-	-
685	4,896	88	2,205	2,530	33
4,437	4,937	2,924	3,288	6,442	6,365
452	359	364	430	426	375
1,717	1,493	1,940	1,959	1,567	3,452
<u>189,382</u>	<u>316,697</u>	<u>95,545</u>	<u>129,257</u>	<u>421,133</u>	<u>300,407</u>
<u>\$ 43,296</u>	<u>\$ 155,614</u>	<u>\$ (54,900)</u>	<u>\$ (44,626)</u>	<u>\$ 288,269</u>	<u>\$ 165,240</u>

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Schedule 3: Fund Balances - Governmental Funds (a)
Last Ten Fiscal Years
(in thousands)
June 30, 2022**

	2022	2021	2020	2019
General Fund				
Restricted	\$ 437	\$ 427	\$ 418	\$ 467
Assigned	1,722	1,722	1,722	1,722
Unassigned	26,966	23,259	21,034	20,968
Total General Fund	\$ 29,125	\$ 25,408	\$ 23,174	\$ 23,157
% Change from prior year	14.63 %	9.64 %	0.07 %	(23.73)%
Permanent Fund				
Non-spendable				
Permanent fund corpus	2,584,275	2,853,545	2,399,344	2,519,954
Restricted for education	-	-	-	8,939
Unassigned	-	-	-	-
Total Permanent Fund	2,584,275	2,853,545	2,399,344	2,528,893
% Change from prior year	(9.44)%	18.93 %	(5.12)%	4.46 %
Total Fund Balance				
Total	<u>2,613,400</u>	<u>2,878,953</u>	<u>2,422,518</u>	<u>2,552,050</u>
% Change from prior year	(9.22)%	18.84 %	(5.08)%	4.11 %

(a) This schedule reports using the modified accrual basis of accounting

(b) The Commissioners of the Land Office implemented GASB 54 in fiscal year 2011 with changed fund balance classifications

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Schedule 3: Fund Balances - Governmental Funds (a)
Last Ten Fiscal Years
(in thousands) (Continued)
June 30, 2022**

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 450	\$ 440	\$ -	\$ -	\$ -	\$ -
1,722	1,722	8,617	8,617	-	-
<u>28,191</u>	<u>24,334</u>	<u>14,097</u>	<u>18,549</u>	<u>41,660</u>	<u>33,223</u>
\$ 30,363	\$ 26,496	\$ 22,714	\$ 27,166	\$ 41,660	\$ 33,223
14.59 %	16.65 %	(16.39)%	(34.79)%	25.40 %	27.47 %
2,418,820	2,382,746	2,223,966	2,278,697	2,303,031	2,022,163
2,078	-	5,081	1,265	7,417	14,486
<u>-</u>	<u>(1,780)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2,420,898	2,380,966	2,229,047	2,279,962	2,310,448	2,036,649
1.68 %	6.82 %	(2.23)%	(1.32)%	13.44 %	8.41 %
<u>2,451,261</u>	<u>2,407,462</u>	<u>2,251,761</u>	<u>2,307,128</u>	<u>2,352,108</u>	<u>2,069,872</u>
1.82 %	6.91 %	(2.40)%	(1.91)%	13.64 %	8.67 %

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Schedule 4: Changes in Fund Balances - Governmental Funds (a)
Last Ten Fiscal Years
(in thousands)
June 30, 2022**

	2022	2021	2020	2019
General Fund				
Revenue				
Fees	\$ 298	\$ 740	\$ 404	\$ 253
Other interest	392	511	681	709
Miscellaneous	168	42	70	10
Total General Fund Revenue	\$ 858	\$ 1,293	\$ 1,155	\$ 972
% Change from prior year	(33.64)%	11.95 %	18.83 %	(2.61)%
Expenditures				
Administrative	8,220	8,249	8,506	7,780
Capital outlay	56	50	87	54
Custodial fees	-	-	-	6,731
Total General Fund Expenditures	8,276	8,299	8,593	14,565
% Change from prior year	(0.28)%	(3.42)%	(41.00)%	78.76 %
Excess(Deficiency) of Revenues over Expenditures	(7,418)	(7,006)	(7,438)	(13,593)
Other Financing Sources (Uses)				
Transfers in	11,286	9,307	9,893	11,185
Transfers out	(150)	(67)	(2,438)	(4,798)
Total General Fund Other Financing Sources	11,136	9,240	7,455	6,387
Net Change in General Fund Balance	\$ 3,718	\$ 2,234	\$ 17	\$ (7,206)

(a) This schedule reports using the modified accrual basis of accounting

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Schedule 4: Changes in Fund Balances - Governmental Funds (a)
Last Ten Fiscal Years
(in thousands)
June 30, 2022**

