



Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2021

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

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

Prepared by:
Financial Services Division

Karen Johnson
Chief Financial Officer

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Introductory Section

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December 29, 2021

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, 2021, 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 BKD, 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, 2021. 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 2021, both the national and local economies began showing significant recoveries from the contractions caused by the Covid-19 Pandemic. 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)

	2017	2018	2019	2020	2021 ⁽²⁾
Federal ⁽¹⁾	19,519,424	20,580,223	21,433,200	21,477,600	22,741,000
Oklahoma ⁽¹⁾	188,361	202,554	202,036	17,361	196,405

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

⁽²⁾ 2nd quarter of 2021

Personal Income (per capita)

Personal income per capita both nationally and for Oklahoma in the second quarter of 2021 appears to have increased approximately 4% over 2020. While the increase itself seems modest, the portion comprised of government benefits – particularly unemployment benefits – decreased 54% and while wages and salaries and non-farm proprietor income increased. This underscores the overall economic recovery the nation appears to be experiencing.

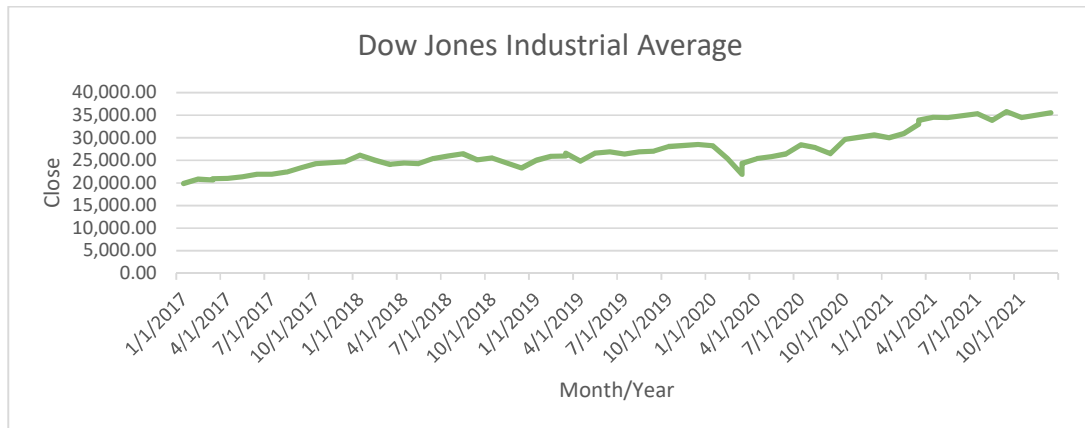
	2017	2018	2019	2020	2021 ⁽²⁾
Federal ⁽¹⁾	51,878	54,440	56,541	52,800	54,761
Oklahoma ⁽¹⁾	43,622	46,228	47,341	49,864	51,564

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

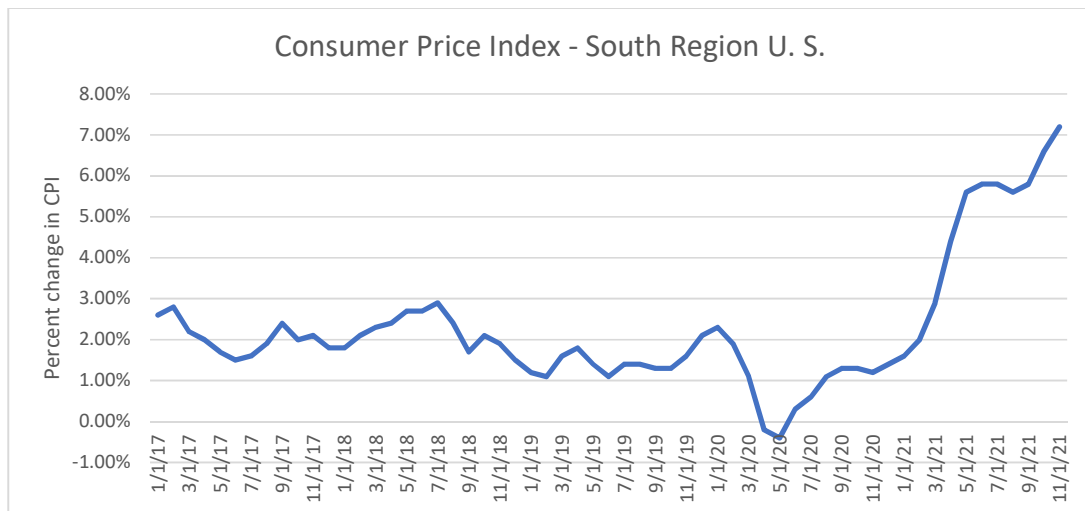
⁽²⁾ 2nd quarter of 2021

The market decline noted near the end of fiscal year 2020 was more than offset by the rally observed during fiscal year 2021. This is reflected in the marked increase in investment gains shown in the Agency's 2021 financial statements. Market indicators subsequent to June 30 reflect continued growth in the financial markets which management anticipates will continue into fiscal year 2022.

Market Indexes (Down Jones Industrial Average)



The indications of current economic recovery are tempered by significant indicators of inflation within the economy. 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. The 12 month increase from November 2020 to November 2021 was 6.8%. The graph below shows the sharp increase in CPI for the south region of the United States which includes Oklahoma. While the anticipated duration of this sharp growth is unclear at the present time, management is factoring in the possible impact to the Agency's fiscal policy.



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 rebounded modestly during of the fiscal year. Subsequent to the end of the fiscal year, some further strengthening of the energy market has been noted. 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

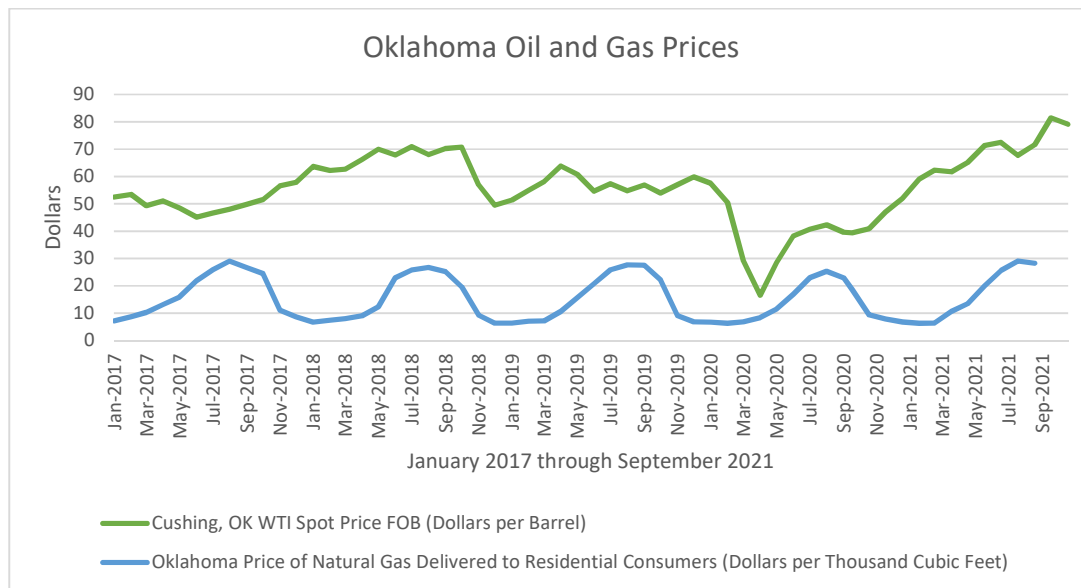
	2017	2018	2019	2020	2021
Field Production of Crude Oil (Thousand Barrels) ⁽¹⁾	165,874	199,825	215,582	171,740	105,911 ⁽²⁾
Natural Gas Marketed Production (Million Cubic Feet) ⁽¹⁾	2,513,897	2,875,786	3,036,050	2,786,364	1,916,009 ⁽³⁾

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

⁽²⁾ Data from January through September 2021. January through September 2020 productions was 131,642 (thousands of barrels)

⁽³⁾ Data from January through September 2021. January through September 2020 productions was 2,114,577 (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, BKD, 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,



Elliot Chambers, 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, 2020

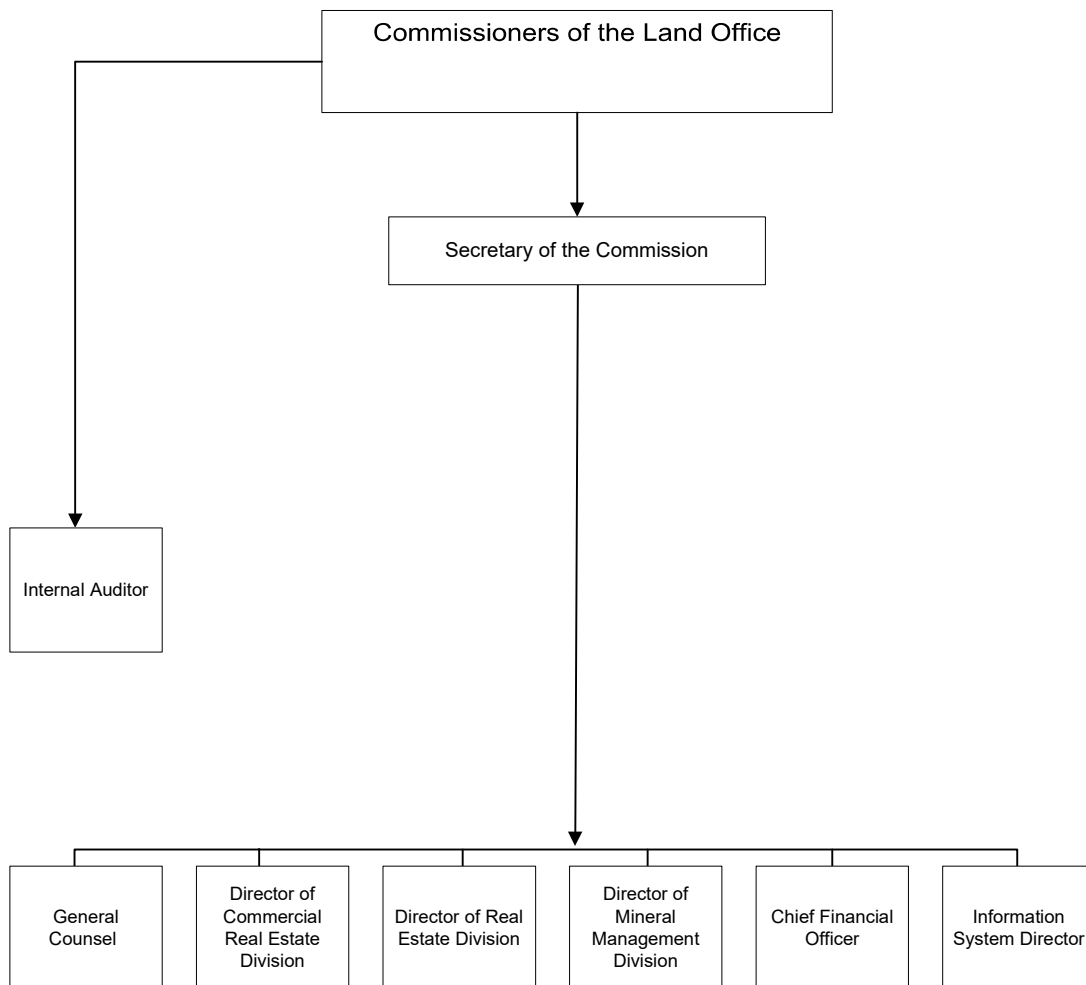
Christopher P. Morill

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, 2021**



**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, 2021**

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

Elliot Chambers – Secretary



Financial Section

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Independent Auditor's Report

Commissioners of the Land Office
State of Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Commissioners of the Land Office, State of Oklahoma (the Agency), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, as listed in the table of contents.

