Quartz Mountain Arts and Conference Center and Nature Park

Financial Statements
with Independent Auditors' Reports

September 30, 2020 and June 30, 2020

HINKLE & COMPANY PC
Strategic Business Advisors

Quartz Mountain Arts and Conference Center and Nature Park

Table of Contents

September 30, 2020 and June 30, 2020

HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditors' Report

Board of Trustees
Quartz Mountain Arts and Conference Center and Nature Park
Lone Wolf, Oklahoma

Report on the Financial Statements
We have audited the accompanying financial statements of the Quartz Mountain Arts and Conference Center and Nature Park (the Center) as of and for the three months ended and year ended September 30, 2020 and June 30, 2020, respectively, and the related notes to the financial statements, which collectively comprise the Center'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.

Auditors' 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 auditors' 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.

5028 E. 101st Street
Tulsa, OK 74137
TEL: 918.492.3388
FAX: 918.492.4443
www.hinklecpas.com

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Center, as of September 30, 2020 and June 30, 2020 and the respective changes in financial position and cash flows thereof for the three months ended and year then ended, respectively, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter
As noted in Note 10 to the financial statements, Quartz Mountain Arts and Conference Center and Nature Park has transferred from the board of trustees for the Quartz Mountain Arts and Conference Center and Nature Park to the Oklahoma Tourism and Recreation Department as of October 1, 2020.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary 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 supplemental 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 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 Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2021 on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the 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 Quartz Mountain Arts and Conference Center and Nature Park's internal control over financial reporting and compliance.

Hinkle & Company, PC

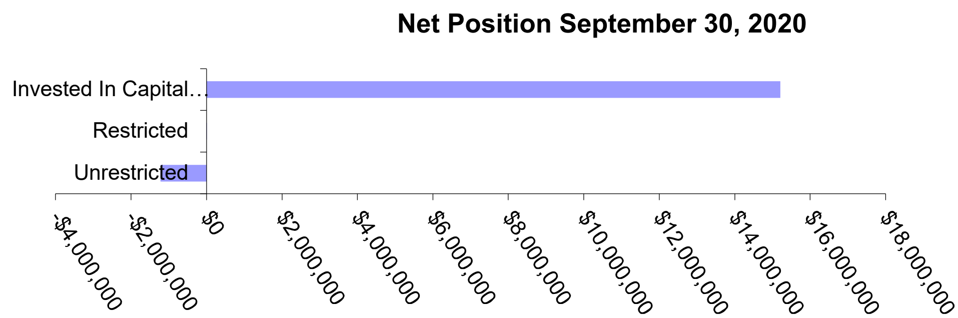
Tulsa, Oklahoma
December 17, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

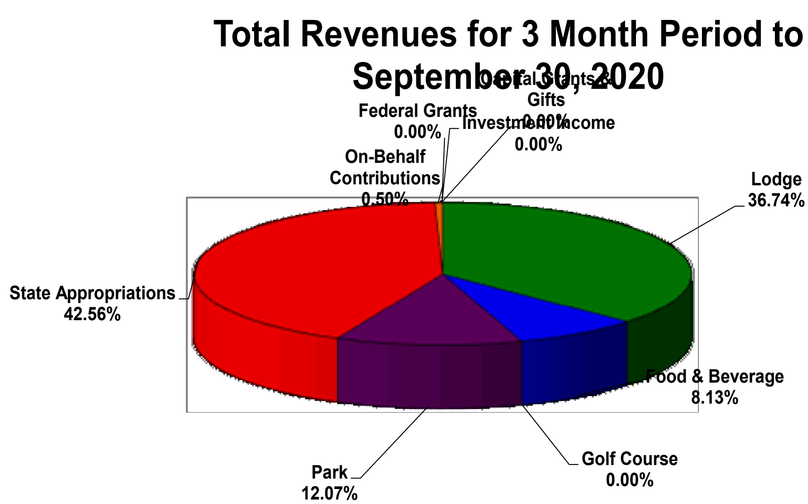
The discussion and analysis of Quartz Mountain Arts and Conference Center and Nature Park's (the "Center") financial statements provides an overview of the Center's financial activities for the 3-month period ending on September 30, 2020. Since this management's discussion and analysis is designed to focus on current activities, resulting changes, and current known facts, the following will not be comparative due to the transfer of Quartz Mountain to Tourism.

Financial Highlights

At September 30, 2020, the Center's net position is $14 million. Of this, ($1,225,205) is considered in the unrestricted category. Graphically displayed, the net position by category for the fiscal year is shown below:



The following chart provides a graphical breakdown of revenues by category for the 3-month period ending on September 30, 2020.



For the 3-month period ending on September 30, 2020, Quartz Mountain Arts and Conference Center and Nature Park's expenses exceed revenues, creating a decrease in net position of $82,493, representing a 0.5% decrease.

Overview of the Financial Statements and Financial Analysis

The annual report consists of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows.

The statement of net position and the statement of revenues, expenses, and changes in net position report information on the Center as a whole and on its activities. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as the Center's operating results.

These two statements report the Center's net position and changes in net position. The Center's net position - the difference between assets and liabilities - are a measurement of the Center's financial health, or financial position. Over time, increases or decreases in the Center's net position are an indicator of whether its financial health is improving or deteriorating. Numerous other non-financial factors, such as the quality of recreational services provided, the preservation of natural resources, and the condition and safety of the facilities are important in assessing the overall health of the Center.

These statements include assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

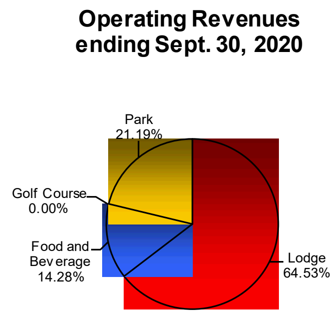
The third statement, the statement of cash flows, presents detailed information about the cash activity of the Center during the year. The statement is divided into four parts. The first part presents operating cash flows and shows the net cash used by the operating activities of the Center. The second section reflects cash flows from non-capital items. The third section reflects cash flows from capital and related financing activities. The fourth section reconciles the net cash provided or used to the operating income or loss reflected on the statement of revenues, expenses, and changes in net position. The statement provides information regarding the entity's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its needs for external funding.

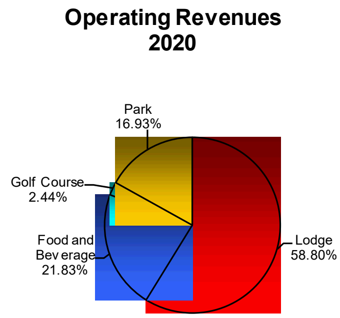
The following table of the Center's net position summarizes the major changes between the 3-month period ending on September 30, 2020 and the years ending on June 30, 2020 and 2019:

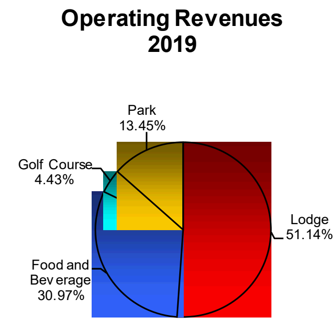
Condensed Statement of Net Position

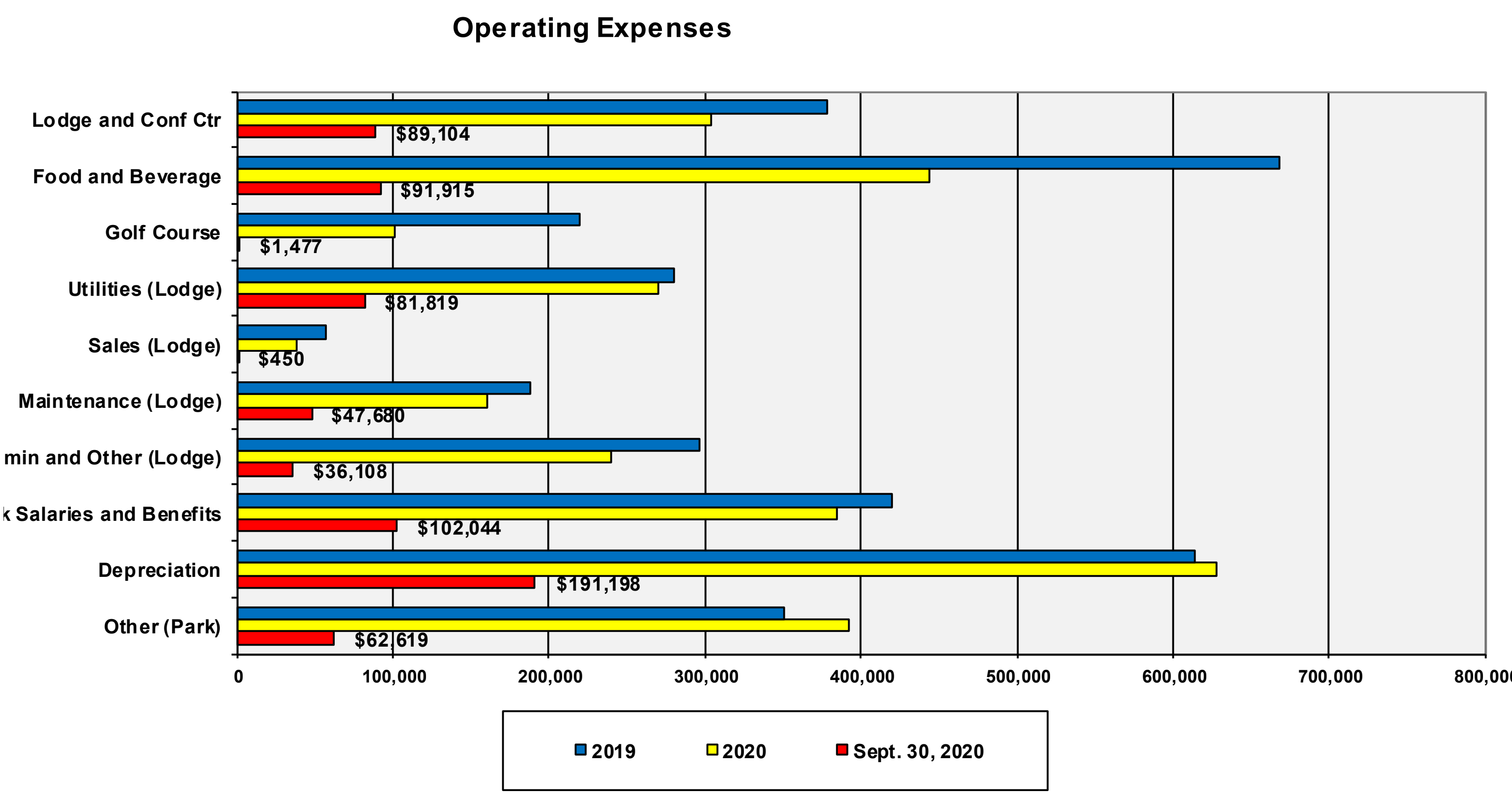
	30-Sep 2020	June 30 2020	Increase (Decrease)	Percent Change	June 30 2019	Increase (Decrease)	Percent Change
Current assets	$ 249,438	$ 176,051	$ 73,387	41.69%	$ 427,254	$ (251,203)	-58.79%
Noncurrent assets:							
Restricted cash and cash equivalents	-	433	(433)	-100.00%	433	-	0.00%
Net OPEB asset	6,436	6,436	-	0.00%	12,314	(5,878)	100.00%
Capital assets, net	16,466,132	16,659,866	(193,734)	-1.16%	17,282,307	(622,441)	-3.60%
Total assets	16,722,006	16,842,786	(120,780)	-0.72%	17,722,308	(879,522)	-4.96%
Deferred outflows	262,646	262,646	-	0.00%	304,386	(41,740)	-13.71%
Total assets and deferred outflows of resources	16,984,652	17,105,432	(120,780)	-0.71%	18,026,694	(921,262)	-5.11%
Current liabilities	134,373	201,019	(66,646)	-33.15%	380,404	(179,385)	-47.16%
Noncurrent liabilities:	2,359,177	2,329,517	29,660	1.27%	2,465,117	(135,600)	-5.50%
Total liabilities	2,493,550	2,530,536	(36,986)	-1.46%	2,845,521	(314,985)	-11.07%
Deferred inflows	499,843	501,144	(1,301)	-0.26%	543,001	(41,857)	-7.71%
Total liabilites and deferred inflows of resources	2,993,393	3,031,680	(38,287)	-1.26%	3,388,522	(356,842)	-10.53%
Net Position							
Invested in capital assets, net of related debt	15,215,278	15,388,345	(173,067)	-1.12%	15,948,228	(559,883)	-3.51%
Restricted for capital projects	1,301	(41,363)	42,664	-103.15%	(46,569)	5,206	-11.18%
Restricted for OPEB	(115)	(115)	-	0.00%	3,833	(3,948)	100.00%
Unrestricted	(1,225,205)	(1,273,115)	47,910	-3.76%	(1,267,320)	(5,795)	0.46%
Total net position	$ 13,991,259	$ 14,073,752	$ (82,493)	-0.59%	$ 14,638,172	$ (564,420)	-3.86%