2018	2017	2016	2015	2014	2013
\$ 452 516 30	\$ 359 510 -	\$ 364 525 3	\$ 430 761 -	\$ 13,478 698 -	\$ 14,283 546 -
\$ 998	\$ 869	\$ 892	\$ 1,191	\$ 14,176	\$ 14,829
14.84 %	(2.58)%	(25.10)%	(91.60)%	(4.40)%	(11.35)%
8,002 137 9	7,917 257 5	8,054 487 -	8,021 353 -	5,734 - 6	7,666 - 3
8,148	8,179	8,541	8,374	5,740	7,669
(0.38)%	(4.24)%	1.99 %	45.89 %	(25.15)%	32.43 %
(7,150)	(7,310)	(7,649)	(7,183)	8,436	7,160
11,017 -	11,092 -	10,692 (7,495)	12,907 (20,218)	- -	- -
11,017	11,092	3,197	(7,311)	-	-
\$ 3,867	\$ 3,782	\$ (4,452)	\$ (14,494)	\$ 8,436	\$ 7,160

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Schedule 4: Changes in Fund Balances - Governmental Funds (a)
Last Ten Fiscal Years
(in thousands)
June 30, 2022**

	2022	2021	2020	2019
Permanent Fund				
Revenue				
Investment Revenue				
Interest	\$ 61,091	\$ 59,034	\$ 60,252	\$ 61,188
Dividends	37,320	34,973	38,427	36,757
Net Increase (Decrease) in Fair Value	(302,324)	412,706	(146,096)	59,303
Other interest	1,224	356	965	1,535
Mineral Royalties	70,969	41,236	30,453	61,448
Rents	29,442	22,241	22,170	20,696
Gain on sale of investment properties	-	-	-	-
Miscellaneous revenues	7,681	2,203	2,332	4,353
Total Permanent Fund Revenue	\$ (94,597)	\$ 572,749	\$ 8,503	\$ 245,280
% Change from prior year	(116.52)%	6,635.85 %	(96.53)%	30.68 %
Expenditures				
Administrative	-	-	-	-
Capital outlay	269	257	193	145
Custodial fees	6,122	6,563	6,374	-
Other	9,457	1,564	3,390	2,444
Apportionment to Beneficiaries				
Universities and colleges	30,985	30,236	30,804	31,206
Public Schools	91,572	86,079	89,394	94,241
Public buildings	2,585	1,984	2,691	3,542
Total Permanent Fund Expenditures	140,990	126,683	132,846	131,578
% Change from prior year	11.29 %	(4.64)%	0.96 %	(4.26)%
Excess(Deficiency) of Revenues over Expenditures	(235,587)	446,066	(124,343)	113,702
Other Financing Sources (Uses)				
Transfers in	150	67	2,438	4,852
Transfers out	(11,286)	(9,307)	(9,893)	(11,185)
Proceeds from sale of grant land	114	17,374	2,251	680
Total Permanent Fund Other Financing Sources (Uses)	(11,022)	8,134	(5,204)	(5,653)
Net Change in Permanent Fund Balance	(246,609)	454,200	(129,547)	108,049
Net Change in Governmental Fund Balances	\$ (242,891)	\$ 456,434	\$ (129,530)	\$ 100,843

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Schedule 4: Changes in Fund Balances - Governmental Funds (a)
Last Ten Fiscal Years
(in thousands)
June 30, 2022**

2018	2017	2016	2015	2014	2013
\$ 57,909	\$ 55,461	\$ 54,377	\$ 55,360	\$ 55,233	\$ 56,538
35,599	36,302	36,681	34,099	23,126	21,225
5,625	127,014	(75,916)	(76,024)	214,679	110,918
1,200	983	1,415	1,197	869	2,906
62,699	66,793	56,165	91,908	105,072	90,439
20,258	19,441	18,922	16,032	12,058	11,062
-	-	88	2,205	1,900	-
4,408	4,937	2,922	3,288	6,442	6,365
<u>\$ 187,698</u>	<u>\$ 310,931</u>	<u>\$ 94,654</u>	<u>\$ 128,065</u>	<u>\$ 419,379</u>	<u>\$ 299,453</u>
(39.63)%	228.49 %	(26.09)%	(69.46)%	40.05 %	46.34 %
136	-	-	-	13,955	13,907
934	46	-	-	-	-
-	7,035	7,459	8,453	7,058	7,587
6,971	2,149	2,595	820	821	537
32,628	35,862	31,604	32,716	30,452	28,510
93,581	103,360	95,366	118,485	87,985	81,725
3,185	4,364	5,348	5,388	5,938	9,291
<u>137,435</u>	<u>152,816</u>	<u>142,372</u>	<u>165,862</u>	<u>146,209</u>	<u>141,557</u>
(10.07)%	7.34 %	(14.16)%	13.44 %	3.29 %	(23.67)%
50,263	158,115	(47,718)	(37,797)	273,170	157,896
-	-	7,495	20,218	-	-
(11,017)	(11,092)	(10,692)	(12,907)	-	-
685	4,896	-	-	630	33
<u>(10,332)</u>	<u>(6,196)</u>	<u>(3,197)</u>	<u>7,311</u>	<u>630</u>	<u>33</u>
39,931	151,919	(50,915)	(30,486)	273,800	157,929
<u>\$ 43,798</u>	<u>\$ 155,701</u>	<u>\$ (55,367)</u>	<u>\$ (44,980)</u>	<u>\$ 282,236</u>	<u>\$ 165,089</u>