Management's Responsibility 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; this includes 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 Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the 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, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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 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, and the introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining balance sheet – general fund and the schedules of distributions are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the combining balance sheet – general fund and schedules of distributions are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated December 29, 2021, 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.

BKD, LLP

Oklahoma City, Oklahoma
December 29, 2021

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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, 2021**

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, 2021. 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 up approximately \$455.6 million. The increase was primarily due to the net increase in investment earnings and mineral revenues. Of the \$41.2 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 \$412.7 million in 2021 as compared to \$(146.1) in 2020.
- Interest from investments was down \$1.3 million, from \$60.3 million in fiscal year 2020 to \$59.0 million in fiscal year 2021.
- Actual cash distributions to beneficiaries were down approximately \$8.9 million, from \$127.0 million in fiscal year 2020 to \$118.1 million in fiscal year 2021, primarily due to a \$0.5 million decrease in higher education distributions and \$10.4 million decrease in public school distributions. These decreases were primarily due to the decision to forego making a special distribution in fiscal year 2021. Of the \$118.1 million in cash distributions during fiscal year 2021, \$30.1 million were to universities and colleges, \$85.9 million to public schools, and \$2.1 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, 2021**

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 49 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, 2021**

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 \$2.88 billion at the close of the most recent fiscal year.

The largest portion of the Agency's net position (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

	2021	2020
Assets:		
Current assets	\$ 124,406	\$ 123,927
Investments	2,776,996	2,327,427
Other assets	356	279
Capital Assets	7,009	6,960
Total Assets	<u>\$ 2,908,767</u>	<u>\$ 2,458,593</u>
Deferred outflows of resources	<u>\$ 991</u>	<u>\$ 568</u>
Liabilities:		
Current Liabilities	<u>\$ 25,104</u>	<u>\$ 29,809</u>
Deferred inflows of resources	<u>\$ 110</u>	<u>\$ 364</u>
Net Position:		
Investment in capital assets	\$ 7,009	\$ 6,960
Restricted	2,853,972	2,399,763
Unrestricted	23,562	22,265
Total net position	<u>\$ 2,884,543</u>	<u>\$ 2,428,988</u>

**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, 2021**

Changes in Net Position

There was an increase of \$455.6 million in net position. The key elements of the increase are as follows:

Changes in Net Position (in thousands)

	2021	2020
Expenses:		
Apportionment to beneficiaries	\$ 118,298	\$ 122,890
Custodial fees	6,563	6,374
Other expenses	10,999	12,102
Total expenses	<u>135,860</u>	<u>141,366</u>
Revenues:		
Program revenue:		
Investment earnings (loss)	506,713	(47,418)
Mineral revenue	41,236	30,453
Rents	22,240	22,170
Fees	740	404
Total program revenues	<u>570,929</u>	<u>5,609</u>
General revenues		
Proceeds from sale of grant land	17,374	2,251
Miscellaneous	2,245	2,402
Other interest	867	1,646
Total general revenues	<u>20,486</u>	<u>6,299</u>
Change in net position	455,555	(129,458)
Net position, beginning of year	<u>2,428,988</u>	<u>2,558,446</u>
Net position, end of year	<u><u>\$ 2,884,543</u></u>	<u><u>\$ 2,428,988</u></u>

Apportionments decreased from \$122.9 million during fiscal year 2020 to \$118.3 million during fiscal year 2021. The decrease was primarily due to the decision to forego making a special distribution in the fiscal year. Actual cash distributions to beneficiaries declined \$8.9 million from \$127.0 million in fiscal year 2020 to \$118.1 million in fiscal year 2021.

Investment earnings increased from \$(47.4) million in fiscal year 2020 to \$506.7 million in fiscal year 2021. The primary driver was an increase in fair market values of equity investments due to the rebound from the weak market performance in the fourth quarter of 2020 caused by the on-set of the Covid-19 Pandemic.

Mineral income increased from \$30.5 million in fiscal year 2020 to \$41.2 million in fiscal year 2021. 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, 2021**

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 \$2.88 billion, an increase of \$457 million in comparison with the prior year. Approximately \$2.85 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, 2021, the unassigned fund balance was \$23.3 million, or 281 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 \$427 thousand, or 5 percent of budgeted general fund expenditures. The unassigned fund balance of the general fund increased by 2.51 million from June 30, 2020. Operating expenses exceeded revenues for the fund by approximately \$6.7 million but were offset by net transfers from the permanent fund of approximately \$9.2 million. The most significant factor contributing to this increase was an increase in fees earned by the Agency for management of Trust assets due to increased earnings on those assets.

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 increase in fair market value of investments, was \$572.7 million compared to \$8.5 million of prior year. Cash apportionments distributed to beneficiaries during 2021 totaled \$118.1 million with \$30.2 million disbursed to universities and colleges, \$85.9 million disbursed to public schools, and \$2.1 million to public buildings. This was a decrease of \$12.4 million from the cash apportionments distributed during fiscal year 2020.

General Fund Budgetary Highlights

For fiscal year 2021, general fund actual expenditures on a budgetary basis were \$7.3 million compared to the final budget of \$8.4 million. The \$1.1 million variance was largely due to personnel vacancies that were not filled in 2021.

Investment in Land and Mineral Rights

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, 2021 is approximately \$905,000,000 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, 2021**

Description of Current and Expected Conditions

The prior year's economic downturn as a result of the Covid-19 Pandemic substantially reversed in the year ended June 30, 2021. Along with the significant recoveries in economic markets during the fiscal year, inflationary indicators have also 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, 2021**

Assets

Cash and cash equivalents	\$ 100,779,751
Restricted cash	426,903
Investments	2,632,794,144
Property held for investment	144,201,500
Accrued interest receivable	12,803,773
Other receivables	10,394,933
Other assets	356,036

Capital Assets

Land	5,597,484
Other capital assets, net of depreciation	<u>1,411,858</u>

Total Assets

2,908,766,382

Deferred outflows of resources

Deferred pension plan outflows	<u>991,307</u>
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Liabilities, Deferred Inflows and Net Position

Liabilities

Accounts payable and accrued expenses	14,978,514
Unearned revenue	7,825,125
Net pension liability	1,906,722
Accrued compensated absences	<u>393,933</u>

Total Liabilities

25,104,294

Deferred inflows of resources

Deferred pension plan inflows	<u>109,883</u>
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Net position

Investment in capital assets	7,009,342
Restricted	
Nonexpendable	2,853,544,973
Expendable	426,903
Unrestricted	<u>23,562,294</u>

Total net position

\$2,884,543,512

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, 2021**

Expenses

Program expenses	
Apportionment to beneficiaries	
Universities and colleges	\$ 30,235,961
Public schools	86,078,717
Public buildings	<u>1,983,645</u>
Total apportionments	118,298,323
Custodial fees	6,563,324
Administrative expenses	9,177,126
Other expenses	1,564,442
Depreciation	<u>257,330</u>
Total program expenses	<u>135,860,545</u>

Program revenues

Investment earnings	
Interest	59,034,325
Dividends	34,972,918
Net increase in fair value of investments	<u>412,706,113</u>
Net investment income	506,713,356
Charges for services	
Mineral revenue	41,236,163
Rents	17,187,475
Commercial real estate rent	5,052,913
Fees	<u>739,725</u>
Total program revenues	570,929,632

General Revenues

Proceeds from sale of grant land	17,374,135
Miscellaneous	2,244,921
Other interest	<u>866,991</u>
Total general revenues	<u>20,486,047</u>
Change in Net Position	455,555,134

Net position, beginning of year	<u>2,428,988,378</u>
Net position, end of year	<u><u>\$2,884,543,512</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, 2021**

	<u>General Fund</u>	<u>Permanent Fund</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 27,271,936	\$ 73,507,815	\$ 100,779,751
Restricted cash	426,903	-	426,903
Investments	-	2,632,794,144	2,632,794,144
Property held for investments	-	144,201,500	144,201,500
Accrued and interest receivable	-	12,803,773	12,803,773
Other receivables	134,507	9,673,791	9,808,298
Other assets	-	356,036	356,036
Due from other funds	-	1,572,092	1,572,092
Total assets	<u>\$ 27,833,346</u>	<u>\$ 2,874,909,151</u>	<u>\$ 2,902,742,498</u>
Liabilities and Fund Balance			
Liabilities			
Accounts payable and accrued expenses	\$ 852,826	\$ 13,539,053	\$ 14,391,879
Unearned revenue	-	7,825,125	7,825,125
Due to other funds	1,572,092	-	1,572,092
Total liabilities	<u>2,424,918</u>	<u>21,364,178</u>	<u>23,789,096</u>
Fund Balance			
Nonspendable, permanent fund corpus	-	2,853,544,973	2,853,544,973
Restricted	426,903	-	426,903
Assigned	1,722,205	-	1,722,205
Unassigned	23,259,320	-	23,259,320
Total fund balance	<u>25,408,428</u>	<u>2,853,544,973</u>	<u>2,878,953,401</u>
Total liabilities and fund balance	<u>\$ 27,833,346</u>	<u>\$ 2,874,909,151</u>	
Reconciliation to the Statement of Net Position			
Capital assets not considered financial resources and not included in funds			7,009,342
Compensated absences not due and payable in the current period			(393,933)
Net pension liability not due and payable in the current period			(1,906,722)
Deferred pension inflows			(109,883)
Deferred pension outflows			991,307
Net position of governmental activities			<u>\$ 2,884,543,512</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, 2021**

	General Fund	Permanent Fund	Total
Revenues			
Investment Revenues			
Interest	\$ -	\$ 59,034,325	\$ 59,034,325
Dividends	-	34,972,918	34,972,918
Net increase in fair value	-	412,706,113	412,706,113
Investment Revenues	-	506,713,356	506,713,356
Fees	739,725	-	739,725
Other interest	510,785	356,206	866,991
Mineral revenue	-	41,236,163	41,236,163
Rents	-	22,240,388	22,240,388
Miscellaneous revenue	41,803	2,203,118	2,244,921
Total revenues	<u>1,292,313</u>	<u>572,749,231</u>	<u>574,041,544</u>
Expenditures			
Administrative	8,248,605	-	8,248,605
Capital outlay	49,798	257,340	307,138
Other	-	1,563,687	1,563,687
Custodial fees	-	6,563,324	6,563,324
Apportionment to beneficiaries			
Universities and colleges	-	30,235,961	30,235,961
Public Schools	-	86,078,717	86,078,717
Public buildings	-	1,983,645	1,983,645
Total expenditures	<u>8,298,403</u>	<u>126,682,674</u>	<u>134,981,077</u>
Other financing sources (uses)			
Transfers in	9,306,842	66,843	9,373,685
Transfers out	(66,843)	(9,306,842)	(9,373,685)
Proceeds from sale of grant land	-	17,374,135	17,374,135
Other financing sources (uses)	<u>9,239,999</u>	<u>8,134,136</u>	<u>17,374,135</u>
Net change in fund balances	<u>2,233,909</u>	<u>454,200,693</u>	<u>456,434,602</u>
Fund balances, beginning of the year	<u>23,174,519</u>	<u>2,399,344,280</u>	<u>2,422,518,799</u>
Fund balances, end of year	<u>\$ 25,408,428</u>	<u>\$ 2,853,544,973</u>	<u>\$ 2,878,953,401</u>
Reconciliation to the Statement of Activities			
Net change in fund balances			\$ 456,434,602
Capital assets purchased			307,138
Decrease in liability for compensated absences			13,004
Current year depreciation expense			(257,330)
Loss on disposal of capital assets			(755)
Pension expense			(1,527,652)
Current year pension contributions			586,127
Change in net position of governmental activities			<u>\$ 455,555,134</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, 2021**

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
- 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, 2021**

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, 2021**

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 position by the Agency that are applicable to a future reporting period. At June 30, 2021, the Agency had deferred inflows related to pensions of \$109,883. See Note 8 for additional discussion regarding deferred inflows of resources.