Operating revenues and expenses for the fiscal years ended June 30, 2020, 2019 and 2018:









Revenues, Expenses and Changes in Net Position

	3 Months Ended September 30 2020	Year Ended June 30 2020	Increase (Decrease)	Percent Change	Year Ended June 30 2019	Increase (Decrease)	Percer Chang
Operating revenues:							
Lodge and conference center	$ 228,495	$ 754,066	$ (525,571)	-69.70%	$ 1,011,685	(257,619)	-25.4
Food and beverage	50,554	279,929	(229,375)	-81.94%	612,697	(332,768)	-54.3
Golf course and pro shop	-	31,294	(31,294)	-100.00%	87,661	(56,367)	-64.3
Park and other revenue	75,050	217,120	(142,070)	-65.43%	266,067	(48,947)	-18.4
Total operating revenues	354,099	1,282,409	(928,310)	-72.39%	1,978,110	(695,701)	-35.1
Less operating expenses	704,414	2,961,688	(2,257,274)	-76.22%	3,470,709	(509,021)	-14.6
Net loss from operations	(350,315)	(1,679,279)	1,328,964	-79.14%	(1,492,599)	(186,680)	12.5
Nonoperating revenues (expenses):							
State appropriations	264,708	1,058,834	(794,126)	-75.00%	856,906	201,928	23.5
On-behalf contributions	9,540	100,252	(90,712)	-90.48%	526,749	(426,497)	-80.9
Capital grants and gifts	-	7,850	(7,850)	-100.00%	758,233	(750,383)	-98.9
Investment Income	-	-	-	100.00%	529	(529)	0.0
Gain (loss) on disposal of assets	7,219	(1,530)	8,749	-571.83%	(14,426)	12,896	-89.3
Interest Expense	(13,645)	(50,547)	36,902	-73.01%	(17,278)	(33,269)	192.5
Net nonoperating revenues	267,822	1,114,859	(847,037)	-75.98%	2,110,713	(995,854)	-47.1
Increase (decrease) in net position	(82,493)	(564,420)	481,927	-85.38%	618,114	(1,182,534)	-191.3
Net position, beginning of year	14,073,752	14,638,172	(564,420)	-3.86%	14,020,058	618,114	4.4
Net position, end of year	$ 13,991,259	$ 14,073,752	$ (82,493)	-0.59%	$ 14,638,172	$ (564,420)	-3.8

For the 3-month period ending on September 30, 2020, the Center's expenses exceed revenue creating a decrease in net position of $82,493. For the year ended June 30, 2020, there was a decrease in net position of $564,420. In contrast, for the year ended June 30, 2019, increase in net position of $618,114.

September 30, 2020 compared to June 30, 2020 resulted in the following revenue and expense changes:

- Overall operating revenues decreased by 72.39% or $928,310. This is due to a shortened time period and the closure of the golf course.
- Overall operating expenses decreased by 76.22%, or $2,257,274. This is due to a shortened time period and the lay-off of personnel.
- Net non-operating revenues decreased by 75.98% or $847,037. This is due to a shortened time period.

GASB Statements No. 68 and 75

For the year ended June 30, 2015, the Center adopted the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. The statement was effective for fiscal years beginning after June 15, 2014. This GASB statement requires that the Center calculate its total pension liability using three essential steps:

1. Projecting future benefit payments for current and former employees and their beneficiaries,
2. Discounting those payments to their present value, and
3. Allocating the present value over past, present, and future periods of employee service.

The effect of the net pension liability has a direct effect on the Unrestricted Net Position. Below is an illustration of the effect GASB Statement No. 68 on the 2017 Unrestricted Net Position:

June 30, 2017 unrestricted net position	($1,030,232)
Deferred outflows related to pension	(787,503)
Net pension liability	2,000,300
Deferred inflows related to pension	205,821
Unrestricted net position prior to net pension liability	$ 388,386

For the year ended June 30, 2018, in addition to GASB Statement No. 68, the Center adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The statement is effective for fiscal years beginning after June 15, 2017. This GASB statement requires that the Center measure its total OPEB liability using three broad steps:

1. Project benefit payments,
2. Discount projected benefit payments to actuarial present value, and
3. Attribute actuarial present value to periods.

Below is an illustration of the effect GASB Statements No. 68 and 75 on the 2019 Unrestricted Net Position:

June 30, 2019 unrestricted net position	($1,267,320)
Deferred outflows related to pension	(301,280)
Deferred outflows related to OPEB	(3,106)
Net pension liability	1,127,904
Total OPEB liability	10,675
Deferred inflows related to pension	485,863
Deferred inflows related to OPEB	1,656
Unrestricted net position prior to net pension/OPEB liabilities	$ 54,392

**Note: Unrestricted net position is not affected by the net OPEB asset of $12,314 or related deferred inflows of $8,481. The difference between these two amounts creates a net position restricted for OPEB in the amount of $3,833.*

Below is an illustration of the effect GASB Statements No. 68 and 75 on the 2020 Unrestricted Net Position:

June 30, 2020 unrestricted net position	($1,273,115)
Deferred outflows related to pension	(258,016)
Deferred outflows related to OPEB	(4,630)
Net pension liability	1,068,118
Total OPEB liability	4,058
Deferred inflows related to pension	450,141
Deferred inflows related to OPEB	2,656
Unrestricted net position prior to net pension/OPEB liabilities	$ (10,788)

**Note: Unrestricted net position is not affected by the net OPEB asset of $6,436 or related deferred inflows of $6,551. The difference between these two amounts creates a net position restricted for OPEB in the amount of ($115).*

Below is an illustration of the effect GASB Statements No. 68 and 75 on the September 30, 2020 Unrestricted Net Position:

September 30, 2020 unrestricted net position	($1,225,205)
Deferred outflows related to pension	(258,016)
Deferred outflows related to OPEB	(4,630)
Net pension liability	1,068,118
Total OPEB liability	4,058
Deferred inflows related to pension	450,141
Deferred inflows related to OPEB	2,656
Unrestricted net position prior to net pension/OPEB liabilities	$ 37,122

**Note: Unrestricted net position is not affected by the net OPEB asset of $6,436 or related deferred inflows of $6,551. The difference between these two amounts creates a net position restricted for OPEB in the amount of ($115).*

Please refer to Note 5–Retirement Programs and Note 6–Other Post-Employment Benefits (OPEB) in the Notes to the Financial Statements for further information regarding the implementation of GASB Statements No. 68 and No. 75.

Another way to assess the financial health of an institution is to look at the statement of cash flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows also helps users assess an entity's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its needs for external financing.

Below is a condensed look at the statement of cash flows for the 3-month period ending September 30, 2020, and fiscal years 2020 and 2019.

Cash Flows for the Years Ended

	September 30	**June 30**	
	2020	**2020**	**2019**
Cash Provided (used) by:			
Operating activities	$ (177,365)	$ (1,086,427)	$ (893,943)
Noncapital financing activities	264,708	1,058,834	857,435
Capital and related financing activities	(15,017)	(73,953)	(61,311)
Net increase (decrease) in cash	72,326	(101,546)	(97,819)
Cash, beginning of the year	129,933	231,479	329,298
Cash, end of the year	$ 202,259	$ 129,933	$ 231,479

For the 3-month period ending September 30, 2020, the Center's liquidity experienced an increase of $72,326, as compared to decreases of $101,546 in 2019.