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Schedule 5: Principal Royalty Payers
Last Ten Fiscal Years
June 30, 2022**

	2022	2021	2020	2019
Royalty Payor				
Chesapeake Operating Inc.	\$ 102	\$ 387,416	\$ 1,281,086	\$ 1,968,638
Apache Corporation	-	-	330,748	1,711,445
Devon Energy Production Company LP	2,074,312	976,348	1,684,669	2,630,664
Sandridge E&P, Llc.	950,382	542,217	1,192,657	1,259,510
Sunoco, Inc. (R&M)	-	30,237	1,093,719	1,502,987
Conocophillips Company	545,129	422,998	260,968	400,256
XTO Energy Inc.	1,372,310	820,029	518,946	1,035,479
Newfield Exploration Mid-Cont.	-	-	-	4,710,778
Unit Petroleum Co	381,650	207,699	390,448	581,312
Cimarex Energy Company	1,081,712	806,062	906,569	2,221,451
Mewbourne Oil Co	1,109,265	365,711	263,148	430,465
Scissor Tail Energy, Llc	94,088	46,175	34,943	74,434
Chaparral Energy Llc	-	613,381	951,716	818,913
Linn Operating, Inc.	-	38,592	586,671	311,877
BP America Production Company	-	1,766	562,636	1,012,900
Kaiser Francis Oil Co	246,655	226,616	191,573	384,999
Eog Resources	665,204	695,708	514,978	534,651
Whiting Petroleum Corp	-	-	-	-
Jones Energy, Ltd.	-	-	651,231	1,222,755
Equal Energy Us Inc	-	-	-	536,794
Coffeyville Resources Refining & Marketing, Llc	673,106	393,190	520,095	369,965
Anadarko Petroleum Corp	-	-	-	-
Midstates Petroleum Company Llc	-	-	87,112	958,519
Marathon Oil Co	2,998,254	793,677	761,937	2,548,283
Fourpoint Energy Llc	-	317,577	1,761,287	1,514,436
Continental Resources Inc	4,267,872	3,116,834	2,191,307	2,358,904
Le Norman Operating Llc	-	14,146	147,094	477,703
White Star Petroleum, Llc	-	-	1,115,778	1,500,403
Alta Mesa Resources Inc	-	-	1,397,196	2,081,797
Encana Corporation	-	260,465	4,116,886	-
BCE-MACH LLC Operating	2,645,145	1,551,400	1,128,749	-
Citizen Energy III, LLC	3,205,822	2,204,130	-	-
Ovintiv Exploration Inc.	10,173,030	1,708,590	-	-
Revolution Resources LLC	1,697,150	836,604	-	-
DP Legacy Tapstone Energy LLC	1,752,614	-	-	-
Presidio Petroleum LLC	1,182,475	-	-	-
XTO Energy Inc.	1,372,310	-	-	-
Total	\$ 38,488,587	\$ 17,377,568	\$ 24,644,147	\$ 35,160,318

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Schedule 5: Net Position - Principal Royalty Payers
Last Ten Fiscal Years (Continued)
June 30, 2022**