Deferred outflows of resources

Deferred outflows of resources are the consumption of net position by the Agency that are applicable to a future reporting period. At June 30, 2021, the Agency had deferred outflows of resources related to pensions of \$991,307. See Note 8 for additional discussion regarding deferred outflows of resources.

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 689,000 acres remain at June 30, 2021. This land is held in trust and is stated at \$1 per acre in the financial statements at June 30, 2021. 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, 2021, repossessed land is carried at approximately \$4,909,000.

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, 2021**

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 lease 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
(An Agency of the State of Oklahoma)**

**Notes to the Financial Statements
For the Year Ended June 30, 2021**

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, 2021, unpaid and accumulated benefits totaled \$393,933. The activity for the year is as follows:

Beginning balance	\$ 406,937
Leave earned	264,341
Leave used	<u>(277,285)</u>
End balance	<u>\$ 393,993</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:

Net 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.

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
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Notes to the Financial Statements
For the Year Ended June 30, 2021**

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, 2021.

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 2021, CLO adopted Governmental Accounting Standards Board Statement No. 84 – *Fiduciary Activities*, and Governmental Accounting Standards Board Statement No. 97 - *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB No. 32*. These standards provided for greater consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The adoption of these standards did not have a material impact on CLO's financial statements.

**Commissioners of the Land Office
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**Notes to the Financial Statements
For the Year Ended June 30, 2021**

Note 1. Summary of Significant Accounting Policies (continued)

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:

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. This statement is effective for periods beginning after June 15, 2021 (effective for CLO's June 30, 2022 year-end).

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. The requirements of this statement are effective for reporting periods beginning after December 15, 2020 (effective for CLO's June 30, 2022 year-end).

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. 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.

**Commissioners of the Land Office
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**Notes to the Financial Statements
For the Year Ended June 30, 2021**

Note 1. Summary of Significant Accounting Policies (continued)

New accounting pronouncements issued but not yet adopted (continued)

- 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. 92 is effective for reporting periods beginning after June 15, 2021 (effective for CLO's June 30, 2022, year-end).

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 at the end of 2021, 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.

- 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

**Commissioners of the Land Office
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**Notes to the Financial Statements
For the Year Ended June 30, 2021**

Note 1. Summary of Significant Accounting Policies (continued)

New accounting pronouncements issued but not yet adopted (continued)

- 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

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after June 15, 2021 (effective for CLO's June 30, 2022, year-end). All other requirements of GASB Statement No. 93 are effective for reporting periods beginning after June 15, 2020 (effective for CLO's June 30, 2021, 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).

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

**Commissioners of the Land Office
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**Notes to the Financial Statements
For the Year Ended June 30, 2021**

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, 2021, the carrying amount of the Agency's deposits at the Office of the State Treasurer was \$58,942,545 and the bank balance was \$59,139,845. 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.

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](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.

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For the Year Ended June 30, 2021**

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

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 \$42,264,113 at June 30, 2021 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, 2021, 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, 2021, the Agency had the following investments:

Investments:

Stocks	
Common stocks	\$ 516,110,879
Pooled equity funds	112,990,148
Equity-based mutual funds - domestic	216,954,077
Equity-based mutual funds - foreign	271,394,498
Fixed income securities:	
U.S. Government securities and municipal obligations	444,002,284
Corporate bonds - domestic	739,984,306
Corporate bonds - foreign	244,093,754
Preferred stocks:	
Preferred stock - nonconvertible	87,264,198
Total	<u>\$ 2,632,794,144</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.

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**Notes to the Financial Statements
For the Year Ended June 30, 2021**

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

Fixed income investments and nonconvertible preferred stock by investment rating at June 30, 2021 consisted of the following:

Investment Name	Fair Value (in thousands)	Moody's Rating
U.S government sponsored:		
U.S. Treasury notes	\$ 108,504	AAA
U.S Treasury bond	6,265	AAA
U.S Treasury obligation	8,260	AAA
Federal Home Loan Mortgage Corp.	45,922	AAA
Federal National Mortgage Association	126,111	AAA
Government National Mortgage Association	41,700	AAA
Other	89,618	AAA
Other	579	AA1
Other	1,194	BAA1
Other	8,212	NA
	<u>436,365</u>	
Municipal obligations:		
Municipal bonds	1,492	AAA
Municipal bonds	1,472	A2
Municipal bonds	3,382	BAA3
Municipal bonds	1,293	BAA2
	<u>7,639</u>	
Corporate bonds (held in U.S. currency):		
Domestic bonds	8,170	A1
Domestic bonds	20,220	A2
Domestic bonds	19,304	A3
Domestic bonds	4,443	AA1
Domestic bonds	4,483	AA2
Domestic bonds	2,487	AA3
Domestic bonds	16,409	AAA
Domestic bonds	53,403	B1
Domestic bonds	32,462	B2
Domestic bonds	36,320	B3
Domestic bonds	54,207	BA1
Domestic bonds	49,180	BA2
Domestic bonds	61,631	BA3
Domestic bonds	53,947	BAA1
Domestic bonds	133,290	BAA2
Domestic bonds	77,751	BAA3
Domestic bonds	382	CA
Domestic bonds	5,780	CAA1
Domestic bonds	1,461	CAA2
Domestic bonds	102,402	NA/NR
Domestic bonds	2,252	WR
	<u>739,984</u>	

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**Notes to the Financial Statements
For the Year Ended June 30, 2021**

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

Investment Name	Fair Value (in thousands)	Moody's Rating
Foreign bonds (held in U.S. currency):		
Foreign bonds	2,379	A1
Foreign bonds	2,504	A2
Foreign bonds	18,825	A3
Foreign bonds	794	AA2
Foreign bonds	948	AA3
Foreign bonds	7,049	B1
Foreign bonds	7,134	B2
Foreign bonds	8,871	B3
Foreign bonds	18,810	BA1
Foreign bonds	39,539	BA2
Foreign bonds	12,742	BA3
Foreign bonds	31,627	BAA1
Foreign bonds	21,030	BAA2
Foreign bonds	55,402	BAA3
Foreign bonds	1,628	CAA1
Foreign bonds	658	CAA2
Foreign bonds	14,152	NA/NR
	<u>244,092</u>	
Total fixed income	<u><u>\$ 1,428,080</u></u>	
Preferred stock - nonconvertible:		
Preferred stock	1,967	A3
Preferred stock	13,893	BA1
Preferred stock	2,489	BA2
Preferred stock	1,170	BA3
Preferred stock	3,847	BAA1
Preferred stock	13,660	BAA2
Preferred stock	16,899	BAA3
Preferred stock	31,630	NA
Preferred stock	1,710	WR
	<u><u>\$ 87,265</u></u>	

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**Notes to the Financial Statements
For the Year Ended June 30, 2021**

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

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, 2021, Federal National Mortgage Association represented 4.80 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.

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**Notes to the Financial Statements
For the Year Ended June 30, 2021**

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

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

Investment Name	Fair Value	Effective Duration (Years)
U.S. government securities:		
U.S. Treasury notes	\$ 108,504	5.88
U.S. Treasury bond	8,260	18.25
U.S. Treasury obligations	6,265	22.03
Government National Mortgage Association	39,817	2.80
Other	96,507	1.57
Other	4,979	15.31
	<u>264,332</u>	
Mortgage-backed securities:		
Federal Home Loan Mortgage Corp.	45,922	1.77
Federal National Mortgage Corp.	126,111	2.86
	<u>172,033</u>	
Municipal obligations, municipal bonds	<u>7,639</u>	11.61
Corporate bonds (held in U.S. currency):		
Domestic bonds	739,984	5.84
Foreign bonds	244,092	5.72
	<u>984,076</u>	
Total fixed income	<u>\$ 1,428,080</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

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**Notes to the Financial Statements
For the Year Ended June 30, 2021**

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

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

	Level 1	Level 2	Level 3	Total
Investments by fair value level				
Equity:				
Common stocks	\$ 516,110,879	\$ -	\$ -	\$ 516,110,879
Preferred stock - nonconvertible	87,264,198	-	-	87,264,198
Fixed income securities:				
Corporate bonds - domestic	-	739,984,306	-	739,984,306
Corporate bonds - foreign	-	244,093,754	-	244,093,754
Municipal bonds	-	7,639,214	-	7,639,214
U.S. government sponsored:				
Federal National Mortgage Association	-	126,110,538	-	126,110,538
Federal Home Loan Mortgage Corp.	-	45,921,748	-	45,921,748
Government National Mortgage Assoc.	-	41,700,323	-	41,700,323
U.S. Treasury obligation	123,028,690	-	-	123,028,690
Other government	4,976,716	94,625,056	-	99,601,771
Commercial real estate	-	-	144,201,500	144,201,500
Total investments by fair value level	<u>\$ 731,380,483</u>	<u>\$ 1,300,074,939</u>	<u>\$ 144,201,500</u>	2,175,656,921
Investments measured at the net asset value (NAV)				
Pooled equity funds				112,990,148
Equity-based mutual funds - domestic				216,954,077
Equity-based mutual funds - foreign				271,394,498
Total Investments measured at fair value				<u>\$ 2,776,995,644</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, 2021**

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.

Note 3. Leasing Operations

The Agency leases to others approximately 733,890 acres of land belonging to the Trusts as of June 30, 2021, 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 following is a schedule of the future minimum rent due to the Agency under its noncancelable leases at June 30, 2021:

Years ended June 30:

2022	\$ 15,657,887
2023	12,113,282
2024	8,813,692
2025	6,030,792
2026	3,158,251
	<u>\$ 45,773,904</u>

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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, 2021, 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	4,000,000
5727 South Lewis Avenue, Tulsa	13,350,000
Lincoln Corridor properties	3,911,500
13000 N. Pennsylvania Ave.	6,610,000
5050 N. Lincoln	8,380,000
201 W. 5th St. Tulsa	4,930,000
10625 and 10630 NW 4th St., Yukon	4,300,000
15024 W. Highway 66, Yukon	1,900,000
4734 Kickapoo, Shawnee	1,060,000
122nd and Western tract	10,010,000
14201 & 14301 Caliber Dr.	9,690,000
9201 N. I-35	24,950,000
123 Robert S Kerr Ave., 5th, 6th 7th,8th & 29th floors	14,400,000
1 Robert S. Kerr Ave.	13,000,000
	<u>\$ 144,201,500</u>

The following is a schedule of the future minimum rent due to the Agency under its noncancelable leases at June 30, 2021:

Years ended June 30:

2022	\$ 4,750,120
2023	2,593,592
2024	2,855,886
2025	2,249,560
2026	2,130,900
Thereafter	14,174,019
	<u>\$ 28,754,077</u>

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**Notes to the Financial Statements
For the Year Ended June 30, 2021**

Note 5. Other Receivables

Other receivables at June 30, 2021 consisted of the following:

Accrued mineral revenue	\$ 10,446,496
Surface leases	1,133,671
Gas marketing	721,142
Commercial RE Investments	312,274
Allowance for doubtful accounts	<u>(2,218,650)</u>
	<u>\$ 10,394,933</u>

Note 6. Interfund balances and transfers

At June 30, 2021, the Permanent Fund recognized an interfund receivable from the General Fund in the amount of \$1,572,092 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, 2021, \$9,306,842 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 \$66,843 as reimbursement for 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, 2021 was approximately \$261,000.