Description of Capital Assets and Long-Term Debt Activity

For the 3-month period ending September 30, 2020, the Center had $16.5 million invested in capital assets, net of accumulated depreciation of $13.2 million. Depreciation charges totaled $191,198 for the 3-month period ending September 30, 2020. Details of these assets are shown below for 3-month period ending September 30, 2020, and the fiscal years 2020 and 2019:

	Capital Assets, Net 3 Months Ended September 30	Year-Ended June 30	
	2020	2020	2019
Land	$ 278,393	$ 278,393	$ 278,393
Infrastructure	1,830,446	1,845,677	1,779,739
Land Improvements	1,622,094	1,473,947	1,619,610
Buildings	12,826,553	12,960,917	12,719,110
Equipment	(91,354)	100,932	127,222
Construction in Progress	-	-	758,233
Totals	$ 16,466,132	$ 16,659,866	$ 17,282,307

For the 3-month period ending September 30, 2020, the Center had $1.25 million in debt outstanding. The table below summarizes the outstanding debt by type for the 3-month period ending September 30, 2020 and the years ended June 30, 2020 and 2019.

	Outstanding Debt September 30	June 30	
	2020	2020	2019
OCIA Capital Lease - Series 2014A	801,188	801,188	802,162
ODFA Master Lease - Series 2015D	345,084	355,417	386,417
ODFA Master Lease - Series 2018A	104,582	114,916	145,500
	$ 1,250,854	$ 1,271,521	$ 1,334,079

More detailed information about the Center's outstanding debt is presented in Note 4 of the financial statements.

Economic Factors That Will Affect the Future

The Center has been under the State Regents for Higher Education since 2002. The Oklahoma State Legislature decided to move The Center under Tourism as of October 1, 2020.

Contacting the Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Western Oklahoma State College's Vice President for Business Affairs' office at 2801 N. Main Street, Altus, OK 73521.

Quartz Mountain Arts and Conference Center and Nature Park
Statements of Net Position
September 30, 2020 and June 30, 2020

ASSETS	9/30/2020	6/30/2020
Current assets		
Cash and cash equivalents	$ 202,259	$ 129,500
Accounts receivable	34,293	21,566
Inventory	12,886	24,985
Total current assets	249,438	176,051
Noncurrent assets		
Restricted cash and cash equivalents	-	433
Net OPEB asset	6,436	6,436
Capital assets, net	16,466,132	16,659,866
Total noncurrent assets	16,472,568	16,666,735
Total assets	16,722,006	16,842,786
Deferred outflows of resources		
Deferred amount related to pension	258,016	258,016
Deferred amount related to OPEB	4,630	4,630
Total deferred outflows of resources	262,646	262,646
Total assets and deferred outflows of resources	$ 16,984,652	$ 17,105,432

Quartz Mountain Arts and Conference Center and Nature Park

Statements of Net Position

September 30, 2020 and June 30, 2020

LIABILITIES AND NET POSITION	9/30/2020	6/30/2020
Current liabilities		
Accounts payable	$ 51,437	$ 76,917
Accrued payroll	35,735	5,957
Advanced deposits	1,000	4,761
Deposits held in custody for others	29,191	27,042
Compensated absences	17,010	23,092
Current portion of long-term debt	-	63,250
Total current liabilities	134,373	201,019
Noncurrent liabilities		
Net pension liability	1,068,118	1,068,118
Total OPEB liability	4,058	4,058
Compensated absences	36,147	49,070
Capital leases	1,250,854	1,208,271
Total noncurrent liabilities	2,359,177	2,329,517
Total liabilities	2,493,550	2,530,536
Deferred inflows of resources		
Lease premiums	40,495	41,796
Deferred amount related to pension	450,141	450,141
Deferred amount related to OPEB	9,207	9,207
Total deferred inflows of resources	499,843	501,144
Net position		
Invested in capital assets, net of related debt	15,215,278	15,388,345
Restricted for:		
Expendable:		
Capital projects	1,301	(41,363)
OPEB	(115)	(115)
Unrestricted net position	(1,225,205)	(1,273,115)
Total net position	13,991,259	14,073,752
Total liabilities and net position	$ 16,984,652	$ 17,105,432

Quartz Mountain Arts and Conference Center and Nature Park

Statements of Revenues, Expenses and Changes in Net Position
For the Three Months Ended September 30, 2020 and Year Ended June 30, 2020

	9/30/2020	6/30/2020
Operating revenues		
Lodge and conference center rental	$ 212,208	$ 730,178
Food and beverage	50,554	279,929
Golf course and pro shop	-	31,294
Other lodge and conference center revenue	16,287	23,888
Park revenue	75,050	217,120
Total operating revenue	354,099	1,282,409
Operating expenses		
Lodge and conference center expenses	89,104	304,381
Food and beverage	91,915	443,909
Golf course and pro shop	1,477	100,893
Utilities - lodge and conference center	81,819	269,988
Sales - lodge and conference center	450	37,593
Maintenance - lodge and conference center	47,680	160,715
Administrative and other - lodge and conference center	36,108	240,161
Park and administration salaries and benefits	102,044	384,281
Depreciation	191,198	627,561
Other park operating expenses	62,619	392,206
Total operating expenses	704,414	2,961,688
Net operating loss	(350,315)	(1,679,279)
Nonoperating revenues (expenses)		
State appropriations	264,708	1,058,834
On-behalf debt payments - capital leases	9,540	39,152
On-behalf pension contributions	-	61,100
Capital grants and gifts	-	7,850
Gain (loss) on disposal of capital assets	7,219	(1,530)
Interest expense	(13,645)	(50,547)
Net nonoperating revenues	267,822	1,114,859
Change in net position	(82,493)	(564,420)
Net position, beginning of year	14,073,752	14,638,172
Net position, end of year	$ 13,991,259	$ 14,073,752

See Notes to the Financial Statements

Quartz Mountain Arts and Conference Center and Nature Park

Statements of Cash Flows

For the Three Months Ended September 30, 2020 and Year Ended June 30, 2020

	9/30/2020	6/30/2020
Cash flows from operating activities		
Cash received from customers	$ 341,372	$ 1,419,789
Cash paid to vendors and suppliers	1,085,211	(823,658)
Cash paid to employees for services	(1,603,948)	(1,682,558)
Net cash used in operating activities	(177,365)	(1,086,427)
Cash flows from noncapital financing activities		
State appropriations	264,708	1,058,834
Net cash provided by noncapital financing activities	264,708	1,058,834
Cash flows from capital and related financing activities		
Proceeds from sale of capital assets	9,755	-
Payments on capital leases	(24,772)	(73,953)
Net cash used in capital and related financing activities	(15,017)	(73,953)
Net increase (decrease) in cash	72,326	(101,546)
Cash and cash equivalents, beginning of year	129,933	231,479
Cash and cash equivalents, end of year	$ 202,259	$ 129,933
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (350,315)	$ (1,679,279)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation expense	191,198	627,561
Gain (loss) on disposal of capital assets	-	1,200
Changes in assets and liabilities		
Accounts receivable	(12,727)	137,380
Inventory	12,099	12,277
OPEB asset	-	5,878
Deferrals related to leases	(1,301)	(5,205)
Accounts payable and accrued expenses	(14,707)	(172,847)
Net pension liability	-	1,314
Total OPEB liability	-	(6,617)
Advances	(1,612)	(13,177)
Deferred inflows related to pension	-	5,088
Net cash used in operating activities	$ (177,365)	$ (1,086,427)

Note 1: Summary of Significant Accounting Policies

The basic financial statements of Quartz Mountain Arts and Conference Center and Nature Park (the Center) have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of significant accounting policies follows:

Reporting Entity

The Center, located in southwestern Oklahoma near Altus, is an integral part of the Oklahoma State System of Higher Education, operating under the jurisdiction of the Quartz Mountain Center Board of Trustees (the Board) and the Oklahoma State Regents for Higher Education (the Regents). The Center is a component unit of the State of Oklahoma. The Center's mission is to develop, sustain and protect a world-renowned education destination as a cultural conference center, arts park and natural preserve with recreational experiences compatible with that environment.

The Center, in its current legal form, was created by Senate Bill 567, effective January 1, 2002. This legislation transferred the Center's real property, buildings, personnel and many contractual obligations from the Oklahoma Tourism and Recreation Department to the Board.

The three main operational components are the lodge and an arts conference center (the Lodge), the golf course and the nature park.

The Oklahoma Arts Institute (OAI') has been and continues to be, one of the Center's primary customers. The OAI conducts the Oklahoma Summer Arts Institute, an institute for gifted and talented fine arts high school students and the Oklahoma Fall Arts Institute, an institute for teachers and adult artists, at the Center's facilities. In 1987, the OAI and Oklahoma Tourism and Recreation Department agreed on a 20-year partnership for the joint development of the Center as an arts and conference facility. In the spring of 2002, the Board approved a new 50-year agreement similar to the prior agreement the OAI had with the Oklahoma Tourism and Recreation Department. This agreement continues the joint development of the Center as a cultural conference center and arts park and natural area preserve for Oklahoma and formalizes the ongoing relationship between the OAI and the Board.

Under the terms of the agreement, OAI has an option to lease, for its exclusive use, at its sole discretion and at a predetermined rate, the Center's facilities for a consecutive period of not more than six weeks in June or July of each year and for up to five days (Wednesday through Sunday) in not more than four of the twelve weeks during the months of September, October and November of each year. OAI must exercise its option to lease for all, or part, of the agreed periods by January 1 of the calendar year.

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Accounting

The financial statements are presented on the accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the accounting period in which the liability is incurred. The Center has elected not to apply Financial Accounting Standards Board pronouncements issued after November 30, 1989.

Use of Estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from these estimates.

Cash and Cash Equivalents

The Center considers all demand deposit accounts and investments with original maturities of three months or less to be cash equivalents.

Inventories

Consisting primarily of the Center food and beverages and the golf pro shop, inventories are stated at the lower of cost (first-in, first-out) or market.

Capital Assets

Capital assets are stated at historical cost or estimated historical cost at the date of acquisition, or fair market value at the date of donation in the case of gifts, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The useful life of buildings and infrastructure has been estimated at 50 years, land improvements at 25 years and equipment at 7 years. Maintenance and repairs are charged to operations. The Center's policy is to capitalize purchases in excess of $500 with an estimated useful life of greater than one year.

Amortization expense related to assets under capital leases is included with depreciation expense. Land acquired prior to 1950 has been recorded at the estimated historical cost or estimated fair market value at the time of donation, based on land transaction documents for similar property transactions from the estimated time period the land was acquired. The estimates of historical costs of buildings constructed prior to 1995 were based on appraised value indexed to the date of acquisition.

Note 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences

Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. State employees accrue 15 to 25 days of annual vacation per year, based on length of service. Unused annual leave may be accumulated to a maximum of 480 hours. All accrued leave is payable upon termination, resignation, retirement, or death.