2018	2017	2016	2015	2014	2013	Total
\$ 2,967,645	\$ 3,275,216	\$ 4,994,782	\$ 9,710,701	\$ 14,012,596	\$ 28,142,248	\$ 66,740,430
1,051,109	1,088,220	1,275,489	4,476,445	3,908,685	2,953,813	16,795,954
879,303	1,260,175	3,081,055	6,694,635	5,750,834	1,931,043	26,963,038
1,430,733	1,806,892	2,219,768	6,267,554	4,744,660	3,234,328	23,648,701
1,451,702	1,414,977	1,380,279	2,501,924	3,167,956	1,576,264	14,120,045
459,489	541,377	498,911	770,049	1,269,367	805,365	5,973,909
1,170,435	1,223,765	1,030,299	2,648,352	2,078,353	1,255,989	13,153,957
3,571,296	2,450,731	1,252,904	964,520	774,418	1,201,507	14,926,154
491,590	449,962	526,520	2,229,537	2,171,743	1,366,804	8,797,265
1,748,700	1,079,279	395,346	819,156	1,009,228	972,517	11,040,020
424,180	563,319	853,304	2,153,785	2,272,058	1,211,865	9,647,100
71,070	83,863	59,163	893,239	1,111,436	902,258	3,370,669
606,928	303,156	348,052	905,789	870,538	690,862	6,109,335
1,098,349	401,858	373,893	1,204,055	811,115	660,344	5,486,754
759,090	731,712	429,542	744,337	927,299	700,878	5,870,160
675,803	443,608	210,000	415,507	428,878	365,979	3,589,618
207,782	214,449	291,181	684,111	1,062,917	610,167	5,481,148
-	-	-	-	513,086	1,015,696	1,528,782
1,207,197	163,212	194,265	472,891	1,514,830	1,451,968	6,878,349
657,832	669,628	814,832	262,299	232,969	1,142,786	4,317,140
400,789	471,584	480,050	1,491,030	1,046,504	725,029	6,571,342
-	-	-	4,457,169	-	14,978	4,472,147
669,811	1,069,436	784,700	687,477	647,964	19,752	4,924,771
1,328,766	779,071	87,891	316,467	150,621	163,691	9,928,658
2,172,092	630,922	212,836	-	-	-	6,609,150
1,312,212	283,638	118,220	301,585	175,707	162,597	14,288,876
419,897	343,638	921,351	807,442	57,501	-	3,188,772
1,155,530	955,335	57,212	-	-	-	4,784,258
505,277	407,959	503	914	618	305	4,394,569
-	-	-	-	-	-	4,377,351
-	-	-	-	-	-	5,325,294
-	-	-	-	-	-	5,409,952
-	-	-	-	-	-	11,881,620
-	-	-	-	-	-	2,533,754
-	-	-	-	-	-	1,752,614
-	-	-	-	-	-	1,182,475
-	-	-	-	-	-	1,372,310
<u>\$ 28,894,607</u>	<u>\$ 23,106,982</u>	<u>\$ 22,892,348</u>	<u>\$ 52,880,970</u>	<u>\$ 50,711,881</u>	<u>\$ 53,279,033</u>	<u>\$ 347,436,441</u>

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Schedule 6: Portfolio Income
Last Ten Fiscal Years
(in thousands)
June 30, 2022**

	2022	2021	2020	2019
Interest	\$ 61,091	\$ 59,034	\$ (60,252)	\$ (61,188)
Dividends	37,320	34,973	(38,427)	(36,757)
Net increase (decrease) in fair value	(302,324)	412,706	146,096	(59,303)
Total	\$ (203,913)	\$ 506,713	\$ 47,417	\$ (157,248)

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Schedule 6: Portfolio Income
Last Ten Fiscal Years
(in thousands) (Continued)
June 30, 2022**

2018	2017	2016	2015	2014	2013
\$ 57,909	\$ 55,461	\$ 54,377	\$ 55,360	\$ 55,233	\$ 56,538
35,599	36,302	36,681	34,099	23,126	21,225
5,626	127,014	(75,916)	(76,024)	214,679	110,918
<u>\$ 99,134</u>	<u>\$ 218,777</u>	<u>\$ 15,142</u>	<u>\$ 13,435</u>	<u>\$ 293,038</u>	<u>\$ 188,681</u>

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**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Schedule 7: Investment Portfolio Rate of Return
Last Ten Fiscal Years
June 30, 2022**

	Fixed Income	U.S. Equity	International Equity	MLP's	U.S. REIT's	Total
2022	-10.97	-5.74	-14.24	12.13	-5.15	-8.49
2021	7.69	45.22	37.15	55.45	37.84	21.68
2020	5.46	-5.92	-7.21	-36.97	-9.17	-2.29
2019	7.98	4.45	0.56	1.81	11.28	5.99
2018	0.99	11.11	7.06	-0.74	5.20	3.71
2017	5.20	20.56	20.14	3	-2.96	9.25
2016	4.66	-0.51	-8.25	-17	26.00	0.74
2015	1.71	4.66	-3.03	-11.06	5.48	0.14
2014	8.34	24.49	20.86	N/A	15.47	14.13
2013	5.07	24.95	16.46	N/A	8.08	9.80

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Schedule 8: Demographic and Economic Statistics
Last Ten Years
June 30, 2022**

Year	Population (a) (in thousands)				Personal Income (a) (in millions)	
	U.S.	Change from Prior Period	State of Oklahoma	Change from Prior Period	U.S.	State of Oklahoma
2021	331,894	0.13 %	3,987	0.71 %	\$ 21,288,709	\$ 214,761
2020	331,449	0.98 %	3,959	0.05 %	19,627,600	196,603
2019	328,240	0.33 %	3,957	0.36 %	18,470,546	186,544
2018	327,167	0.44 %	3,943	0.31 %	17,738,973	182,302
2017	325,719	0.80 %	3,931	0.18 %	16,817,988	170,791
2016	323,128	0.53 %	3,924	0.33 %	16,057,871	167,503
2015	321,419	0.80 %	3,911	0.85 %	15,663,418	178,250
2014	318,857	0.86 %	3,878	0.70 %	14,882,521	167,292
2013	316,129	0.71 %	3,851	0.94 %	14,131,115	161,188
2012	313,914	0.75 %	3,815	0.61 %	\$ 13,937,515	\$ 154,958