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
For the Year Ended June 30, 2021**

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.

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**Notes to the Financial Statements
For the Year Ended June 30, 2021**

Note 8. Employee Benefit Plans (continued)

For 2021, 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, 2021 were approximately \$586,127 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 liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2021, the Agency reported a liability of \$1,906,722 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The Agency's proportion of the net pension liability was based on the Agency's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2020, the Agency's proportion was 0.21371907 percent which is a decrease of 0.00199358 percent from the prior fiscal year.

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**Notes to the Financial Statements
For the Year Ended June 30, 2021**

Note 8. Employee Benefit Plans (continued)

For the year ended June 30, 2021, the Agency recognized pension expense of \$1,527,652. At June 30, 2021, 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	\$ 403,065	\$ -
Differences between expected and actual experience	-	21,568
Net difference between projected and actual investment earnings on pension plan investments	-	88,315
Changes in proportion and differences between Agency contributions and proportionate share of contributions	2,115	-
Total deferred amounts to be recognized in pension expense in future periods	405,180	109,883
Agency contributions subsequent to the measurement date	586,127	-
Total deferred amounts related to pension	<u>\$ 991,307</u>	<u>\$ 109,883</u>

Deferred pension outflows resulting from the Agency's employer contributions subsequent to the measurement date, totaling \$586,127 at June 30, 2021, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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)
2022	\$ 84,689
2023	137,333
2024	27,975
2025	45,300
	<u>\$ 295,297</u>

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**Notes to the Financial Statements
For the Year Ended June 30, 2021**

Note 8. Employee Benefit Plans (continued)

Actuarial assumptions: The total pension liability as of June 30, 2021 was determined based on an actuarial valuation prepared as of July 1, 2020, 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 2020, 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, 2020 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, 2020, 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, 2021**

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>\$ 4,488,585</u>	<u>\$ 1,906,723</u>	<u>\$ (274,919)</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, 2020 CAFR, available at:

http://www.opers.ok.gov/wp-content/uploads/2020/11/CAFR_2020_OPERS.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, 2020 and 2019. The Agency believes that it has no liabilities in respect to the State's plan.

**Commissioners of the Land Office
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**Notes to the Financial Statements
For the Year Ended June 30, 2021**

Note 9. Capital Assets

The changes in the capital asset accounts for fiscal year 2021 were as follows:

	Beginning Balance	Increases	Decreases	Balance
Capital Assets, not being depreciated, land	\$ 5,598,239	\$ -	\$ (755)	\$ 5,597,484
Capital assets being depreciated:				
Furniture, fixture and equipment	1,834,125	49,798	(2,888)	1,881,035
Land Improvements	2,725,600	257,340	-	2,982,940
Total capital assets being depreciated	4,559,725	307,138	(2,888)	4,863,975
Less accumulated depreciation for:				
Furniture, fixture and equipment	1,610,257	120,708	(2,888)	1,728,077
Land Improvements	1,587,418	136,622	-	1,724,040
Total accumulated depreciation	3,197,675	257,330	(2,888)	3,452,117
Total capital assets being depreciated, net	1,362,050	49,808	-	1,411,858
Governmental activities capital assets, net	\$ 6,960,289	\$ 49,808	\$ (755)	\$ 7,009,342

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, 2021.

	General	Permanent	Total Governmental Funds
Fund balances			
Nonspendable			
Nonspendable, permanent fund corpus	\$ -	\$ 2,853,544,973	\$ 2,853,544,973
Restricted			
Oil & Gas Performance Fee fund	426,903	-	426,903
Assigned			
Multiyear Education Distribution Stabilization fund	1,722,205	-	1,722,205
Unassigned	23,259,320	-	23,259,320
Total fund balances	\$ 25,408,428	\$ 2,853,544,973	\$ 2,878,953,401

**Commissioners of the Land Office
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**Notes to the Financial Statements
For the Year Ended June 30, 2021**

Note 11. Commitments and Contingencies

Leases: The Agency leases various office equipment, as well as office space and computer equipment for 12-month terms, with options to renew each year. For the year ended June 30, 2021, total rent expense for these items was approximately \$500,000 for office space and \$107,000 for office equipment and other rents.

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: During the fiscal year ended June 31, 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 believe this amount is unreasonable and at the date of issuance of the June 30, 2021 financial statements are in discussions with the gas provider for amended billings. At the date of issuance, this original invoice has not been paid nor have the Agency's customers been individually billed.

The Agency does not dispute February 2021 billings in the amount of \$586,635. Consequently this amount is recognized as both a long term receivable and liability on the June 30, 2021 financial statements. The Agency believes it is probable a different amount may be ultimately agreed upon, but such an amount is not reasonably estimable at the time of issuance.

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.

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, 2021**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Fees	\$ -	\$ -	\$ 737,945	\$ 737,945
Other Interest	-	-	503,543	503,543
Total revenues	-	-	1,241,488	1,241,488
Expenditures				
Administrative	1,060,009	1,060,009	764,918	295,091
Legal	878,226	878,226	758,735	119,491
Information technology	1,225,491	1,225,491	1,046,607	178,884
Real estate management	1,780,897	1,780,897	1,737,703	43,194
Financial services	1,511,233	1,511,233	1,287,365	223,868
Minerals management	951,215	951,215	835,463	115,752
Royalty compliance	699,151	699,151	634,378	64,773
Records management	273,054	273,054	255,662	17,392
Total expenditures	(8,379,276)	(8,379,276)	7,320,831	1,058,445
Other financing sources (Uses)				
Transfers from permanent fund	-	-	9,306,842	9,306,842
Transfers to permanent fund	-	-	(116,641)	(116,641)
Total other financing sources (uses)	-	-	9,190,201	9,190,201
Net change in fund balance	(8,379,276)	(8,379,276)	3,110,858	11,490,134
Fund Balance, beginning of year		(24,432,398)	30,613,410	55,045,808
Fund Balance, end of year		<u>\$ (32,811,674)</u>	33,724,268	<u>\$ 66,535,942</u>
Reconciliation to GAAP basis, accrual adjustments			(8,023,739)	
Fund Balance			<u>\$ 25,700,529</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, 2021**

	June 30			
	2021	2020	2019	2018
Measurement date	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
Agency's proportion of the net pension liability	0.21371907 %	0.21571265 %	0.22015372 %	0.21185560 %
Agency's proportionate share of the net pension liability	\$ 1,906,723	\$ 287,303	\$ 429,394	\$ 1,145,427
Agency's covered payroll	4,529,093	4,860,825	4,758,823	4,640,663
Agency's proportionate share of the net position liability as a percentage of its covered employee payroll	42 %	6 %	9 %	25 %
Plan fiduciary net position as a percentage of the total pension liability	91.59 %	98.63 %	97.96 %	94.28 %
	June 30			
	2017	2016	2015	
Measurement date	July 1, 2016	July 1, 2015	July 1, 2014	
Agency's proportion of the net pension liability	0.19708621 %	0.19002899 %	0.19323089 %	
Agency's proportionate share of the net pension liability	\$ 1,955,550	\$ 683,503	\$ 353,010	
Agency's covered payroll	4,592,581	4,376,680	3,169,697	
Agency's proportionate share of the net position liability as a percentage of its covered employee payroll		43 %	16 %	11 %
Plan fiduciary net position as a percentage of the total pension liability		89.47 %	96.00 %	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**

	2021	2020	2019	2018	2017
Contractually required to contribute	\$ 586,127	\$ 567,737	\$ 548,453	\$ 571,262	\$ 535,672
Contractually required contributions	586,127	567,737	548,453	571,262	535,672
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -

	2016	2015	2014	2013	2012
Contractually required to contribute	\$ 588,000	\$ 542,000	\$ 523,000	\$ 510,000	\$ 480,000
Contractually required contributions	588,000	542,000	523,000	510,000	480,000
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -

See notes to required supplementary information

**Commissioners of the Land Office
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**Required Supplementary Information
Notes to the Required Supplementary Information
Year Ended June 30, 2021**

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 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 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 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	For 2020 - Pub-2010 Below Median, 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. 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.)

**Commissioners of the Land Office
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**Required Supplementary Information
Notes to the Required Supplementary Information
Year Ended June 30, 2021**

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, 2021**

	<u>Revolving 16</u>	<u>CLO</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ (2,459)	\$ 30,450	\$ 27,991
Other receivables	135	-	135
Total assets	<u>\$ (2,324)</u>	<u>\$ 30,450</u>	<u>\$ 28,126</u>
Liabilities and Fund Balance			
Liabilities, accounts payable and accrued expenses	\$ 853	\$ -	\$ 853
Due to permanent fund	1,572	-	1,572
Fund balance	(4,749)	30,450	25,701
Total liabilities and fund balance	<u>\$ (2,324)</u>	<u>\$ 30,450</u>	<u>\$ 28,126</u>

**Commissioners of the Land Office
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**Other Supplementary Information
Schedule of Distributions to University and College Beneficiaries (Cash Basis)
For the Year Ended June 30, 2021**

University of Oklahoma	\$ 8,901,431
Oklahoma State University	7,638,168
Northern Oklahoma College	2,723,851
Langston University	2,017,986
Southeastern Oklahoma State University	988,794
University of Central Oklahoma	988,794
East Central Oklahoma State University	988,794
Northeastern Oklahoma State University	988,794
Northwestern Oklahoma State University	988,794
Southwestern Oklahoma State University	988,794
Cameron University	988,794
Oklahoma Panhandle State University	988,794
University of Science and Arts of Oklahoma	988,794
	<hr/>
	\$ 30,180,582
	<hr/>

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.

**Commissioners of the Land Office
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**Other Supplementary Information
Schedule of Distributions to Public School Beneficiaries (Cash Basis)
Year Ended June 30, 2021**

Achille	\$ 43,328.84
Ada	325,370.32
Adair	137,433.34
Afton	62,148.39
Agra	37,250.01
Albion	7,235.38
Alex	40,637.46
Aline-Cleo	16,758.24
Allen	62,655.99
Allen-Bowden	39,870.04
Altus	427,337.61
Alva	131,808.19
Amber-Pocasset	62,976.41
Anadarko	201,284.89
Anderson	44,455.76
Antlers	122,321.71
Arapaho-Butler	62,313.99
Ardmore	353,136.50
Arkoma	49,761.80
Arnett	21,761.35
Asher	35,456.63
Atoka	116,194.36
Avant	10,301.08
Balko	19,207.30
Banner	38,406.54
Barnsdall	49,523.51
Bartlesville	751,078.81
Battiest	31,049.97
Bearden	18,715.88
Beaver	37,907.02
Beggs	127,822.93
Belfonte	19,545.25
Bennington	40,263.18
Berryhill	150,604.86
Bethany	221,005.16
Bethel	152,543.64
Big Pasture	25,175.77
Billings	9,117.62
Binger-Oney	43,238.66
Bishop	73,498.29
Bixby	855,029.29
Blackwell	141,753.84
Blair	31,409.43
Blanchard	260,315.09
Bluejacket	26,636.59
Subtotal	<u>5,535,646.92</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, 2021**