Accounts Receivable

Management considers all receivables as of September 30, 2020 and June 30, 2020 to be fully collectible; therefore, no allowance for doubtful accounts has been established. Receivables consist primarily of amounts due from the Oklahoma Arts Institute.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Oklahoma Teachers Retirement System (OTRS), the Oklahoma Law Enforcement Retirement System (OLERS) and the Oklahoma Public Employees Retirement System (OPERS) and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Net pension liability and plan deferrals are recognized as of the measurement date. Payments from the measurement date to the date of the statement of net position are reported as deferred outflows.

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net Other Post-Employment Benefits (OPEB) liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Oklahoma Teachers Retirement System (OTRS) and the Oklahoma Public Employees Retirement System (OPERS) and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Net OPEB liability or asset and plan deferrals are recognized as of the measurement date. Payments from the measurement date to the date of the statement of net position are reported as deferred outflows.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

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

a. Invested in capital assets, net of related debt - consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of any notes or other borrowings attributable to those assets.

b. Restricted net position - consists of net position with constraints placed on the use either by external groups, laws or enabling legislation.

c. Unrestricted net position - all other assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The Center has a deficit in unrestricted net position as a result of the net pension liability. See Note 5.

Income Taxes

As a political subdivision of the State of Oklahoma, the Center is exempt from federal income taxes pursuant to Section 115(1) of the Internal Revenue Code, as amended. However, the Center may be subject to income taxes on unrelated business income under Internal Revenue Code Section 511(a)(2)(B).

Subsequent Events

Subsequent events have been evaluated through December 17, 2021, which is the date the financial statements were issued.

Note 2: Cash

A summary of cash and cash equivalents shown in the statement of net position is as follows:

	9/30/2020	6/30/2020
Deposits with the State Treasurer	$ 196,259	$ 123,133
Petty cash and change funds	6,000	6,800
Total cash and cash equivalents	$ 202,259	$ 129,933

Note 2: Cash (Continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned or the Center will not be able to recover collateral securities that are in the possession of an outside party.

Oklahoma Statutes require the State Treasurer to ensure that all state funds either be insured by Federal Deposit Insurance, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations. The Center's deposits with the State Treasurer are pooled with the funds of other state agencies and then, in accordance with statutory limitations, placed in financial institutions or invested as the Treasurer may determine, in the State's name.

Note 3: Capital Assets

A summary of property, plant and equipment activity for fiscal period ended September 30, 2020 is as follows:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 278,393	$ -	$ -	$ -	$ 278,393
Total capital assets, not being depreciated	278,393	-	-	-	278,393
Capital assets, being depreciated:					
Buildings	21,267,834	-	-	-	21,267,834
Equipment	1,194,460	-	(186,025)	-	1,008,435
Infrastructure	3,046,127	-	-	-	3,046,127
Land improvements	4,100,344	-	-	-	4,100,344
Construction in progress	-	-	-	-	-
Total capital assets, being depreciated	29,608,765	-	(186,025)	-	29,422,740
Total capital assets	29,887,158	-	(186,025)	-	29,701,133
Less accumulated depreciation for:					
Buildings	(8,306,917)	(134,364)	-	-	(8,441,281)
Equipment	(1,093,528)	(6,261)	-	-	(1,099,789)
Infrastructure	(1,200,450)	(15,231)	-	-	(1,215,681)
Land improvements	(2,626,397)	(35,342)	183,489	-	(2,478,250)
Total accumulated depreciation	(13,227,292)	(191,198)	183,489	-	(13,235,001)
Capital assets, net	$ 16,659,866	$ (191,198)	$ (2,536)	$ -	$ 16,466,132

Note 3: Capital Assets (Continued)

A summary of property, plant and equipment activity for the year ended June 30, 2020 is as follows:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 278,393	$ -	$ -	$ -	$ 278,393
Total capital assets, not being depreciated	278,393	-	-	-	278,393
Capital assets, being depreciated:					
Buildings	20,632,112	-	(3,500)	639,222	21,267,834
Equipment	1,194,460	-	-	-	1,194,460
Infrastructure	2,919,266	-	-	126,861	3,046,127
Land improvements	4,100,344	-	-	-	4,100,344
Construction in progress	758,233	7,850	-	(766,083)	-
Total capital assets, being depreciated	29,604,415	7,850	(3,500)	-	29,608,765
Total capital assets	29,882,808	7,850	(3,500)	-	29,887,158
Less accumulated depreciation for:					
Buildings	(7,913,002)	(394,685)	770	-	(8,306,917)
Equipment	(1,067,238)	(26,290)	-	-	(1,093,528)
Infrastructure	(1,139,527)	(60,923)	-	-	(1,200,450)
Land improvements	(2,480,734)	(145,663)	-	-	(2,626,397)
Total accumulated depreciation	(12,600,501)	(627,561)	770	-	(13,227,292)
Capital assets, net	$ 17,282,307	$ (619,711)	$ (2,730)	$ -	$ 16,659,866

Note 4: Long Term Liabilities

Long-term liabilities consist of capital leases and compensated absences. Activity for the three months ended September 30, 2020 and year ended June 30, 2020 are as follows:

	Three Months Ended September 30, 2020				
	Beginning Balance	Refinances / Additions	Refinances / Reductions	Ending Balance	Amounts Due Within One Year
Capital lease - OCIA 2014A	$ 801,188	$ -	$ -	$ 801,188	$ -
Master lease - ODFA 2015D	355,417	-	(10,333)	345,084	-
Master lease - ODFA 2018A	114,916	-	(10,334)	104,582	-
Total	1,271,521	-	(20,667)	1,250,854	-
Compensated absences	72,162	-	(19,005)	53,157	17,010
Total long-term liabilities	$ 1,343,683	$ -	$ (39,672)	$ 1,304,011	$ 17,010

	Year Ended June 30, 2020				
	Beginning Balance	Refinances / Additions	Refinances / Reductions	Ending Balance	Amounts Due Within One Year
Capital lease - OCIA 2014A	$ 802,162	$ -	$ (974)	$ 801,188	$ -
Master lease - ODFA 2015D	386,417	-	(31,000)	355,417	31,083
Master lease - ODFA 2018A	145,500	-	(30,584)	114,916	32,167
Total	1,334,079	-	(62,558)	1,271,521	63,250
Compensated absences	80,904	44,667	(53,409)	72,162	23,092
Total long-term liabilities	$ 1,414,983	$ 44,667	$ (115,967)	$ 1,343,683	$ 86,342

In September 1999, OCIA issued State Facilities Revenue Bonds, Series 1999A. OCIA allocated $3,500,000 of the bond issue to the Department for the completion of the Center. In return, the Department signed a lease agreement with OCIA to make specified monthly payments over 20 years. In 2004, OCIA refinanced its State Facilities Revenue Bonds, Series 1999A for years 2010-2020 with Series 2004A. In 2014, OCIA refinanced its State Facilities Revenue Bonds, Series 2004A for years 2015-2020 with Series 2014B.

Note 4: Long Term Liabilities (Continued)

By law, all of these obligations were transferred to the Center as of January 1, 2002. During the three months ended September 30, 2020 and year ended June 30, 2020, all of the payments for the Series 2014B bonds were paid on behalf of the Center by the Regents. The Center has reflected the reduction in principal and interest expense for the payments made by the Regents in its financial statements for the period ended.

In 2005, the OCIA issued its State Facilities Revenue Bonds (Higher Education Project) Series 2005F and 2005G. Of the total bonded indebtedness, the State Regents allocated approximately $3,122,000 to the Center. Concurrently with the allocation, the Center entered into a lease agreement with OCIA for the projects being funded. The proceeds of the bonds and subsequent leases are to provide for capital improvements of the Center. In 2011, OCIA refinanced its State Facilities Revenue Bonds, Series 2005F for budgetary relief for fiscal years 2011 and 2012 by extending and restructuring debt services. OCIA issued two new State Facilities Revenue Bonds, Series 2010A and 2010B. This lease restructuring has extended certain principal payments into the future, resulting in a cost on restructuring. This restructuring resulted in an aggregate debt service difference for principal and interest between the original lease agreement and the restructured lease agreement of $837,862 which also approximates the economic cost of the lease restructuring. In 2014, the 2005F series was partially refinanced with series 2014A.

In October 2018, the Oklahoma Development Finance Authority (ODFA) issued Master Equipment Lease revenue bonds, Series 2018A, in the amount of $2,645,000. ODFA allocated $165,000 to the Center for funding equipment needs. ODFA will make payments on behalf of the Center for 5 years. A deferred inflow of $7,934 was recognized and will be amortized over the life of the bonds.

Lease payments to OCIA totaling approximately $20,667 and $461,046 during the three months and year ended September 30, 2020 and June 30, 2020, respectively, were made by the State of Oklahoma on-behalf of the Center. These on-behalf payments have been recorded in the statement of revenues, expenses and changes in net position.

In February 2015, the Center entered into a four-year, $105,300 lease agreement to fund the purchase of golf cars and other equipment.

In August 2015, the Oklahoma Development Finance Authority (ODFA) issued Master Real Property Lease revenue bonds, Series 2015D, in the amount of $8,445,000. ODFA allocated $500,000 to the Center for the acquisition of or improvements to real property. ODFA will make payments on behalf of the Center for 15 years. A deferred inflow of $10,137 was recognized and will be amortized over the life of the bonds. A receivable for these funds was recognized as of June 30, 2015, as the funds are controlled by ODFA until invoices are submitted for payment and will be paid directly by the administrators of the funds.

The cost of capital assets relating to the capital leases included in the statements of net position totaled approximately $4,170,000 and the accumulated depreciation related to these assets was approximately $1,155,000 at September 30, 2020.