(a) source U.S. Bureau of Economic Analysis as adjusted

(b) source Oklahoma Employment Security Commission

NOTE: The information above is the latest available at the date of publication

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Schedule 8: Demographic and Economic Statistics
Last Ten Years (Continued)
June 30, 2022**

Per Capita Personal Income			Civilian Labor Force (b)		
U.S.	State of Oklahoma	Oklahoma as a Percentage of U.S.	Employed	Unemployed	Unemployment Rate
\$ 64,143	\$ 53,870	83.98 %	1,819,134	42,758	2.30 %
52,800	52,295	99.04 %	1,734,924	113,561	6.14 %
56,490	47,341	83.80 %	1,703,400	59,901	3.40 %
54,446	46,233	84.92 %	1,660,000	59,073	3.44 %
50,392	43,449	86.22 %	1,756,000	79,000	4.31 %
49,246	42,692	86.69 %	1,739,000	89,000	4.87 %
48,112	45,573	94.72 %	1,764,000	78,000	4.23 %
46,129	43,138	93.52 %	1,704,000	80,000	4.48 %
44,765	40,620	90.74 %	1,718,000	99,000	5.45 %
\$ 43,735	\$ 40,620	92.88 %	1,709,000	109,000	6.00 %

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**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Schedule 9: State of Oklahoma Major Employers - Non-Governmental
June 30, 2022**

Non-Governmental Major Employers 2011	Non-Governmental Major Employers 2021	Employment 2021	Percentage of Total State Employment 2021	
Wal-Mart Stores, Inc.	Wal-Mart Associates Inc.	38,500	2.12	%
Integrus Health	Amazon	11,000	0.60	%
American Airlines, Inc.	Integrus Health, Inc.	9,600	0.53	%
Saint Francis Hospital Inc.	Hobby Lobby Stores Inc.	7,700	0.42	%
Saint John Medical Center, Inc.	Chickasaw Nation	6,800	0.37	%
W.H. Braum, Inc	Saint Francis Hospital Inc.	6,400	0.35	%
Chesapeake Energy Corp.	Mercy Health	5,900	0.32	%
Hobby Lobby Stores	Braum's Inc.	5,600	0.32	%
Express Employment	Choctaw Nation of OK	5,100	0.31	%
AT&T/Southwestern Bell	American Airlines	5,000	0.29	%

Source: Oklahoma Department of Commerce

NOTE: The information above is the latest available
at the date of publication

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Schedule 10: Full Time Equivalents (FTE's) by Division
June 30, 2022**

Divisions	2022	2021	2020	2019
Administration	11	7	8	8
Records Management	-	3	3	4
Real Estate Management	15	14	14	12
Soil Conservation	-	-	-	2
Commercial Real Estate	4	3	3	3
Financial Services	11	10.5	10	11
Minerals Management	7	8	8	8
Royalty Compliance	5	7	7	7
Legal	6	5	5	4
Information Technology	5	5	5	5
Total	64	62.5	63	64

Source: FY13-Current Used BWP Salary
Worksheet Information

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Schedule 10: Full Time Equivalents (FTE's) by Division (Continued)
June 30, 2022**

2018	2017	2016	2015	2014	2013
6	6	6	7	7	8
4	3	3	2	2	-
14	14	14	14	14	19
2	2	2	2	2	-
3	3	3	3	2	-
11	12	12	11	10	10
8	8	8	9	9	9
8	8	8	8	6	7
5	5	5	4	4	4
5	5	5	4	4	4
66	66	66	64	60	61

**Commissioners of the Land Office
State of Oklahoma
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**Schedule 11: Surface Acres Owned by County
Last Ten Fiscal Years
June 30, 2022**