(Subtotal forwarded)	\$ 5,535,646.92
Boise City	40,353.38
Bokoshe	20,961.62
Boone-Apache	71,956.71
Boswell	44,373.66
Bowlegs	27,632.87
Bowring	7,954.35
Braggs	20,099.94
Bray-Doyle	38,998.90
Bridge Creek	216,974.13
Briggs	60,679.55
Bristow	222,589.83
Broken Arrow	2,473,486.31
Broken Bow	204,504.06
Brushy	52,459.93
Buffalo	37,772.37
Buffalo Valley	17,045.04
Burlington	17,275.25
Burns Flat-Dill City	74,180.91
Butner	29,570.31
Byng	225,691.87
Cache	259,625.76
Caddo	65,471.25
Calera	101,035.59
Calumet	37,350.97
Calvin	19,440.22
Cameron	35,693.59
Canadian	61,453.68
Caney	34,192.39
Caney Valley	105,089.51
Canton	44,216.12
Canute	45,600.19
Carnegie	68,991.99
Carney	29,893.44
Cashion	80,970.66
Catoosa	237,545.32
Cave Springs	18,341.58
Cement	27,051.24
Central	62,980.47
Central High	52,322.60
Chandler	147,865.00
Chattanooga	30,053.65
Checotah	176,385.15
Chelsea	98,268.81
Cherokee	54,433.72
Cheyenne	45,026.62
Subtotal	<u>11,379,507.43</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, 2021**

(Subtotal forwarded)	\$ 11,379,507.43
Chickasha	270,814.10
Chisholm	150,963.00
Choctaw-Nicoma Park	718,604.39
Chouteau-Mazie	104,886.21
Cimarron	32,998.14
Claremore	473,127.61
Clayton	37,115.37
Cleora	17,012.72
Cleveland	201,994.42
Clinton	276,666.79
Coalgate	81,509.18
Colbert	99,477.86
Colcord	79,138.25
Coleman	20,925.27
Collinsville	367,764.80
Comanche	117,074.88
Commerce	108,202.31
Copan	26,115.52
Cordell	86,361.50
Cottonwood	22,925.97
Covington-Douglas	34,954.46
Coweta	423,521.98
Coyle	39,650.57
Crescent	70,847.29
Crooked Oak	150,229.22
Crowder	41,468.17
Crutcho	43,530.81
Cushing	225,856.14
Cyril	44,127.26
Dahlonnegah	25,333.29
Dale	100,988.45
Darlington	29,340.08
Davenport	52,787.10
Davidson	4,787.70
Davis	121,501.74
Deer Creek	888,738.36
Deer Creek-Lamont	17,995.57
Denison	40,978.09
Depew	47,319.50
Dewar	56,874.66
Dewey	156,247.49
Dibble	88,926.34
Dickson	167,169.24
Dover	19,157.47
Subtotal	<u>17,565,516.70</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, 2021**

(Subtotal forwarded)	\$ 17,565,516.70
Drummond	45,784.64
Drumright	59,734.39
Duke	20,727.36
Duncan	440,155.03
Durant	484,515.21
Eagletown	20,992.60
Earlsboro	35,020.41
Edmond	3,277,880.01
El Reno	368,796.13
Elgin	305,300.02
Elk City	277,396.48
Elmore City-Pernell	65,552.02
Empire	67,590.44
Enid	984,690.04
Erick	28,755.76
Eufaula	147,267.21
Fairland	80,609.82
Fairview	101,852.83
Fanshawe	13,385.59
Fargo	31,004.19
Felt	10,770.94
Fletcher	60,870.71
Flower Mound	41,799.39
Forest Grove	16,222.41
Forgan	17,116.41
Fort Cobb-Broxtton	42,736.47
Fort Gibson	225,440.10
Fort Supply	17,373.56
Fort Towson	42,467.18
Fox	30,897.82
Foyil	58,156.41
Frederick	108,340.99
Freedom	5,965.75
Friend	32,792.17
Frink-Chambers	55,656.22
Frontier	46,908.86
Gans	51,101.44
Garber	50,880.63
Geary	40,838.08
Geronimo	41,101.97
Glencoe	43,964.34
Glenpool	358,325.41
Glover	9,159.32
Goodwell	29,649.75
Gore	65,464.52
Subtotal	<u>25,926,527.73</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, 2021**

(Subtotal forwarded)	\$ 25,926,527.73
Gracemont	15,697.32
Graham-Dustin	20,975.07
Grand View	74,148.60
Grandfield	26,971.82
Grandview	16,070.25
Granite	29,018.29
Greenville	12,136.17
Grove	320,200.26
Grove	66,925.32
Guthrie	440,433.71
Guymon	385,394.15
Gypsy	5,961.71
Haileyville	39,673.46
Hammon	32,535.01
Hanna	8,914.33
Hardesty	9,762.52
Harmony	28,977.89
Harrah	287,820.08
Hartshorne	96,515.82
Haskell	92,467.32
Haworth	66,188.85
Haywood	14,097.83
Healdton	63,641.53
Heavener	116,226.66
Hennessey	112,693.82
Henryetta	149,437.57
Hilldale	248,469.76
Hinton	92,926.40
Hobart	92,238.42
Hodgen	29,361.62
Holdenville	130,121.20
Hollis	66,661.45
Holly Creek	30,376.78
Hominy	74,214.58
Hooker	80,071.27
Howe	82,572.80
Hugo	151,941.80
Hulbert	69,040.47
Hydro-Eakly	60,225.78
Idabel	159,831.56
Indianahoma	25,344.05
Indianola	34,180.29
Inola	161,169.83
Jay	185,885.13
Subtotal	<u>30,234,046.28</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, 2021**

(Subtotal forwarded)	\$ 30,234,046.28
Jenks	1,599,446.29
Jennings	28,641.32
Jones	143,047.68
Justice	22,721.33
Justus-Tiawah	71,564.89
Kansas	104,195.52
Kellyville	107,039.04
Kenwood	11,885.75
Keota	52,975.61
Ketchum	76,617.83
Keys	87,217.80
Keystone	40,411.29
Kiefer	117,411.47
Kildare	14,315.94
Kingfisher	194,186.83
Kingston	156,632.56
Kinta	25,851.63
Kiowa	37,184.05
Konawa	74,916.02
Krebs	59,040.99
Kremlin-Hillsdale	36,423.33
Lane	36,334.47
Latta	117,866.55
Laverne	61,823.92
Lawton	1,699,936.59
Le Flore	33,738.67
Leach	18,985.16
Leedey	27,152.22
Lexington	130,521.07
Liberty	42,616.62
Liberty	64,837.13
Lindsay	157,491.54
Little Axe	162,827.21
Locust Grove	170,205.30
Lomega	28,928.08
Lone Grove	184,246.60
Lone Star	118,586.85
Lone Wolf	13,330.40
Lookeba Sickles	30,458.91
Lowrey	16,194.13
Lukfata	50,045.90
Luther	100,270.86
Macomb	33,348.22
Madill	221,238.08
Subtotal	<u>36,816,757.93</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, 2021**

(Subtotal forwarded)	\$ 36,816,757.93
Mangum	90,029.03
Mannford	185,020.77
Mannsville	12,472.77
Maple	23,876.51
Marble City	12,980.36
Marietta	144,793.93
Marlow	172,912.85
Maryetta	82,825.91
Mason	31,760.85
Maud	32,547.14
Maysville	40,860.97
Mcalester	389,209.76
Mccord	42,639.51
Mccurtain	26,119.57
Mcloud	211,673.49
Medford	35,746.11
Meeker	96,764.91
Merritt	103,980.10
Miami	277,248.38
Middleberg	26,716.01
Midway	28,510.72
Midwest City-Del City	1,763,337.12
Milburn	24,890.32
Mill Creek	20,886.24
Millwood	121,147.65
Minco	70,521.48
Moffett	45,442.63
Monroe	16,433.78
Moore	3,161,758.34
Mooreland	71,618.78
Morris	125,760.31
Morrison	76,236.80
Moseley	20,751.58
Moss	32,902.59
Mounds	73,491.55
Mountain View-Gotebo	30,356.56
Moyers	21,562.11
Muldrow	170,766.75
Mulhall-Orlando	29,249.87
Muskogee	663,910.86
Mustang	1,562,414.41
Nashoba	6,822.06
Navajo	61,316.36
New Lima	33,033.17
Newcastle	299,318.08
Subtotal	<u>47,389,376.98</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, 2021**

(Subtotal forwarded)	\$ 47,389,376.98
Newkirk	94,263.34
Ninnekah	67,104.38
Noble	351,460.28
Norman	2,057,285.89
North Rock Creek	114,098.06
Norwood	19,366.18
Nowata	98,913.73
Oak Grove	22,779.23
Oakdale	88,335.28
Oaks-Mission	20,553.69
Oilton	31,506.39
Okarche	50,370.37
Okay	46,658.42
Okeene	41,845.17
Okemah	95,821.09
Oklahoma City	6,889,442.84
Oklahoma Union	78,629.32
Okmulgee	152,569.23
Oktaha	85,999.32
Olive	33,441.11
Olustee-Eldorado	24,718.00
Oologah-Talala	224,532.64
Optima	6,058.66
Osage	18,783.20
Osage Hills	24,875.52
Owasso	1,256,550.26
Paden	30,189.63
Panama	95,161.37
Panola	10,963.48
Paoli	27,476.69
Pauls Valley	161,382.56
Pawhuska	91,679.66
Pawnee	82,741.13
Peavine	14,124.75
Peckham	12,523.91
Peggs	26,606.96
Perkins-Tryon	198,122.27
Perry	136,485.50
Piedmont	584,823.76
Pioneer	49,536.97
Pioneer-Pleasant Vale	65,332.57
Pittsburg	19,119.78
Plainview	196,246.77
Pleasant Grove	30,413.14
Subtotal	<u>61,218,269.48</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, 2021**

(Subtotal forwarded)	\$ 61,218,269.48
Pocola	98,600.00
Ponca City	593,711.13
Pond Creek-Hunter	43,157.85
Porter Consolidated	73,522.52
Porum	55,473.10
Poteau	286,777.99
Prague	130,840.17
Preston	74,537.71
Pretty Water	31,868.57
Prue	36,671.05
Pryor	347,555.80
Purcell	180,737.95
Putnam City	2,453,208.66
Quapaw	72,182.90
Quinton	53,060.41
Rattan	59,619.93
Ravia	12,172.50
Red Oak	41,264.88
Reydon	14,991.82
Ringling	47,156.58
Ringwood	48,292.93
Ripley	57,495.35
Riverside	19,755.28
Robin Hill	46,771.53
Rock Creek	59,217.36
Rocky Mountain	21,533.84
Roff	40,668.43
Roland	115,891.44
Rush Springs	64,272.98
Ryal	8,153.60
Ryan	30,029.41
Salina	101,492.01
Sallisaw	237,098.32
Sand Springs	638,430.80
Sapulpa	457,546.08
Sasakwa	27,768.86
Savanna	48,078.83
Sayre	90,026.32
Schulter	16,709.79
Seiling	58,494.37
Seminole	192,476.93
Sentinel	39,886.20
Sequoyah	163,655.22
Shady Grove	20,155.13
Shady Point	19,109.01
Subtotal	<u>68,548,391.02</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, 2021**

(Subtotal forwarded)	\$ 68,548,391.02
Sharon-Mutual	29,276.80
Shattuck	46,364.92
Shawnee	451,597.83
Shidler	29,379.13
Silo	125,819.55
Skiatook	299,914.52
Smithville	34,395.71
Snyder	62,136.28
Soper	45,041.44
South Coffeyville	29,336.02
South Rock Creek	53,527.62
Sperry	131,071.75
Spiro	133,363.26
Springer	26,868.16
Sterling	45,022.58
Stidham	11,329.70
Stigler	159,438.38
Stillwater	800,121.64
Stilwell	165,591.33
Stonewall	57,580.18
Straight	4,977.55
Stratford	82,263.19
Stringtown	30,504.69
Strother	51,906.58
Stroud	100,849.79
Stuart	32,875.64
Sulphur	201,204.09
Sweetwater	16,369.16
Tahlequah	455,946.59
Talihina	70,370.68
Taloga	11,539.72
Tannehill	17,393.75
Tecumseh	266,104.50
Temple	24,039.42
Tenkiller	32,229.39
Terral	4,904.82
Texhoma	31,365.02
Thackerville	35,198.13
Thomas-Fay-Custer Unified Dist	61,142.67
Timberlake	36,471.80
Tipton	33,577.11
Tishomingo	114,064.42
Tonkawa	100,832.29
Tulsa	4,889,283.39
Subtotal	<u>77,990,982.21</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, 2021**