Note 4: Long Term Liabilities (Continued)

Future minimum payments under the capital leases are as follows, if not repaid early:

Year Ending June 30,	Principal	Interest	Total
2021	$ 42,583	$ 28,619	71,202
2022	65,667	51,361	117,028
2023	142,351	49,055	191,406
2024	127,148	43,080	170,228
2023	115,584	37,650	153,234
2026 - 2030	651,517	112,878	764,395
2031	106,004	5,237	111,241
Total	$ 1,250,854	$ 327,880	$ 1,578,734

Note 5: Retirement Programs

No changes in estimated liability based on activity for the three months ended September 30, 2020. The following schedule summarizes the activity and net pension liabilities for the year ended June 30, 2020:

	June 30, 2020			
	OTRS	OPERS	OLERS	Total
Net pension liability, beginning of year	$ 1,073,639	$ 12,703	$ 41,562	$ 1,127,904
Pension expense	59,415	13,913	14,334	87,662
Deferred outflows	(40,707)	(6,112)	3,555	(43,264)
Deferred inflows	24,695	4,903	6,124	35,722
On-behalf pension payments	(52,253)	-	(8,847)	(61,100)
Compensation & employee benefits	(58,657)	(16,870)	(3,279)	(78,806)
Net pension liability (asset), end of year	$ 1,006,132	$ 8,537	$ 53,449	$ 1,068,118

Note 5: Retirement Programs (Continued)

Oklahoma Teachers Retirement System (OTRS)

Plan description - The Center as the employer, participates in the Oklahoma Teachers Retirement System-a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Teachers Retirement System (OTRS). Title 70 O. S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the State Legislature. OTRS issues a publicly available financial report that can be obtained at www.ok.gov/TRS.

Benefits provided - OTRS provides retirement, disability and death benefits to members of the plan. Benefit provisions include:

- Members become 100% vested in retirement benefits earned to date after five years of credited Oklahoma service. Members who joined the System on June 30, 1992 or prior are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining the System after June 30, 1992 are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55 and at age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2% of final compensation for each year of credited service.

- Final compensation for members who joined the System prior to July 1, 1992 is defined as the average salary for the three highest years of compensation. Final compensation for members joining the System after June 30, 1992 is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995 to $40,000 or $25,000, depending on the member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995 are calculated based on each member's final average compensation, except for certain employees of the two comprehensive universities. Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefits the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.

- Upon the death of a retired member, the System will pay $5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.

- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.

Note 5: Retirement Programs (Continued)

Oklahoma Teachers Retirement System (OTRS) (Continued)

- Upon separation from the System, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the IRC.
- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code Section 403(b).

At the election of each eligible member initiating receipt of retirement benefits, the System remits between $100 and $105 per month per eligible retiree to the Employees Group Insurance Division ("EGID"), depending on the members' years of service during 2017.

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute, amended by the Oklahoma Legislature, and are not based on actuarial calculations. Employees are required to contribute 7% percent of their annual pay. Participating employers are required to contribute 9.5% of the employees' annual pay and an additional 7.70% for any employees' salaries covered by federal funds. A portion of the contributions received by OTRS are allocated to the Supplemental Health Insurance program; see Note 6. Contributions to the pension plan from the Center were $58,657. The State of Oklahoma also made on-behalf contributions to OTRS, of which $52,253 was recognized by the Center; these on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the Center reported a liability of $1,006,132 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 Center's proportion of the net pension liability was based on the Center's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2020. Based upon this information, the Center's proportion was .0152% percent.

Note 5: Retirement Programs (Continued)

Oklahoma Teachers Retirement System (OTRS) (Continued)

For the year ended June 30, 2020, the Center recognized pension expense of $59,415. At June 30, 2020, the Center 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
Differences between expected and actual experience	$ 51,649	$ 43,116
Changes of assumptions	52,824	33,955
Net difference between projected and actual earnings on pension plan investments	6,824	-
Changes in Center's proportionate share of contributions	47,564	358,400
Differences between Center contributions and proportionate share of contributions	801	947
Center contributions subsequent to the measurement date	58,657	-
Total	$ 218,319	$ 436,418

$58,657 reported as deferred outflows of resources related to pensions resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Note 5: Retirement Programs (Continued)

Oklahoma Teachers Retirement System (OTRS) (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2021	$	(43,987)
2022		(122,214)
2023		(83,261)
2024		(21,290)
2025		(6,004)
Total	$	(276,756)

Actuarial Assumptions- The total pension liability as of June 30, 2020, was determined based on and actuarial valuation prepared as of June 30, 2020 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age
- Inflation - 2.50%
- Future Ad Hoc Cost-of-living Increases - None
- Salary Increases - Composed of 3.25% inflation, including 2.50% price inflation, plus a service-related component ranging from 0.00% to 8% based on years of service.
- Investment Rate of Return – 7.50%
- Retirement Age - Experience-based table of rates based on age, service, and gender. Adopted by the Board in May 2015 in conjunction with the five-year experience study for the period ending June 30, 2014.
- Mortality Rates after Retirement – Males: RP-2000 Combined Mortality Table for males with White Collar Adjustments. Generational mortality improvements in accordance with Scale BB from table's base year of 2000. Females: GRS Southwest Region Teacher Mortality Table, scaled at 105%. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012.
- Mortality Rates for Active Members – RP – 2000 Employer Mortality tables, with male rates multiplied by 60% and female rates multiplied by 50%.

Note 5: Retirement Programs (Continued)

Oklahoma Teachers Retirement System (OTRS) (Continued)

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38.5%	7.5%
International Equity	19.0%	8.5%
Fixed Income	23.5%	2.5%
Real Estate**	9.0%	4.5%
Alternative Assets	10.0%	6.1%
Total	100.0%	

** The Real Estate total expected return is a combination of US Direct Real Estate (unlevered) and US Value added Real Estate (unlevered).

Discount Rate - A single discount rate of 7.50% was used to measure the total pension liability as of June 30, 2020. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.50%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were projected to be available to finance 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 projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability	$ 1,417,750	$ 1,006,132	$ 661,793

Note 5: Retirement Programs (Continued)

Oklahoma Teachers Retirement System (OTRS) (Continued)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OTRS; which can be located at www.ok.gov/OTRS.

Oklahoma Public Employees Retirement System (OPERS)

Plan description - The Center as the employer participates in Oklahoma Public Employees Retirement System - a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Title 74 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the OPERS. OPERS issues a publicly available financial report that can be obtained at www.opers.ok.gov.

Benefits provided - OPERS provides retirement, disability, and death benefits to members of the plan.

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.

Benefits are calculated for each member category as follows:

- Employees
  - Benefits are determined at 2% 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.

Note 5: Retirement Programs (Continued)

Oklahoma Public Employees Retirement System (OPERS) (Continued)

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

- Hazardous Duty Members
  - Benefits are determined at (a) 2.5% of the final average compensation up to the applicable annual salary cap multiplied by the number of years of service as a hazardous duty member not to exceed 20 years and (b) 2.0% of the final average compensation multiplied by the number of years of service in excess of 20 years and any other years of service creditable. Normal retirement age under the Plan is 62 or at completion of 20 years of creditable service as a hazardous duty member or Rule of 80/90 if participant became a member prior to November 1, 2011 or age 65 or at completion of 20 years of creditable service as a hazardous duty member or Rule of 90 if 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.

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

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

Note 5: Retirement Programs (Continued)

Oklahoma Public Employees Retirement System (OPERS) (Continued)

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. Employees are required to contribute 3.5% percent of their annual pay. Participating entities are required to contribute 16.5% of the employees' annual pay. A portion of the contributions received by OPERS are allocated to the Supplemental Health Insurance program; see Note 6. Contributions to the pension plan from the Center were $16,870.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the Center reported a liability of $8,537 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 July 1, 2020. The Center's proportion of the net pension liability was based on the Center's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2020. Based upon this information, the Center's proportion was .0064 percent.

Note 5: Retirement Programs (Continued)

Oklahoma Public Employees Retirement System (OPERS) (Continued)

For the year ended June 30, 2020, the Center recognized pension expense of $13,913. At June 30, 2020, the Center 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
Differences between expected and actual experience	$ -	$ 2,009
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,576
Changes in proportion and differences between Center contributions and proportionate share of contributions	214	165
Center contributions during the measurement date	-	94
Center contributions subsequent to the measurement date	16,870	-
Total	$ 17,084	$ 4,844

Note 5: Retirement Programs (Continued)

Oklahoma Public Employees Retirement System (OPERS) (Continued)

The $16,870 reported as deferred outflows of resources related to pensions resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2021	$	258
2022		(5,910)
2023		(264)
2024		1,286
Total	$	(4,630)

Actuarial Assumptions- The total pension liability as of June 30, 2020, was determined based on an actuarial valuation prepared as of July 1, 2020, using the following actuarial assumptions:

- Investment return – 7.00% compounded annually net of investment expense and including inflation
- Salary increases – 3.5% to 9.5% per year including inflation
- Mortality rates – active participants and nondisabled pensioners – RP-2014 Mortality Table projected to 2025 by Scale MP-2016 (disabled pensioners set forward 12 years)
- No annual post-retirement benefit increases
- Assumed inflation rate – 2.75%
- Payroll growth – 3.5%
- 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 covered the three-year period ending June 30, 2016. The experience study report is dated April 13, 2017.

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.

Note 5: Retirement Programs (Continued)

Oklahoma Public Employees Retirement System (OPERS) (Continued)

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 Asset Allocation	Long-Term Expected Real of Return
U.S. Large Cap Equity	38.0%	3.8%
U.S. Small Cap Equity	6.0%	4.9%
Non-US Equity	24.0%	9.2%
US Fixed	32.0%	1.4%
Total	100.0%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. 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 Net Pension Liability to Changes in the Discount Rate - *The* following presents the net pension liability of the employers calculated using the discount rate of 7.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employers' net pension liability	$ 77,188	$ 8,537	$ (4,966)

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

Note 5: Retirement Programs (Continued)

Oklahoma Law Enforcement Retirement System (OLERS)

Plan description - The Center as the employer, participates in the Oklahoma Law Enforcement Retirement System - a single-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Law Enforcement Retirement System (OLERS). The Plan is a single-employer, cost sharing defined benefit pension plan covering members who have actively participated in being a qualified law enforcement officer as defined by the Oklahoma Statutes or participated in a related agency. The authority to establish and amend benefit provisions rests with the State Legislature. OLERS issues a publicly available financial report that can be obtained at www.olers.state.ok.us.

Benefits provided - OLERS provides retirement, disability and death benefits to members of the plan. Benefit provisions include:

- The normal retirement date when a member is eligible to receive retirement benefits is when the member completes 20 years of service or reaches age 62 with at least 10 years of service. Members become vested upon completing 10 years of credited service as a contributing member of the Plan. No vesting occurs prior to completing 10 years of credited service. Members' contributions are refundable, without interest, upon termination prior to normal retirement. Members who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the member is entitled to a monthly retirement benefit commencing on the member's normal retirement date as if the member's employment continued uninterrupted, based on the actual completed years and months of service.