	2022	2021	2020	2019
Alfalfa	7,497	7,497	7,497	8,452
Beaver	24,279	28,239	28,239	28,239
Beckham	7,219	7,219	7,219	7,219
Blaine	6,267	6,267	6,267	6,267
Caddo	9,651	9,651	9,641	9,641
Canadian	3,494	3,495	3,360	3,459
Cimarron	233,669	233,669	233,671	233,671
Cleveland	5,276	5,276	5,275	5,275
Comanche	29,623	29,493	29,508	29,902
Cotton	14,268	14,268	14,268	14,270
Custer	3,042	3,042	3,042	3,042
Dewey	6,685	6,686	6,686	6,686
Ellis	23,813	23,813	23,813	23,813
Garfield	10,051	10,054	10,054	10,369
Garvin	160	160	162	162
Grady	4,431	4,431	4,437	4,437
Grant	6,367	6,367	6,367	6,367
Greer	8,475	8,475	8,475	9,081
Harmon	3,029	3,029	3,029	3,029
Harper	25,882	25,882	25,882	25,882
Jackson	6,576	6,576	6,436	6,436
Jefferson	4,644	4,644	4,644	4,643
Kay	34,171	34,171	34,178	34,178
Kingfisher	7,037	7,037	7,037	7,037
Kiowa	24,131	24,131	24,131	24,131
Lincoln	29,332	29,353	29,349	29,827
Logan	9,297	9,295	9,284	9,277
Major	7,483	7,483	7,483	7,487
Marshall	-	-	-	-
McClain	1,549	1,549	1,549	1,549
McCurtain	240	240	240	240
Noble	10,239	10,239	10,239	10,239
Oklahoma	3,972	4,024	4,659	4,655
Pawnee	24,756	24,756	24,758	24,758
Payne	22,358	22,361	22,360	22,360
Pottawatomie	17,269	17,267	17,266	17,409
Roger Mills	8,173	8,173	8,173	8,173
Stephens	8,334	8,334	8,334	8,333
Texas	41,445	41,445	41,445	41,921
Tillman	9,618	9,618	9,778	9,778
Tulsa	7	7	-	-
Washita	6,914	6,914	6,914	6,916
Woods	5,561	5,561	5,561	5,561
Woodward	19,283	19,283	19,283	19,366
Total	735,567	739,474	739,993	743,537

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Schedule 11: Surface Acres Owned by County
Last Ten Fiscal Years (Continued)
June 30, 2022**

2018	2017	2016	2015	2014	2013
8,452	8,452	8,452	8,452	8,452	8,292
28,239	28,239	28,120	28,120	28,120	28,116
7,218	7,218	7,217	7,217	7,217	7,217
6,295	6,290	6,284	6,281	6,281	6,281
9,641	9,641	9,641	9,641	9,641	9,641
3,459	3,459	3,360	3,360	3,351	3,351
234,365	233,730	233,625	229,605	229,685	229,124
5,276	5,275	5,275	5,220	5,220	5,220
29,901	29,992	29,179	28,900	28,899	28,767
14,270	14,270	14,270	14,270	14,270	14,270
3,042	3,042	3,042	2,740	2,740	2,740
6,916	6,916	6,921	6,916	6,916	6,916
23,813	23,813	23,973	23,813	23,813	23,813
10,057	10,057	10,057	10,057	10,054	10,363
162	162	162	162	162	162
4,431	4,431	4,431	4,431	4,431	4,428
6,369	6,376	6,368	6,375	6,375	6,375
9,081	9,081	9,081	9,081	9,081	9,081
3,029	3,029	3,029	3,029	3,029	3,029
26,082	26,082	26,082	26,082	26,082	26,078
6,436	6,436	6,256	6,256	6,256	6,256
4,643	4,643	4,643	4,643	4,643	4,643
34,178	34,178	34,178	33,987	33,992	33,462
7,196	7,196	6,739	6,739	6,739	6,739
24,131	24,131	24,131	24,131	24,131	24,131
29,826	29,827	29,824	29,278	29,276	29,276
9,277	9,277	9,279	9,279	9,284	9,275
7,518	7,518	7,678	7,678	7,678	7,678
-	750	750	750	750	750
1,549	1,549	1,549	1,549	1,549	1,549
240	240	240	240	240	240
10,239	10,239	10,191	10,191	10,191	10,036
4,785	4,783	4,760	4,060	4,206	4,207
24,759	24,761	24,761	24,761	24,761	24,600
22,360	22,360	22,360	22,360	22,348	22,277
17,289	17,311	17,245	17,083	17,078	17,078
8,151	8,151	8,151	8,312	8,190	8,190
8,333	8,333	8,333	8,333	8,333	8,333
41,445	41,763	41,122	40,802	40,802	40,802
9,778	9,778	9,778	9,778	9,778	9,778
-	-	-	-	-	-
6,916	7,682	6,911	6,911	6,911	6,911
5,921	5,921	5,921	5,785	5,785	5,785
19,042	19,042	19,122	18,608	18,608	18,608
<u>744,110</u>	<u>745,424</u>	<u>742,491</u>	<u>735,266</u>	<u>735,348</u>	<u>733,868</u>

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Schedule 12: Net Mineral Acres Owned by County
Last Ten Fiscal Years
June 30, 2022**