(Subtotal forwarded)	\$ 77,990,982.21
Tupelo	29,746.68
Turkey Ford	13,124.40
Turner	38,670.42
Turpin	56,963.54
Tushka	59,315.67
Tuskahoma	9,242.83
Tuttle	248,928.87
Twin Hills	42,550.65
Tyrone	27,954.67
Union	1,983,849.53
Union City	40,743.84
Valliant	115,187.28
Vanoss	69,385.14
Varnum	37,377.91
Velma-Alma	58,482.23
Verden	36,457.00
Verdigris	175,679.63
Vian	110,192.27
Vici	40,290.11
Vinita	172,199.27
Wagoner	285,166.40
Wainwright	11,419.90
Walters	83,908.43
Wanette	17,185.06
Wapanucka	31,237.11
Warner	102,088.44
Washington	133,683.70
Watonga	96,293.67
Watts	34,390.32
Waukomis	52,185.28
Waurika	54,095.79
Wayne	60,687.59
Waynoka	28,443.40
Weatherford	309,586.84
Webbers Falls	37,719.88
Welch	35,658.57
Weleetka	53,011.94
Wellston	71,493.57
Western Heights	406,199.60
Westville	143,108.28
Wetumka	53,388.93
Wewoka	83,079.07
White Oak	4,321.84
White Rock	12,534.69
Whitebead	50,727.16
Subtotal	<u>83,608,939.61</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, 2021**

(Subtotal forwarded)	\$ 83,608,939.61
Whitefield	24,233.29
Whitesboro	25,335.98
Wickliffe	8,095.71
Wilburton	109,113.80
Wilson	54,657.20
Wilson	32,155.34
Wister	61,755.26
Woodall	55,994.15
Woodland	51,318.21
Woodward	337,382.63
Wright City	63,308.97
Wyandotte	99,340.51
Wynnewood	88,959.99
Wynona	11,658.22
Yale	52,967.51
Yarbrough	10,228.38
Yukon	1,142,555.88
Zaneis	39,653.26
Zion	41,600.10
	<hr/>
Total	<u><u>\$ 85,919,254.00</u></u>



Statistical Section

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

**Statistical Section Narrative
June 30, 2021**

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
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Statistical Section Narrative
June 30, 2021**

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 Department – 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
State of Oklahoma
(An Agency of the State of Oklahoma)**

**Schedule 1: Net Position - Primary Government (a)
Last Ten Fiscal Years
(in thousands)
June 30, 2021**

	2021	2020	2019	2018
Governmental Activities				
Net investment in capital assets	\$ 7,009	\$ 6,960	\$ 6,927	\$ 7,041
Restricted for:				
Education - nonexpendable	2,853,545	2,399,344	2,519,954	2,418,820
Education - expendable	427	418	9,406	2,528
Unrestricted	23,562	22,265	22,159	28,953
Total (b)	<u>\$ 2,884,543</u>	<u>\$ 2,428,987</u>	<u>\$ 2,558,446</u>	<u>\$ 2,457,342</u>
% change from prior year	18.75 %	(5.06)%	4.11 %	1.79 %

(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
(An Agency of the State of Oklahoma)**

**Schedule 1: Net Position - Primary Government (a)
Last Ten Fiscal Years
(in thousands) (Continued)
June 30, 2021**

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 7,366	\$ 7,595	\$ 7,692	\$ 7,842	\$ 6,905	\$ 6,719
2,382,746	2,223,966	2,278,697	2,303,031	2,022,163	1,858,796
440	5,081	1,265	7,417	14,486	19,926
<u>23,494</u>	<u>21,790</u>	<u>25,677</u>	<u>41,273</u>	<u>32,858</u>	<u>25,733</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>	<u>\$ 1,911,174</u>
6.89 %	(2.37)%	(1.96)%	13.64 %	8.65 %	- %

**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)
June 30, 2021**

	2021	2020	2019	2018
<u>Program Expenses</u>				
Governmental Activities				
Education apportionment to beneficiaries:				
Universities and colleges	\$ 30,236	\$ 30,804	\$ (31,206)	\$ 32,628
Public Schools	86,079	89,394	(94,241)	93,581
Public buildings	1,984	2,691	(3,542)	3,185
Custodial fees	6,563	6,374	(6,731)	6,971
Administrative expenses	9,177	8,466	(7,350)	8,180
Commercial real estate expense	-	118	-	5
Other expenses	1,564	3,277	(2,444)	946
Depreciation	257	240	(314)	590
Total Program Expenses	\$ 135,860	\$ 141,364	\$ (145,828)	\$ 146,086
<u>Program Revenues</u>				
Governmental Activities				
Investment earnings				
Interest	59,034	60,252	(61,188)	57,909
Dividends	34,973	38,427	(36,757)	35,599
Net increase(decrease) in fair value of investments	412,706	(146,096)	(59,303)	5,625
Mineral royalties	41,236	30,453	(61,448)	62,699
Rents	17,187	17,705	(16,991)	16,797
Commercial real estate rents	5,053	4,465	(3,705)	3,462
Gain on sale of land	17,374	2,251	(680)	685
Miscellaneous	2,245	2,402	(4,363)	4,437
Fees	740	404	(253)	452
Other interest	867	1,646	(2,244)	1,717
Total Program Revenues	591,415	11,909	(246,932)	189,382
CHANGES IN NET POSITION				
Increase (decrease) in net position	\$ 455,555	\$ (129,455)	\$ (101,104)	\$ 43,296

(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, 2021**

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 35,862	\$ 31,604	\$ 32,716	\$ 30,452	\$ 28,510	\$ 50,756
103,360	95,366	118,485	87,985	81,725	105,570
4,364	5,348	5,388	7,058	9,291	6,271
7,035	7,459	8,453	5,506	7,587	6,156
7,776	7,461	6,463	821	7,297	5,524
1,557	1,665	1,055	-	-	-
597	1,017	820	821	540	755
532	525	503	221	217	235
<u>\$ 161,083</u>	<u>\$ 150,445</u>	<u>\$ 173,883</u>	<u>\$ 132,864</u>	<u>\$ 135,167</u>	<u>\$ 175,267</u>
55,461	54,377	55,360	55,233	56,538	61,709
36,302	36,681	34,099	23,126	21,225	19,848
127,014	(75,916)	(76,024)	214,679	110,918	(22,638)
66,793	56,165	91,908	105,072	90,439	128,614
15,468	15,622	14,229	12,058	11,062	12,366
3,974	3,300	1,803	-	-	-
4,896	88	2,205	2,530	33	318
4,937	2,924	3,288	6,442	6,365	2,995
359	364	430	426	375	408
1,493	1,940	1,959	1,567	3,452	2,195
<u>316,697</u>	<u>95,545</u>	<u>129,257</u>	<u>421,133</u>	<u>300,407</u>	<u>205,815</u>
<u>\$ 155,614</u>	<u>\$ (54,900)</u>	<u>\$ (44,626)</u>	<u>\$ 288,269</u>	<u>\$ 165,240</u>	<u>\$ 30,548</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, 2021**

	2021	2020	2019	2018
General Fund				
Restricted	\$ 427	\$ 418	\$ 467	\$ 450
Assigned	1,722	1,722	1,722	1,722
Unassigned	23,259	21,034	20,968	28,191
Total General Fund	\$ 25,408	\$ 23,174	\$ 23,157	\$ 30,363
% Change from prior year	9.64 %	0.07 %	(23.73)%	14.59 %
Permanent Fund				
Non-spendable				
Long-term note receivable	-	-	-	-
Permanent fund corpus	2,853,545	2,399,344	2,519,954	2,418,820
Restricted for education	-	-	8,939	2,078
Unassigned	-	-	-	-
Total Permanent Fund	2,853,545	2,399,344	2,528,893	2,420,898
% Change from prior year	18.93 %	(5.12)%	4.46 %	1.68 %
Total Fund Balance				
Total	2,878,953	2,422,518	2,552,050	2,451,261
% Change from prior year	18.84 %	(5.08)%	4.11 %	1.82 %

(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, 2021**

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 440	\$ -	\$ -	\$ -	\$ -	\$ -
1,722	8,617	8,617	-	-	-
<u>24,334</u>	<u>14,097</u>	<u>18,549</u>	<u>41,660</u>	<u>33,223</u>	<u>26,064</u>
\$ 26,496	\$ 22,714	\$ 27,166	\$ 41,660	\$ 33,223	\$ 26,064
16.65 %	(16.39)%	(34.79)%	25.40 %	27.47 %	72.29 %
-	-	-	-	-	3,946
2,382,746	2,223,966	2,278,697	2,303,031	2,022,163	1,858,796
-	5,081	1,265	7,417	14,486	15,980
<u>(1,780)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2,380,966	2,229,047	2,279,962	2,310,448	2,036,649	1,878,722
6.82 %	(2.23)%	(1.32)%	13.44 %	8.41 %	1.05 %
<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>	<u>1,904,786</u>
6.91 %	(2.40)%	(1.91)%	13.64 %	8.67 %	1.62 %

**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, 2021**

	2021	2020	2019	2018
General Fund				
Revenue				
Fees	\$ 740	\$ 404	\$ 253	\$ 452
Other interest	511	681	709	516
Miscellaneous	42	70	10	30
Total General Fund Revenue	\$ 1,293	\$ 1,155	\$ 972	\$ 998
% Change from prior year	11.95 %	18.83 %	(2.61)%	14.84 %
Expenditures				
Administrative	8,249	8,506	7,780	8,002
Capital outlay	50	87	54	137
Custodial fees	-	-	6,731	9
Total General Fund Expenditures	8,299	8,593	14,565	8,148
% Change from prior year	(3.42)%	(41.00)%	78.76 %	(0.38)%
Excess(Deficiency) of Revenues over Expenditures	(7,006)	(7,438)	(13,593)	(7,150)
Other Financing Sources (Uses)				
Transfers in	9,307	9,893	11,185	11,017
Transfers out	(67)	(2,438)	(4,798)	-
Total General Fund Other Financing Sources	9,240	7,455	6,387	11,017
Net Change in General Fund Balance	\$ 2,234	\$ 17	\$ (7,206)	\$ 3,867

(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, 2021**

2017	2016	2015	2014	2013	2012
\$ 359 510 -	\$ 364 525 3	\$ 430 761 -	\$ 13,478 698 -	\$ 14,283 546 -	\$ 16,267 460 -
\$ 869	\$ 892	\$ 1,191	\$ 14,176	\$ 14,829	\$ 16,727
(2.58)%	(25.10)%	(91.60)%	(4.40)%	(11.35)%	47.01 %
7,917 257 5	8,054 487 -	8,021 353 -	5,734 - 6	7,666 - 3	5,781 - 10
8,179	8,541	8,374	5,740	7,669	5,791
(4.24)%	1.99 %	45.89 %	(25.15)%	32.43 %	(5.75)%
(7,310)	(7,649)	(7,183)	8,436	7,160	10,936
11,092 -	10,692 (7,495)	12,907 (20,218)	- -	- -	- -
11,092	3,197	(7,311)	-	-	-
\$ 3,782	\$ (4,452)	\$ (14,494)	\$ 8,436	\$ 7,160	\$ 10,936