- Monthly retirement benefits are calculated at 2.5% of the highest 30 consecutive months of actual paid base salary multiplied by the years and complete months of credited service. Only salaries on which required contributions have been made are used in computing the final average salary. House Bill 2212, which was effective as of July 1, 2002, redefined final average earnings to be the greater of (i) the highest consecutive 30 months of actual earnings and (ii) the top base pay paid to active members. In accordance with House Bill 1383, for participants hired on or after May 22, 2013, the top base pay paid to active members will no longer be used in determining the member's final retirement benefit.

Note 5: Retirement Programs (Continued)

Oklahoma Law Enforcement Retirement System (OLERS) (Continued)

- Members who became disabled prior to July 1, 2000, prior to the member's normal retirement date and by direct reason of the performance of the member's duties as an officer, receive a monthly benefit equal to the greater of 50% of the average of the highest 30 consecutive complete months of actual paid base salary or 2.5% of the average of the highest 30 consecutive complete months of actual paid base salary multiplied by the number of years and complete months of the member's credited service. Effective July 1, 2000, Senate Bill 994 provides that the monthly benefit will be equal to 2.5% multiplied by the greater of 20 years of service or the actual number of years of service performed by the member if the member had performed 20 or more years of service, multiplied by final average salary.

- Senate Bill 994 provides that the final average salary for a member who performed less than 20 years of service prior to disability shall be computed assuming that the member was paid the highest salary allowable pursuant to the law in effect at the time of the member's disability based on 20 years of service and with an assumption that the member was eligible for any and all increases in pay based upon rank during the entire period. The final average salary for a member who had performed 20 or more years of service prior to disability shall be equal to the member's actual final average salary.

- Members who became disabled prior to the member's normal retirement date, but after completing 3 years of vesting service and not by reason of the performance of the member's duties as an officer or as a result of the member's willful negligence, receive a monthly benefit equal to 2.5% of the average of the highest 30 consecutive complete months of actual paid base salary multiplied by the number of years and complete months of the member's credited service.

- Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is also entitled to a pension benefit and, if applicable, each child is entitled to receive $400 per month until reaching age 18 or 22, providing the child is a full-time student. A $5,000 death benefit is also paid, in addition to any survivor's pension benefits from the Plan, to the participant's beneficiary or estate for those active or retired members who died after July 1, 1999.

Participants upon achieving 20 years of service may elect to enter a Deferred Option or "Back" Deferred Option Plan. Upon entering either of the plans, the participant is considered retired for the purpose of calculation of the net pension liability.

Note 5: Retirement Programs (Continued)

Oklahoma Law Enforcement Retirement System (OLERS) (Continued)

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute, amended by the Oklahoma Legislature, and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating employers are required to contribute 11% of the employees' annual pay. Contributions to the pension plan from the Center were $3,279. The State of Oklahoma also made on-behalf contributions to OLERS, of which $8,847 was recognized by the Center; these on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the Center reported a liability of $53,449 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 July 1, 2020. The Center's proportion of the net pension liability was based on the Center's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2020. Based upon this information, the Center's proportion was .0368 percent.

Note 5: Retirement Programs (Continued)

Oklahoma Law Enforcement Retirement System (OLERS) (Continued)

For the year ended June 30, 2020, the Center recognized pension expense of $14,334. At June 30, 2020, the Center 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
Differences between expected and actual experience	$ 6,948	$ 1,801
Changes of assumptions	184	-
Net difference between projected and actual earnings on pension plan investments	7,872	-
Changes in proportion	4,330	6,911
Center Contributions during measurement date	-	169
Center contributions subsequent to the measurement date	3,279	-
Total	$ 22,613	$ 8,881

The $3,279 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Note 5: Retirement Programs (Continued)

Oklahoma Law Enforcement Retirement System (OLERS) (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2021	$	4,565
2022		(524)
2023		2,904
2024		3,240
2025		268
Total	$	10,453

Actuarial Assumptions - The total pension liability as of June 30, 2020, was determined based on an actuarial valuation prepared as of July 1, 2020 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age
- Inflation – 2.75%
- Salary Increases - 3.50% to 9.75% average, including inflation
- Investment Rate of Return - 7.5% compounded annually, net of investment expense, and including inflation
- Mortality - Pre-retirement mortality rates were based on the RP-2014 Blue Collar Healthy Employees with Generational Projection using Scale MP-2016. Post-retirement mortality rates were based on the same table as pre-retirement mortality. Disability mortality rates were based on the RP-2014 Blue Collar Table with no projection from 2006 base rates.

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 2012 to June 2016.

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

Note 5: Retirement Programs (Continued)

Oklahoma Law Enforcement Retirement System (OLERS) (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income:		
Core Bonds	10.00%	5.37%
Multisector	10.00%	6.24%
Global Bonds	10.00%	6.00%
Equities:		
U.S. Large Cap Equity	20.00%	9.96%
U.S. Small Cap Equity	10.00%	11.17%
International Developed Equity	10.00%	10.89%
Emerging Market Equity	5.00%	12.13%
Long/Short Equity	10.00%	8.30%
Private Equity	5.00%	13.64%
Real Assets:		
Core Real Estate	7.00%	9.38%
Commodities	3.00%	5.66%
	100.00%	

Note 5: Retirement Programs (Continued)

Oklahoma Law Enforcement Retirement System (OLERS) (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employer agencies will be made at contractually required rates, determined by the State Statutes. Projected cash flows also assume the State will continue contributing 5% of the insurance premium, as established by statute and the System will continue to receive its share of fees, taxes, and penalties from motor license agents. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability	$ 90,098	$ 53,449	$ (2,154)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OLERS which can be located at www.olers.state.ok.us.

Note 6: Other Post-Employment Benefits (OPEB)

The Center participates in three employee other post-employment benefit plans as described:

Name of Plan/System	Type of Plan
OTRS	Cost-sharing multiple-employer defined benefit OPEB plan
OPERS	Cost-sharing multiple-employer defined benefit OPEB plan
Quartz Defined Benefit Plan	Single-employer defined benefit OPEB plan

Note 6: Other Post-Employment Benefits (OPEB) (Continued)

A summary of all the amounts recorded in the Center's financial statements for the plans is as follows:

	2020 Plan Total	2019 Plan Total
Net OPEB Asset		
OTRS	$ 3,945	$ 11,471
OPERS	2,491	843
Total	$ 6,436	$ 12,314
Net OPEB Liability		
OPERS	$ -	$ -
Total	$ -	$ -
Total OPEB Liability		
Quartz	$ 4,058	$ 10,675
Total	$ 4,058	$ 10,675
Deferred Outflows of Resources		
OTRS	$ 2,945	$ 1,273
OPERS	1,685	1,833
Total	$ 4,630	$ 3,106
Deferred Inflows of Resources		
OTRS	$ 2,012	$ 7,956
OPERS	2,362	2,181
Quartz	4,833	-
Total	$ 9,207	$ 10,137

Oklahoma Teachers Retirement System (OTRS)

Plan description - The Center as the employer, participates in the Supplemental Health Insurance Program—a cost-sharing multiple-employer defined benefit OPEB plan administered by the Oklahoma Teachers Retirement System (OTRS). Title 74 O. S. Sec. 1316.3 defines the health insurance benefits. The authority to establish and amend benefit provisions rests with the State Legislature. OTRS issues a publicly available financial report that can be obtained at www.ok.gov/OTRS.

Note 6: Other Post-Employment Benefits (OPEB) (Continued)

Oklahoma Teachers Retirement System (OTRS) (Continued)

Benefits provided - OTRS pays a medical insurance supplement to eligible members who elect to continue their employer provided health insurance. The supplement payment is between $100 and $105 per month, remitted to the Employees Group Insurance Division ("EGID"), provided the member has ten (10) years of Oklahoma service prior to retirement.

Contributions - Employer and employee contributions are made based upon the TRS Plan provisions contained in Title 70, as amended. However, the statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. Based on the contribution requirements of Title 70 employers and employees contribute a single amount based on a single contribution rate as described in Note 5 from this amount OTRS allocates a portion of the contributions to the supplemental health insurance program. The cost of the supplemental health insurance program averages 0.15% of normal cost, as determined by an actuarial valuation. Contributions allocated to the OPEB plan from the Center were $56.

OPEB Liabilities(Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2020, the Center reported an asset of $3,945 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2020. The Center's proportion of the net OPEB asset was based on the Center's contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2020. Based upon this information, the Center's proportion was .00638% percent.

Note 6: Other Post-Employment Benefits (OPEB) (Continued)

Oklahoma Teachers Retirement System (OTRS) (Continued)

For the year ended June 30, 2020, the Center recognized OPEB expense of ($34). At June 30, 2020, the Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,442
Net difference between projected and actual earnings on OPEB plan investments	-	566
Change in assumptions	2,059	-
Contributions during the measurement period	830	4
Center contributions subsequent to the measurement date	56	-
Total	$ 2,945	$ 2,012

Note 6: Other Post-Employment Benefits (OPEB) (Continued)

Oklahoma Teachers Retirement System (OTRS) (Continued)

The $56 reported as deferred outflows of resources related to OPEB resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2021	$	(130)
2022		(130)
2023		262
2024		451
2025		325
Thereafter		99
	$	877

Actuarial Assumptions - The total OPEB liability (asset) as of June 30, 2020, was determined based on an actuarial valuation prepared as of June 30, 2020 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age
- Inflation - 2.50%
- Future Ad Hoc Cost-of-living Increases - None
- Salary Increases - Composed of 3.25% inflation, including 2.50% price inflation, plus a service-related component ranging from 0.00% to 8% based on years of service.
- Investment Rate of Return – 7.50%
- Retirement Age - Experience-based table of rates based on age, service and gender. Adopted by the Board in May 2015 in conjunction with the five-year experience study for the period ending June 30, 2014.
- Mortality Rates after Retirement – Males: RP-2000 Combined Mortality Table for males with White Collar Adjustments. Generational mortality improvements in accordance with Scale BB from table's base year of 2000. Females: GRS Southwest Region Teacher Mortality Table, scaled at 105%. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012.
- Mortality Rates for Active Members – RP – 2000 Employer Mortality tables, with male rates multiplied by 60% and female rates multiplied by 50%.