	2022	2021	2020	2019
Adair	10,017	10,017	10,017	10,017
Alfalfa	10,218	10,218	10,218	10,218
Atoka	17,287	17,287	17,216	17,216
Beaver	54,773	54,773	54,773	54,773
Beckham	20,229	20,229	20,229	20,229
Blaine	8,635	8,629	8,629	8,643
Bryan	19,422	19,422	19,422	19,422
Caddo	13,442	13,442	13,442	13,442
Canadian	7,157	7,157	7,157	7,157
Carter	1,229	1,229	1,229	1,229
Cherokee	7,135	7,135	7,135	7,135
Choctaw	10,007	10,007	10,007	10,007
Cimarron	275,020	275,020	275,020	275,020
Cleveland	8,395	8,395	8,395	8,395
Coal	3,502	3,502	3,502	3,502
Comanche	34,992	34,992	34,992	34,992
Cotton	15,883	15,883	15,883	15,883
Craig	17,268	17,268	17,268	17,268
Creek	3,293	3,293	3,293	3,293
Custer	8,763	8,731	8,731	8,731
Delaware	12,732	12,732	12,732	12,732
Dewey	10,905	10,905	10,905	10,905
Ellis	34,479	34,438	34,438	34,438
Garfield	11,488	11,488	11,488	11,488
Garvin	4,144	4,144	4,144	4,144
Grady	7,769	7,769	7,769	7,769
Grant	6,795	6,795	6,795	6,795
Greer	14,868	14,868	14,868	14,868
Harmon	4,743	4,743	4,743	4,743
Harper	30,746	30,746	30,746	30,746
Haskell	6,495	6,495	6,495	6,495
Hughes	1,447	1,447	1,469	1,469
Jackson	8,902	8,902	8,902	8,902
Jefferson	5,000	5,000	5,000	5,000
Johnston	5,488	5,488	5,488	5,488
Kay	38,467	38,467	38,467	38,467
Kingfisher	7,742	7,742	7,742	7,742
Kiowa	25,988	25,988	25,988	25,988
Latimer	6,082	6,082	6,082	6,082
Leflore	5,942	5,942	5,942	5,942
Lincoln	31,589	31,589	31,589	31,589
Logan	11,015	11,015	11,015	11,015
Love	1,168	1,168	1,168	1,168
Major	11,246	11,246	11,246	11,246
Marshall	7,438	7,438	7,438	7,438
Mayes	6,655	6,655	6,655	6,655
McClain	3,054	3,054	3,054	3,054
McCurtain	21,290	21,290	21,290	21,290

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Schedule 12: Net Mineral Acres Owned by County
Last Ten Fiscal Years (Continued)
June 30, 2022**

2018	2017	2016	2015	2014	2013
10,017	10,017	10,017	10,017	10,017	10,017
10,218	10,218	10,218	10,218	10,218	10,218
17,216	17,216	17,193	17,193	17,170	17,170
54,773	54,773	54,773	54,773	54,772	54,772
20,229	20,229	20,229	20,229	20,229	20,229
8,639	8,639	8,583	8,583	8,578	8,578
19,422	19,422	19,422	19,382	19,332	19,312
13,442	13,442	13,442	13,442	13,442	13,442
7,177	7,199	7,181	7,181	7,186	7,186
1,236	1,236	1,236	1,236	1,236	1,236
7,135	7,135	7,135	7,135	7,135	7,135
10,007	10,007	10,007	10,007	10,007	10,007
275,020	275,020	275,020	275,020	275,020	275,020
8,395	8,395	8,395	8,395	8,410	8,364
3,502	3,502	3,502	3,502	3,502	3,502
34,992	34,992	34,992	34,992	34,992	34,992
15,883	15,883	15,883	15,883	15,883	15,883
17,268	17,268	17,268	17,268	17,268	17,268
3,293	3,293	3,293	3,293	3,293	3,293
8,731	8,731	8,731	8,731	8,731	8,731
12,732	12,732	12,732	12,732	12,732	12,732
10,905	10,953	10,950	10,882	10,882	10,882
34,471	34,471	34,471	34,471	34,471	34,471
11,808	11,808	11,808	11,808	11,808	11,808
4,144	4,143	4,143	4,143	4,143	4,143
7,769	7,769	7,719	7,719	7,719	7,679
6,795	6,795	6,795	6,795	6,795	6,795
14,868	14,868	14,868	14,868	14,868	14,868
4,743	4,743	4,743	4,743	4,743	4,743
30,746	30,746	30,746	30,746	30,746	30,746
6,495	6,495	6,495	6,495	6,495	6,495
1,447	1,487	1,487	1,487	1,487	1,487
8,902	8,902	8,902	8,902	8,902	8,902
5,000	5,000	5,000	5,000	5,000	5,000
5,488	5,488	5,488	5,488	5,488	5,413
38,467	38,467	38,467	38,467	38,907	38,907
7,742	7,742	7,742	7,742	7,742	7,742
25,988	25,988	25,988	25,988	25,988	25,988
6,082	6,082	6,082	6,082	6,082	6,082
5,942	5,942	5,942	5,942	5,957	5,937
31,589	31,589	31,589	31,589	31,589	31,589
11,015	11,015	11,015	11,015	11,015	11,005
1,168	1,168	1,168	1,168	1,168	1,168
11,246	11,274	11,104	11,104	11,185	10,989
7,438	7,438	7,438	7,438	7,438	7,438
6,655	6,655	6,655	6,655	6,655	6,635
3,054	3,174	3,174	3,174	3,189	3,108
21,290	21,290	21,290	21,290	21,290	21,290