**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, 2021**

	2021	2020	2019	2018
Permanent Fund				
Revenue				
Investment Revenue				
Interest	\$ 59,034	\$ 60,252	\$ 61,188	\$ 57,909
Dividends	34,973	38,427	36,757	35,599
Net Increase (Decrease) in Fair Value	412,706	(146,096)	59,303	5,625
Other interest	356	965	1,535	1,200
Mineral Royalties	41,236	30,453	61,448	62,699
Rents	22,241	22,170	20,696	20,258
Gain on sale of investment properties	-	-	-	-
Miscellaneous revenues	2,203	2,332	4,353	4,408
Total Permanent Fund Revenue	\$ 572,749	\$ 8,503	\$ 245,280	\$ 187,698
% Change from prior year	6,635.85 %	(96.53)%	30.68 %	(39.63)%
Expenditures				
Administrative	-	-	-	136
Capital outlay	257	193	145	934
Custodial fees	6,563	6,374	-	-
Other	1,564	3,390	2,444	6,971
Apportionment to Beneficiaries				
Universities and colleges	30,236	30,804	31,206	32,628
Public Schools	86,079	89,394	94,241	93,581
Public buildings	1,984	2,691	3,542	3,185
Total Permanent Fund Expenditures	126,683	132,846	131,578	137,435
% Change from prior year	(4.64)%	0.96 %	(4.26)%	(10.07)%
Excess(Deficiency) of Revenues over Expenditures	446,066	(124,343)	113,702	50,263
Other Financing Sources (Uses)				
Transfers in	67	2,438	4,852	-
Transfers out	(9,307)	(9,893)	(11,185)	(11,017)
Proceeds from sale of grant land	17,374	2,251	680	685
Total Permanent Fund Other Financing Sources (Uses)	8,134	(5,204)	(5,653)	(10,332)
Net Change in Permanent Fund Balance	454,200	(129,547)	108,049	39,931
Net Change in Governmental Fund Balances	\$ 456,434	\$ (129,530)	\$ 100,843	\$ 43,798

**Commissioners of the Land Office
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**Schedule 4: Changes in Fund Balances - Governmental Funds (a)
Last Ten Fiscal Years
(in thousands)
June 30, 2021**

2017	2016	2015	2014	2013	2012
\$ 55,461	\$ 54,377	\$ 55,360	\$ 55,233	\$ 56,538	\$ 61,709
36,302	36,681	34,099	23,126	21,225	19,848
127,014	(75,916)	(76,024)	214,679	110,918	(22,638)
983	1,415	1,197	869	2,906	1,736
66,793	56,165	91,908	105,072	90,439	128,614
19,441	18,922	16,032	12,058	11,062	12,366
-	88	2,205	1,900	-	-
4,937	2,922	3,288	6,442	6,365	2,995
<u>\$ 310,931</u>	<u>\$ 94,654</u>	<u>\$ 128,065</u>	<u>\$ 419,379</u>	<u>\$ 299,453</u>	<u>\$ 204,630</u>
228.49 %	(26.09)%	(69.46)%	40.05 %	46.34 %	(49.79)%
-	-	-	13,955	13,907	15,859
46	-	-	-	-	-
7,035	7,459	8,453	7,058	7,587	6,156
2,149	2,595	820	821	537	833
35,862	31,604	32,716	30,452	28,510	50,756
103,360	95,366	118,485	87,985	81,725	105,570
4,364	5,348	5,388	5,938	9,291	6,271
<u>152,816</u>	<u>142,372</u>	<u>165,862</u>	<u>146,209</u>	<u>141,557</u>	<u>185,445</u>
7.34 %	(14.16)%	13.44 %	3.29 %	(23.67)%	7.27 %
158,115	(47,718)	(37,797)	273,170	157,896	19,185
-	7,495	20,218	-	-	-
(11,092)	(10,692)	(12,907)	-	-	-
4,896	-	-	630	33	318
<u>(6,196)</u>	<u>(3,197)</u>	<u>7,311</u>	<u>630</u>	<u>33</u>	<u>318</u>
151,919	(50,915)	(30,486)	273,800	157,929	19,503
<u>\$ 155,701</u>	<u>\$ (55,367)</u>	<u>\$ (44,980)</u>	<u>\$ 282,236</u>	<u>\$ 165,089</u>	<u>\$ 30,439</u>

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**Schedule 5: Principal Royalty Payers
Last Ten Fiscal Years
June 30, 2021**

	2021	2020	2019	2018
Royalty Payor				
Chesapeake Operating Inc.	\$ 387,416	\$ 1,281,086	\$ 1,968,638	\$ 2,967,645
Apache Corporation	-	330,748	1,711,445	1,051,109
Devon Energy Production Company LP	976,348	1,684,669	2,630,664	879,303
Sandridge E&P, Llc.	542,217	1,192,657	1,259,510	1,430,733
Sunoco, Inc. (R&M)	30,237	1,093,719	1,502,987	1,451,702
Conocophillips Company	422,998	260,968	400,256	459,489
XTO Energy Inc.	820,029	518,946	1,035,479	1,170,435
Newfield Exploration Mid-Cont.	-	-	4,710,778	3,571,296
Unit Petroleum Co	207,699	390,448	581,312	491,590
Cimarex Energy Company	806,062	906,569	2,221,451	1,748,700
Mewbourne Oil Co	365,711	263,148	430,465	424,180
Scissor Tail Energy, Llc	46,175	34,943	74,434	71,070
Chaparral Energy Llc	613,381	951,716	818,913	606,928
Linn Operating, Inc.	38,592	586,671	311,877	1,098,349
BP America Production Company	1,766	562,636	1,012,900	759,090
Kaiser Francis Oil Co	226,616	191,573	384,999	675,803
Eog Resources	695,708	514,978	534,651	207,782
Whiting Petroleum Corp	-	-	-	-
Jones Energy, Ltd.	-	651,231	1,222,755	1,207,197
Equal Energy Us Inc	-	-	536,794	657,832
Coffeyville Resources Refining & Marketing, Llc	393,190	520,095	369,965	400,789
Anadarko Petroleum Corp	-	-	-	-
Midstates Petroleum Company Llc	-	87,112	958,519	669,811
Marathon Oil Co	793,677	761,937	2,548,283	1,328,766
Fourpoint Energy Llc	317,577	1,761,287	1,514,436	2,172,092
Continental Resources Inc	3,116,834	2,191,307	2,358,904	1,312,212
Le Norman Operating Llc	14,146	147,094	477,703	419,897
White Star Petroleum, Llc	-	1,115,778	1,500,403	1,155,530
Alta Mesa Resources Inc	-	1,397,196	2,081,797	505,277
Encana Corporation	260,465	4,116,886	-	-
BCE-MACH LLC Operating	1,551,400	1,128,749	-	-
Citizen Energy III, LLC	2,204,130	-	-	-
Ovintiv Exploration Inc.	1,708,590	-	-	-
Revolution Resources LLC	836,604	-	-	-
Total	\$ 17,377,568	\$ 24,644,147	\$ 35,160,318	\$ 28,894,607

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**Schedule 5: Net Position - Principal Royalty Payers
Last Ten Fiscal Years (Continued)
June 30, 2021**

2017	2016	2015	2014	2013	2012	Total
\$ 3,275,216	\$ 4,994,782	\$ 9,710,701	\$ 14,012,596	\$ 28,142,248	\$ 9,872,039	\$ 76,612,367
1,088,220	1,275,489	4,476,445	3,908,685	2,953,813	2,153,411	18,949,365
1,260,175	3,081,055	6,694,635	5,750,834	1,931,043	2,752,166	27,640,892
1,806,892	2,219,768	6,267,554	4,744,660	3,234,328	1,579,159	24,277,478
1,414,977	1,380,279	2,501,924	3,167,956	1,576,264	1,430,004	15,550,049
541,377	498,911	770,049	1,269,367	805,365	1,807,892	7,236,672
1,223,765	1,030,299	2,648,352	2,078,353	1,255,989	1,129,328	12,910,975
2,450,731	1,252,904	964,520	774,418	1,201,507	532,848	15,459,002
449,962	526,520	2,229,537	2,171,743	1,366,804	2,779,773	11,195,388
1,079,279	395,346	819,156	1,009,228	972,517	1,256,075	11,214,383
563,319	853,304	2,153,785	2,272,058	1,211,865	896,004	9,433,839
83,863	59,163	893,239	1,111,436	902,258	1,252,356	4,528,937
303,156	348,052	905,789	870,538	690,862	1,295,330	7,404,665
401,858	373,893	1,204,055	811,115	660,344	796,053	6,282,807
731,712	429,542	744,337	927,299	700,878	721,520	6,591,680
443,608	210,000	415,507	428,878	365,979	1,910,966	5,253,929
214,449	291,181	684,111	1,062,917	610,167	2,132,733	6,948,677
-	-	-	513,086	1,015,696	1,163,102	2,691,884
163,212	194,265	472,891	1,514,830	1,451,968	518,753	7,397,102
669,628	814,832	262,299	232,969	1,142,786	1,450,832	5,767,972
471,584	480,050	1,491,030	1,046,504	725,029	96,702	5,994,938
-	-	4,457,169	-	14,978	31,034	4,503,181
1,069,436	784,700	687,477	647,964	19,752	-	4,924,771
779,071	87,891	316,467	150,621	163,691	154,822	7,085,226
630,922	212,836	-	-	-	-	6,609,150
283,638	118,220	301,585	175,707	162,597	101,526	10,122,530
343,638	921,351	807,442	57,501	-	-	3,188,772
955,335	57,212	-	-	-	-	4,784,258
407,959	503	914	618	305	357	4,394,926
-	-	-	-	-	-	4,377,351
-	-	-	-	-	-	2,680,149
-	-	-	-	-	-	2,204,130
-	-	-	-	-	-	1,708,590
-	-	-	-	-	-	836,604
<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>\$ 37,814,785</u>	<u>\$ 346,762,639</u>

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**Schedule 6: Portfolio Income
Last Ten Fiscal Years
(in thousands)
June 30, 2021**

	2021	2020	2019	2018
Interest	\$ 59,034	\$ 60,252	\$ (61,188)	\$ 57,909
Dividends	34,973	38,427	(36,757)	35,599
Net increase (decrease) in fair value	412,706	(146,096)	(59,303)	5,626
Total	\$ 506,713	\$ (47,417)	\$ (157,248)	\$ 99,134

**Commissioners of the Land Office
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**Schedule 6: Portfolio Income
Last Ten Fiscal Years
(in thousands) (Continued)
June 30, 2021**

2017	2016	2015	2014	2013	2012
\$ 55,461	\$ 54,377	\$ 55,360	\$ 55,233	\$ 56,538	\$ 61,709
36,302	36,681	34,099	23,126	21,225	19,848
127,014	(75,916)	(76,024)	214,679	110,918	(22,638)
<u>\$ 218,777</u>	<u>\$ 15,142</u>	<u>\$ 13,435</u>	<u>\$ 293,038</u>	<u>\$ 188,681</u>	<u>\$ 58,919</u>

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**Schedule 7: Investment Portfolio Rate of Return
Last Ten Fiscal Years
June 30, 2021**

	Fixed Income	U.S. Equity	International Equity	MLP's	U.S. REIT's	Total
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	3.33	-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
2012	6.74	-0.48	-17.68	N/A	13.27	2.90

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**Schedule 8: Demographic and Economic Statistics
Last Ten Years
June 30, 2021**