Note 6: Other Post-Employment Benefits (OPEB) (Continued)

Oklahoma Teachers Retirement System (OTRS) (Continued)

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38.5%	7.5%
International Equity	19.0%	8.5%
Fixed Income	23.5%	2.5%
Real Estate **	9.0%	4.5%
Alternative Assets	10.0%	6.1%
Total	100.0%	

**The Real Estate total expected return is a combination of US Direct Real Estate (unlevered and US Value added Real Estate (unlevered)

Discount Rate - A single discount rate of 7.50% was used to measure the total OPEB liability (asset) as of June 30, 2020. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.50%. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset). The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following presents the net OPEB liability (asset) of the employer calculated using the discount rate of 7.5%, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net OPEB liability (asset)	$ (1,322)	$ (3,945)	$ (6,186)

Note 6: Other Post-Employment Benefits (OPEB) (Continued)

OPEB plan fiduciary net position - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report of the OTRS; which can be located at www.ok.gov/OTRS.

Oklahoma Public Employees Retirement System (OPERS)

Plan description - The Center as the employer, participates in the Supplemental Health Insurance Program—a cost-sharing multiple-employer defined benefit OPEB plan administered by the Oklahoma Public Employees Retirement System (OPERS). The authority to establish and amend benefit provisions rests with the State Legislature. OPERS issues a publicly available financial report that can be obtained at www.ok.gov/OPERS.

Benefits provided - OPERS pays a medical insurance supplement to eligible members who elect to maintain health insurance with the Oklahoma Employees Group Insurance Division (EGID) or other qualified insurance plan provided by the employer. This subsidy continues until the retiree terminates health insurance coverage with EGID or other qualified plan, or until death. The subsidy is only for the retiree, not joint annuitants or beneficiaries. The supplement payment is capped at $105 per month per retiree.

Contributions - The contribution rates for each member category of the System are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. An actuarially determined portion of the total contributions to the System are set aside to finance the cost of the benefits of the HISP in accordance with provisions of the Internal Revenue Code. Based on the contribution requirements of the plan employers and employees contribute a single amount based on a single contribution rate as described in Note 5, from this amount OPERS allocates a portion of the contributions to the supplemental health insurance program. Contributions allocated to the OPEB plan from the Center were $1,201.

OPEB Liabilities(Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2020, the Center reported an asset of $2,491 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2020. The Center's proportion of the net OPEB asset was based on the Center's contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2020. Based upon this information, the Center's proportion was .006407% percent.

Note 6: Other Post-Employment Benefits (OPEB) (Continued)

Oklahoma Public Employees Retirement System (OPERS)

For the year ended June 30, 2020, the Center recognized OPEB expense of ($118). At June 30, 2020, the Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,024
Changes in Assumptions	374	-
Net difference between projected and actual earnings on OPEB plan investments	-	269
Changes in Center's proportionate share of contributions	100	10
Contributions during the measurement period	10	59
Center contributions subsequent to the measurement date	1,201	-
Total	$ 1,685	$ 2,362

Note 6: Other Post-Employment Benefits (OPEB) (Continued)

Oklahoma Public Employees Retirement System (OPERS)

The $1,201 reported as deferred outflows of resources related to OPEB resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2021	$	(536)
2022		(536)
2023		(338)
2024		(264)
2025		(204)
Total	$	(1,878)

Actuarial Assumptions - The total OPEB liability (asset) as of June 30, 2020, was determined based on an actuarial valuation prepared as of June 30, 2020 using the following actuarial assumptions:

- Investment return – 7.00% compounded annually net of investment expense and including inflation
- Salary increases – 3.5% to 9.5% per year including inflation
- Mortality rates – active participants and nondisabled pensioners – RP-2014 Mortality Table projected to 2025 by Scale MP-2016 (disabled pensioners set forward 12 years)
- No annual post-retirement benefit increases
- Assumed inflation rate – 2.75%
- Payroll growth – 3.5% to 9.5%
- Actuarial cost method – Entry age
- Select period for the termination of employment assumptions – 10 years
- Health Care Trend Rate – Not applicable based on how the System is structured and benefit payments are made.

The actuarial assumptions used in the July 1, 2018, valuation was based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2016. The experience study report is dated April 13, 2017.

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.

Note 6: Other Post-Employment Benefits (OPEB) (Continued)

Oklahoma Public Employees Retirement System (OPERS)

The Target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2018, are summarized in the following table:

Asset Class	Allocation	Expected Real
U.S. Large Cap Equity	38.0%	3.8%
U.S. Small Cap Equity	6.0%	4.9%
Non-US Equity	24.0%	9.2%
U.S. Fixed	32.0%	1.4%
	100.0%	

Discount Rate - A single discount rate of 7.00% was used to measure the total OPEB liability (asset) as of June 30, 2020. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following presents the net OPEB liability (asset) of the employer calculated using the discount rate of 7.00%, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Employers' net OPEB liability (asset)	$ (393)	$ (2,491)	$ (6,213)

OPEB plan fiduciary net position - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report of the OPERS; which can be located at www.ok.gov/OPERS.

Other Quartz Mountain Arts and Conference Center and Nature Park Defined Benefit Other Post-Employment Benefits (OPEB)

Plan description – The Center's defined benefit OPEB plan provides OPEB to eligible retirees and their dependents. The Center's Board of Trustees has the authority to establish and amend benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Note 6: Other Post-Employment Benefits (OPEB) (Continued)

Oklahoma Public Employees Retirement System (OPERS)

Benefits provided – The Plan covers all current retirees of the Center and provides for employee and dependent healthcare coverage whom retiree based on eligibility of participation in Oklahoma Teachers Retirement System, Oklahoma Public Employees Retirement System and Oklahoma Law Enforcement Retirement System; provided the participant was covered by the Plan before retiring. The Center provides postretirement medical benefits through the Plan until age 65 if the retiree and spouse pay the full active premium. Participants can elect to enroll in special coverage and surviving spouses may continue in the Plan until age 65.

Other Quartz Mountain Arts and Conference Center and Nature Park Defined Benefit Other Post-Employment Benefits (OPEB)

Employees covered by benefit terms - At June 30, 2020 the following employees were covered by the benefit terms:

Active Employees	15
Inactives or beneficiaries currently receiving benefit payments	0
Total	15

Total OPEB Liability – The Center's total OPEB liability of $4,058 was measured as of June 30, 2020, based on actuarial valuation as of June 30, 2020.

Actuarial Assumptions - The total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2020, with roll-forward procedures, using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal Level Percentage of Salary
- Salary Scale – 3.25%
- Discount Rate – 2.21%, based on June 30, 2020 published Bond Pay Go-20 bond index
- Retirement Age - Retirement rates are as shown below and they are based on Oklahoma Teachers Retirement System, Oklahoma Public Employees Retirement System, and Oklahoma Law Enforcement Retirement system.

Age	Male - OTRS	Female – OTRS	OPERS – Unisex
60	12.00%	16.00%	14.0%
61	15.00%	20.00%	20.0%
62	21.00%	25.00%	25.0%
63	19.00%	20.00%	15.0%
64	15.00%	20.00%	15.0%
65	25.00%	25.00%	30.0%

Note 6: Other Post-Employment Benefits (OPEB) (Continued)

Other Quartz Mountain Arts and Conference Center and Nature Park Defined Benefit Other Post-Employment Benefits (OPEB)

Years of Service	OLERS
20	10.00%
25	10.00%
30	30.00%
35+	100.00%

- Turnover Rates – Developed from assumptions used in the actuarial valuation of the OTRS, OPERS, and OLERS.

Years of Service	OTRS	OPERS	OLERS
0	23.00%	22.00%	15.00%
5	8.25%	10.50%	3.00%
10	4.50%	6.00%	1.75%
15	3.25%	4.25%	1.50%
20	2.00%	3.00%	0.00%

- Healthcare cost trend rates - Level 4.50%
- Average per capita claim cost – Range from age 50 of $8,568 to age 65 of $12,960
- Mortality Rates - RPH-2014 Total Table with Projection MP-2017
- Coverage – 100% of all retirees who currently have healthcare coverage will continue with the same coverage. 10% of all actives who currently have individual coverage will continue with individual coverage upon retirement.

Changes in Total OPEB Liability **– The following table reports the components of changes in total OPEB liability:**

	Total OPEB Liability (a)
Balances Beginning of Year	$ 10,675
Changes for the Year:	
Service cost	164
Interest expense	421
Benefits paid	(7,202)
Net Changes	(6,617)
Balance End of Year	$ 4,058

Note 6: Other Post-Employment Benefits (OPEB) (Continued)

Other Quartz Mountain Arts and Conference Center and Nature Park Defined Benefit Other Post Employment Benefits (OPEB)

Sensitivity of the Total OPEB Liability (Asset) to Changes in the Discount Rate - The following presents the total OPEB liability (asset) of the employer calculated using the discount rate of 2.21%, as well as what the Plan's total OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (1.21%) or 1-percentage-point higher (3.21%) than the current rate:

	1% Decrease (1.21%)	Current Discount Discount Rate (2.21%)	1% Increase (3.21%)
Employers' total OPEB liability (asset)	$ 4,183	$ 4,058	$ 3,924

Sensitivity of the Total OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability (asset) of the employer calculated using the healthcare cost trend rate of 4.50%, as well as what the Plan's total OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower (3.50%) or 1-percentage-point higher (5.50%) than the current rate:

	1% Decrease (3.50%)	Current Discount Rate (4.50%)	1% Increase (5.50%)
Employers' total OPEB liability (asset)	$ 3,821	$ 4,058	$ 4,312

OPEB Expense - For the year ended June 30, 2020, the Center recognized OPEB expense of ($1,784).

Note 7: Risk Management

The Risk Management Division of the state's Department of Central Services is responsible for the acquisition and administration of all insurance purchased by the state and for administration of self-insurance plans and programs adopted for use by the state.

The Risk Management Division is authorized to settle claims of the state and oversee the dispensation and/or settlement of claims against a political subdivision. In no event shall self-insurance coverage provided to the state, or agency or other covered entity, exceed the limitation on the maximum dollar amount of liability specified by the Oklahoma Governmental Tort Claims Act.

Note 7: Risk Management (Continued)

The Risk Management Division also oversees the collection of liability claims owed to the state incurred as the result of a loss through the wrongful or negligent act of a private person or other entity. The Risk Management Division is also charged with the responsibility to immediately notify the Attorney General of any claims against the state presented to the Risk Management Division.

The Center is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; employee health, life and accident benefits; unemployment; and natural disasters. The Center maintains commercial insurance coverage for claims arising from such matters other than torts, property, worker's compensation and unemployment. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The Center, along with other state agencies and political subdivisions, participates in the State of Oklahoma Risk Management Program and State Insurance Fund, public entity risk pools currently operating as a common risk management and insurance program for its members. The Center pays an annual premium to the pools for its torts, property and workers' compensation insurance overages. The Oklahoma Risk Management Pool's governing agreement specifies that the pools will be self-sustaining through member premiums and will reinsure through commercial carriers for claims in excess of specified stop-loss amounts.