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Schedule 12: Net Mineral Acres Owned by County
Last Ten Fiscal Years (Continued)
June 30, 2022**

	2022	2021	2020	2019
McIntosh	1,602	1,602	1,602	1,602
Murray	1,479	1,479	1,479	1,479
Muskogee	2,981	2,981	2,981	2,981
Noble	13,034	13,034	13,034	13,034
Nowata	3,337	3,337	3,337	3,337
Okfuskee	353	353	353	353
Oklahoma	9,753	9,753	9,753	9,753
Okmulgee	1,739	1,739	1,739	1,739
Ottawa	1,759	1,759	1,759	1,759
Pawnee	29,073	29,073	29,073	29,073
Payne	32,772	32,772	32,772	32,772
Pittsburg	8,317	8,317	8,294	8,294
Pontotoc	1,459	1,459	1,459	1,459
Pottawatomie	21,678	21,678	21,678	21,678
Pushmataha	12,212	12,212	12,212	12,212
Roger Mills	24,856	24,856	24,856	24,856
Rogers	8,587	8,587	8,587	8,587
Seminole	18	18	18	18
Sequoyah	3,042	3,042	3,042	3,042
Stephens	7,849	7,849	7,849	7,849
Texas	55,542	55,542	55,542	55,542
Tillman	10,357	10,357	10,357	10,357
Tulsa	1,224	1,224	1,224	1,224
Wagoner	4,109	4,109	4,109	4,109
Washington	700	700	700	700
Washita	14,666	14,666	14,666	14,666
Woods	11,792	11,792	11,792	11,792
Woodward	31,067	31,067	31,067	31,067
Total	1,205,701	1,205,622	1,205,550	1,205,564

**Commissioners of the Land Office
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Schedule 12: Net Mineral Acres Owned by County
Last Ten Fiscal Years (Continued)
June 30, 2022**

2018	2017	2016	2015	2014	2013
1,602	1,602	1,602	1,602	1,602	1,582
1,479	1,479	1,479	1,479	1,479	1,479
2,981	2,981	2,981	2,981	2,981	2,981
13,034	13,034	13,034	13,034	13,034	13,034
3,337	3,337	3,337	3,337	3,357	3,207
353	353	353	353	353	353
9,753	9,753	9,753	9,748	9,747	9,747
1,739	1,739	1,739	1,739	1,667	1,667
1,759	1,759	1,741	1,723	1,705	1,705
29,073	29,073	29,073	29,073	29,139	29,139
32,772	32,772	32,772	32,772	32,572	31,438
8,308	8,308	8,308	8,308	8,353	8,349
1,459	1,459	1,459	1,459	1,459	1,459
21,678	21,678	21,678	21,678	21,678	21,678
12,212	12,212	12,212	12,212	12,222	12,162
24,857	24,857	24,857	24,857	24,854	24,854
8,587	8,587	8,587	8,587	8,587	8,580
18	18	18	18	18	18
3,042	3,042	3,042	3,042	3,062	3,062
7,846	7,846	7,846	7,846	7,836	7,836
55,542	55,542	55,542	55,542	55,458	55,458
10,357	10,357	10,357	10,357	10,357	10,357
1,224	1,224	1,224	1,224	1,222	1,222
4,109	4,109	4,109	4,109	4,109	4,109
700	700	700	700	700	700
14,666	14,666	14,666	14,666	14,666	14,666
11,792	11,792	11,792	11,792	11,804	11,804
31,049	31,049	31,049	31,078	31,077	31,077
<u>1,205,912</u>	<u>1,206,169</u>	<u>1,205,831</u>	<u>1,205,729</u>	<u>1,206,003</u>	<u>1,204,120</u>

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**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***

Independent Auditor's Report

Commissioners of the Land Office
State of Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America 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 each major fund of the Commissioners of the Land Office, State of Oklahoma (the Agency), an agency of the State of Oklahoma, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated January 5, 2023, which contained "Emphasis of Matter" paragraphs regarding a change in accounting principles and entity reporting.

Report on Internal Control over Financial Reporting

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

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

Report on Compliance and Other Matters

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

FORVIS, LLP

Oklahoma City, Oklahoma
January 5, 2023

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Commissioners of the Land Office, State of Oklahoma
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Oklahoma City, OK 73102