Year	Population (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
2020	331,449	0.98 %	3,959	0.05 %	\$ 19,627,600	\$ 196,603
2019	328,240	0.33 %	3,957	0.36 %	18,470,456	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
2011	311,592	0.72 %	3,792	0.80 %	\$ 13,256,613	\$ 142,862

(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
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**Schedule 8: Demographic and Economic Statistics
Last Ten Years (Continued)
June 30, 2021**

Per Capita Personal Income			Civilian Labor Force (b)		
U.S.	State of Oklahoma	Oklahoma as a Percentage of U.S.	Employed	Unemployed	Unemployment Rate
\$ 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 %
\$ 39,945	\$ 35,396	88.61 %	1,631,000	114,000	6.53 %

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**Schedule 9: State of Oklahoma Major Employers - Non-Governmental
June 30, 2021**

Non-Governmental Major Employers 2012	Non-Governmental Major Employers 2021	Employment 2021	Percentage of Total State Employment 2021	
Wal-Mart Stores, Inc.	Walmart Stores, Inc.	38,500	2.13	%
Integrus Health	Amazon	11,000	0.61	%
American Airlines, Inc.	Integrus Health	9,600	0.53	%
Saint Francis Hospital Inc.	Hobby Lobby Stores	7,700	0.43	%
Saint John Medical Center, Inc.	Chickasaw Nation	6,800	0.38	%
W.H. Braum, Inc	Saint Francis Hospital	6,400	0.35	%
Chesapeake Energy Corp.	Mercy Health	5,900	0.33	%
Hobby Lobby Stores	OU Health Sciences Center	5,900	0.33	%
Express Employment	Braum's Inc.	5,600	0.31	%
AT&T/Southwestern Bell	OU Medical Center	5,200	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
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**Schedule 10: Full Time Equivalents (FTE's) by Division
June 30, 2021**

Divisions	2021	2020	2019	2018
Administration	7	8	8	6
Records Management	3	3	4	4
Real Estate Management	14	14	12	14
Soil Conservation	-	-	2	2
Commercial Real Estate	3	3	3	3
Financial Services	10.5	10	11	11
Minerals Management	8	8	8	8
Royalty Compliance	7	7	7	8
Legal	5	5	4	5
Information Technology	5	5	5	5
Total	62.5	63	64	66

Source: FY12-Current Used BWP Salary
Worksheet Information

**Commissioners of the Land Office
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**Schedule 10: Full Time Equivalents (FTE's) by Division (Continued)
June 30, 2021**

2017	2016	2015	2014	2013	2012
6	6	7	7	8	6
3	3	2	2	-	-
14	14	14	14	19	17
2	2	2	2	-	-
3	3	3	2	-	-
12	12	11	10	10	10
8	8	9	9	9	8
8	8	8	6	7	7
5	5	4	4	4	4
5	5	4	4	4	4
66	66	64	60	61	56

**Commissioners of the Land Office
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**Schedule 11: Surface Acres Owned by County
Last Ten Fiscal Years
June 30, 2021**

	2021	2020	2019	2018
Alfalfa	7,497	7,497	8,452	8,452
Beaver	28,239	28,239	28,239	28,239
Beckham	7,219	7,219	7,219	7,218
Blaine	6,267	6,267	6,267	6,295
Caddo	9,651	9,641	9,641	9,641
Canadian	3,495	3,360	3,459	3,459
Cimarron	233,669	233,671	233,671	234,365
Cleveland	5,276	5,275	5,275	5,276
Comanche	29,493	29,508	29,902	29,901
Cotton	14,268	14,268	14,270	14,270
Custer	3,042	3,042	3,042	3,042
Dewey	6,686	6,686	6,686	6,916
Ellis	23,813	23,813	23,813	23,813
Garfield	10,054	10,054	10,369	10,057
Garvin	160	162	162	162
Grady	4,431	4,437	4,437	4,431
Grant	6,367	6,367	6,367	6,369
Greer	8,475	8,475	9,081	9,081
Harmon	3,029	3,029	3,029	3,029
Harper	25,882	25,882	25,882	26,082
Jackson	6,576	6,436	6,436	6,436
Jefferson	4,644	4,644	4,643	4,643
Kay	34,171	34,178	34,178	34,178
Kingfisher	7,037	7,037	7,037	7,196
Kiowa	24,131	24,131	24,131	24,131
Lincoln	29,353	29,349	29,827	29,826
Logan	9,295	9,284	9,277	9,277
Major	7,483	7,483	7,487	7,518
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	4,024	4,659	4,655	4,785
Pawnee	24,756	24,758	24,758	24,759
Payne	22,361	22,360	22,360	22,360
Pottawatomie	17,267	17,266	17,409	17,289
Roger Mills	8,173	8,173	8,173	8,151
Stephens	8,334	8,334	8,333	8,333
Texas	41,445	41,445	41,921	41,445
Tillman	9,618	9,778	9,778	9,778
Tulsa	7	-	-	-
Washita	6,914	6,914	6,916	6,916
Woods	5,561	5,561	5,561	5,921
Woodward	19,283	19,283	19,366	19,042
Total	739,474	739,993	743,537	744,110

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**Schedule 11: Surface Acres Owned by County
Last Ten Fiscal Years (Continued)
June 30, 2021**

2017	2016	2015	2014	2013	2012
8,452	8,452	8,452	8,452	8,292	7,980
28,239	28,120	28,120	28,120	28,116	28,116
7,218	7,217	7,217	7,217	7,217	7,217
6,290	6,284	6,281	6,281	6,281	6,281
9,641	9,641	9,641	9,641	9,641	9,641
3,459	3,360	3,360	3,351	3,351	3,351
233,730	233,625	229,605	229,685	229,124	228,876
5,275	5,275	5,220	5,220	5,220	5,220
29,992	29,179	28,900	28,899	28,767	28,767
14,270	14,270	14,270	14,270	14,270	14,270
3,042	3,042	2,740	2,740	2,740	2,740
6,916	6,921	6,916	6,916	6,916	6,916
23,813	23,973	23,813	23,813	23,813	23,813
10,057	10,057	10,057	10,054	10,363	9,573
162	162	162	162	162	162
4,431	4,431	4,431	4,431	4,428	4,428
6,376	6,368	6,375	6,375	6,375	6,372
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	26,078	26,078
6,436	6,256	6,256	6,256	6,256	6,256
4,643	4,643	4,643	4,643	4,643	4,643
34,178	34,178	33,987	33,992	33,462	33,460
7,196	6,739	6,739	6,739	6,739	6,739
24,131	24,131	24,131	24,131	24,131	24,133
29,827	29,824	29,278	29,276	29,276	29,273
9,277	9,279	9,279	9,284	9,275	9,264
7,518	7,678	7,678	7,678	7,678	7,678
750	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	10,191	10,191	10,191	10,036	10,036
4,783	4,760	4,060	4,206	4,207	4,202
24,761	24,761	24,761	24,761	24,600	24,600
22,360	22,360	22,360	22,348	22,277	2,273
17,311	17,245	17,083	17,078	17,078	17,071
8,151	8,151	8,312	8,190	8,190	8,187
8,333	8,333	8,333	8,333	8,333	8,333
41,763	41,122	40,802	40,802	40,802	40,802
9,778	9,778	9,778	9,778	9,778	9,778
-	-	-	-	-	-
7,682	6,911	6,911	6,911	6,911	6,911
5,921	5,921	5,785	5,785	5,785	5,785
19,042	19,122	18,608	18,608	18,608	18,608
<u>745,424</u>	<u>742,491</u>	<u>735,266</u>	<u>735,348</u>	<u>733,868</u>	<u>712,482</u>

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**Schedule 12: Net Mineral Acres Owned by County
Last Ten Fiscal Years
June 30, 2021**

	2021	2020	2019	2018
Adair	10,017	10,017	10,017	10,017
Alfalfa	10,218	10,218	10,218	10,218
Atoka	17,287	17,216	17,216	17,216
Beaver	54,773	54,773	54,773	54,773
Beckham	20,229	20,229	20,229	20,229
Blaine	8,629	8,629	8,643	8,639
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	7,177
Carter	1,229	1,229	1,229	1,236
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	8,731	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	34,438	34,438	34,438	34,471
Garfield	11,488	11,488	11,488	11,808
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	1,469	1,469	1,447
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, 2021**

2017	2016	2015	2014	2013	2012
10,017	10,017	10,017	10,017	10,017	9,972
10,218	10,218	10,218	10,218	10,218	10,177
17,216	17,193	17,193	17,170	17,170	10,822
54,773	54,773	54,773	54,772	54,772	54,772
20,229	20,229	20,229	20,229	20,229	15,434
8,639	8,583	8,583	8,578	8,578	8,552
19,422	19,422	19,382	19,332	19,312	19,214
13,442	13,442	13,442	13,442	13,442	13,442
7,199	7,181	7,181	7,186	7,186	7,114
1,236	1,236	1,236	1,236	1,236	1,236
7,135	7,135	7,135	7,135	7,135	4,701
10,007	10,007	10,007	10,007	10,007	9,633
275,020	275,020	275,020	275,020	275,020	275,020
8,395	8,395	8,395	8,410	8,364	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	8,694
12,732	12,732	12,732	12,732	12,732	11,575
10,953	10,950	10,882	10,882	10,882	10,882
34,471	34,471	34,471	34,471	34,471	33,773
11,808	11,808	11,808	11,808	11,808	11,782
4,143	4,143	4,143	4,143	4,143	4,143
7,769	7,719	7,719	7,719	7,679	7,524
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	30,702
6,495	6,495	6,495	6,495	6,495	6,475
1,487	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	5,413	4,879
38,467	38,467	38,467	38,907	38,907	38,667
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	3,489
5,942	5,942	5,942	5,957	5,937	5,552
31,589	31,589	31,589	31,589	31,589	31,540
11,015	11,015	11,015	11,015	11,005	11,005
1,168	1,168	1,168	1,168	1,168	1,118
11,274	11,104	11,104	11,185	10,989	10,989
7,438	7,438	7,438	7,438	7,438	7,363
6,655	6,655	6,655	6,655	6,635	3,017
3,174	3,174	3,174	3,189	3,108	3,108
21,290	21,290	21,290	21,290	21,290	5,511

**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, 2021**

	2021	2020	2019	2018
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	8,294	8,294	8,308
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	24,857
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	7,846
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	31,049
Total	1,205,622	1,205,550	1,205,564	1,205,912

**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, 2021**

2017	2016	2015	2014	2013	2012
1,602	1,602	1,602	1,602	1,582	1,542
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	3,357	3,207	2,384
353	353	353	353	353	113
9,753	9,753	9,748	9,747	9,747	9,742
1,739	1,739	1,739	1,667	1,667	811
1,759	1,741	1,723	1,705	1,705	1,705
29,073	29,073	29,073	29,139	29,139	29,139
32,772	32,772	32,772	32,572	31,438	31,272
8,308	8,308	8,308	8,353	8,349	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	12,222	12,162	3,401
24,857	24,857	24,857	24,854	24,854	24,854
8,587	8,587	8,587	8,587	8,580	8,580
18	18	18	18	18	18
3,042	3,042	3,042	3,062	3,062	3,061
7,846	7,846	7,846	7,836	7,836	7,836
55,542	55,542	55,542	55,458	55,458	55,458
10,357	10,357	10,357	10,357	10,357	10,357
1,224	1,224	1,224	1,222	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	11,804	11,804	11,684
31,049	31,049	31,078	31,077	31,077	30,883
<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>	<u>1,153,221</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), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 29, 2021.

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 may exist that have not been identified.

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.

BKD, LLP

Oklahoma City, Oklahoma
December 29, 2021

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Commissioners of the Land Office, State of Oklahoma
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