The Center is self-insured for unemployment liabilities. Payments are made to the State Employment Security Commission on a claims’ paid basis. No reserve for potential liability for unemployment claims has been established. Any such liability is expected to be immaterial and would be paid from current operations.

Note 8: Commitments and Contingencies

During the ordinary course of business, the Center may be subjected to various lawsuits and civil action claims. There were no pending lawsuits or claims against the Center at September 30, 2020 or June 30, 2020 that management believes would result in a material loss in the event of an adverse outcome.

Note 9: Concentration of Revenue

The Center receives a substantial portion of its revenue from state appropriations and would, therefore, be significantly impacted by government cutbacks in those appropriations.

Note 10: Transfer of Operations

In accordance with Oklahoma House Bill 2753, Quartz Mountain Arts and Conference Center and Nature Park has transferred from the board of trustees for the Quartz Mountain Arts and Conference Center and Nature Park to the Oklahoma Tourism and Recreation Department as of October 1, 2020. Accordingly, subsequent to year end the Organization has transferred ownership of all assets and liabilities to the Oklahoma Tourism and Recreation Department.

Required Supplementary Information

Quartz Mountain Arts and Conference Center and Nature Park

Schedule of Proportionate Share of the Net Pension Liability - Last 10 Fiscal Years*

For the Years Ended June 30,

(Continued)

	2020	2019	2018	2017	2016	2015
OTRS						
Center's proportion of the net pension liability	0.0152%	0.0178%	0.0209%	0.0226%	0.0250%	0.0214%
Center's proportionate share of the net pension liability	$ 1,006,132	$ 1,073,639	$ 1,383,670	$ 1,890,043	$ 1,515,431	$ 1,149,834
Center's covered-employee payroll	$ 757,484	$ 803,409	$ 888,045	$ 944,039	$ 1,069,311	$ 872,802
Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	133%	134%	156%	200%	142%	132%
Plan fiduciary net position as a percentage of the total pension liability.	71.56%	69.32%	69.32%	62.24%	70.31%	72.43%
OPERS						
Center's proportion of the net pension liability	0.0064%	0.0065%	0.0063%	0.0060%	0.0083%	0.6497%
Center's proportionate share of the net pension liability	$ 8,537	$ 12,703	$ 33,809	$ 59,804	$ 29,768	$ 11,926
Center's covered-employee payroll	$ 109,524	$ 107,118	$ 109,084	$ 108,279	$ 101,514	$ 110,072
Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	8%	12%	31%	55%	29%	11%
Plan fiduciary net position as a percentage of the total pension liability	98.63%	97.96%	94.28%	62.24%	96.00%	97.90%
OLERS						
Center's proportion of the net pension liability	0.0368%	0.0388%	0.0346%	0.0267%	0.0364%	0.0657%
Center's proportionate share of the net pension liability	$ 53,499	$ 41,562	$ 44,960	$ 50,453	$ 37,755	$ 23,884
Center's covered-employee payroll	$ 29,810	$ 29,709	$ 29,100	$ 24,764	$ 31,325	$ 48,546
Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	179%	140%	155%	204%	121%	49%
Plan fiduciary net position as a percentage of the total pension liability	87.50%	90.31%	87.85%	81.88%	89.62%	96.03%
Total						
Center's proportion of the net pension liability	N/A	N/A	N/A	N/A	N/A	N/A
Center's proportionate share of the net pension liability	$ 1,068,168	$ 1,127,904	$ 1,462,439	$ 2,000,300	$ 1,582,954	$ 1,185,644
Center's covered-employee payroll	$ 896,818	$ 940,236	$ 1,026,229	$ 1,077,082	$ 1,202,150	$ 1,031,420
Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	119%	120%	143%	186%	132%	115%
Plan fiduciary net position as a percentage of the total pension liability	N/A	N/A	N/A	N/A	N/A	N/A

*Note - Only the current fiscal year is presented because 10-year data is not available.

Quartz Mountain Arts and Conference Center and Nature Park

Schedule of Pension Contributions - Last 10 Fiscal Years*

For the Years Ended June 30,

(Continued)

OTRS	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 58,657	$ 71,825	$ 75,989	$ 86,445	$ 96,216	$ 104,106
Contributions in relation to the contractually required contribution	58,657	71,825	75,989	86,445	96,216	104,106
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Center's covered-employee payroll	$ 618,599	$ 757,484	$ 803,409	$ 888,045	$ 944,039	$ 1,069,311
Contributions as a percentage of covered-employee payroll	9.48%	9.48%	9.46%	9.73%	10.19%	9.74%
OPERS						
Contractually required contribution	$ 16,870	$ 16,831	$ 16,518	$ 17,999	$ 17,866	$ 16,750
Contributions in relation to the contractually required contribution	16,831	16,831	16,518	17,999	17,866	16,750
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Center's covered-employee payroll	$ 109,524	$ 109,524	$ 107,118	$ 109,084	$ 108,279	$ 101,514
Contributions as a percentage of covered-employee payroll	15.40%	15.37%	15.42%	16.50%	16.50%	16.50%
OLERS						
Contractually required contribution	$ 3,279	$ 3,279	$ 3,436	$ 3,201	$ 2,724	$ 3,436
Contributions in relation to the contractually required contribution	3,279	3,279	3,436	3,201	2,724	3,436
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Center's covered-employee payroll	$ 29,810	$ 29,810	$ 31,235	$ 29,100	$ 24,764	$ 31,235
Contributions as a percentage of covered-employee payroll	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%
Total						
Contractually required contribution	$ 78,806	$ 91,935	$ 95,943	$ 107,645	$ 116,806	$ 124,292
Contributions in relation to the contractually required contribution	78,767	91,935	95,943	107,645	116,806	124,292
Contribution deficiency (excess)	$ 39	$ -	$ -	$ -	$ -	$ -
Center's covered-employee payroll	$ 757,933	$ 896,818	$ 941,762	$ 1,026,229	$ 1,077,082	$ 1,202,060
Contributions as a percentage of covered-employee payroll	10.39%	10.25%	10.19%	10.49%	10.84%	10.34%

*Note - Only the current fiscal year is presented because 10-year data is not available

Quartz Mountain Arts and Conference Center and Nature Park

Schedule of Proportionate Share of the Net OPEB Liability (Asset) - Last 10 Fiscal Years*

For the Years Ended June 30,

	2020	2019	2018
OTRS			
Center's proportion of the net OPEB liability (asset)	0.0064%	0.1775%	0.0209%
Center's proportionate share of the net OPEB liability (asset)	$ (3,945)	$ (11,471)	$ (9,318)
Center's covered-employee payroll	$ 757,484	$ 803,409	$ 888,045
Center's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-52.00%	-1.43%	-1.05%
Plan fiduciary net position as a percentage of the total OPEB liability (asset).	115.07%	103.94%	110.40%
OPERS			
Center's proportion of the net OPEB liability (asset)	0.0064%	0.0065%	0.0063%
Center's proportionate share of the net OPEB liability (asset)	$ (2,491)	$ (843)	$ 716
Center's covered-employee payroll	$ 109,524	$ 107,118	$ 109,084
Center's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-2.27%	79.00%	0.66%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	112.11%	103.94%	96.50%
Total			
	N/A	N/A	N/A
Center's proportionate share of the net OPEB liability (asset)	$ (6,436)	$ (12,314)	$ (8,602)
Center's covered-employee payroll	$ 867,008	$ 910,527	$ 997,129
Center's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-1%	-1%	-1%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	N/A	N/A	N/A

*Note - Only the current fiscal year is presented because 10-year data is not available.

Quartz Mountain Arts and Conference Center and Nature Park

Schedule of Changes in Net OPEB Liability and Related Ratios
For the Years Ended June 30,

	2020	2019	2018
Total OPEB Liability			
Service costs	$ 164	$ 158	$ 168
Interest	421	668	668
Benefit payments, including refunds of member contributions	(7,202)	(5,246)	(5,246)
Net change in total OPEB liability	(6,617)	(4,420)	(4,410)
Total OPEB liability - beginning	10,675	15,266	19,686
Total OPEB liability - ending (a)	$ 4,058	$ 10,846	$ 15,276
Covered employee payroll	$ 461,808	$ 752,434	$ 752,434
Total OPEB liability (asset) as a percentage of covered-employee payroll	0.88%	1.44%	2.03%

**Note - Only the current year is presented because 10-year data is not yet available

Quartz Mountain Arts and Conference Center and Nature Park

Schedule of OPEB Contributions - Last 10 Fiscal Years*

For the Years Ended June 30,

OTRS	2020	2019	2018
Contractually required contribution	$ 56	$ 484	$ 1,207
Contributions in relation to the contractually required contribution	56	484	1,207
Contribution deficiency (excess)	$ -	$ -	$ -
Center's covered-employee payroll	$ 618,599	$ 757,484	$ 888,045
Contributions as a percentage of covered-employee payroll	0.01%	0.06%	0.14%
OPERS			
Contractually required contribution	$ 1,201	$ 1,213	$ 1,156
Contributions in relation to the contractually required contribution	1,201	1,213	1,156
Contribution deficiency (excess)	$ -	$ -	$ -
Center's covered-employee payroll	$ 109,524	$ 109,524	$ 107,118
Contributions as a percentage of covered-employee payroll	1.10%	1.11%	1.08%
Contractually required contribution	$ 1,257	$ 1,697	$ 2,363
Center's covered-employee payroll required contribution	1,257	1,697	2,363
Contribution deficiency (excess)	$ -	$ -	$ -
Center's covered-employee payroll	$ 728,123	$ 867,008	$ 995,163
Contributions as a percentage of covered-employee payroll	0.17%	0.20%	0.24%

*Note - Only the current fiscal year is presented because 10-year data is not available

HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Quartz Mountain Arts and Conference Center and Nature Park
Lone Wolf, Oklahoma

We have audited, in accordance with the 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 Quartz Mountain Arts and Conference Center and Nature Park (the "Center"), as of and for the three months ended September 30, 2020 and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated December 17, 2021.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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.

5028 E. 101st Street
Tulsa, OK 74137
TEL: 918.492.3388
FAX: 918.492.4443
www.hinklecpas.com

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Center'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 determination of financial statement amounts. 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.

Hinkle & Company, PC

Tulsa, Oklahoma
December 17, 2021