Oklahoma Educational Television Authority

Financial Statements

June 30, 2021 and 2020
(With Independent Auditors' Reports Thereon)

FINLEY & COOK
CERTIFIED PUBLIC ACCOUNTANTS

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

FINANCIAL STATEMENTS

Table of Contents

INDEPENDENT AUDITORS' REPORT

Board of Directors
Oklahoma Educational Television Authority
Oklahoma City, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Oklahoma Educational Television Authority (OETA or the "Authority"), a component unit of the State of Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise OETA'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; 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 an opinion on these financial statements based on our audit. We have also audited the financial statements of Friends of OETA, Inc. ("Friends of OETA"), a discretely presented component unit of OETA, as of and for the year ended June 30, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Friends of OETA, a component unit, were not audited in accordance with *Government Auditing Standards.*

(Continued)

1421 East 45th Street • Shawnee, OK 74804
P: 405.878.7300 • www.finley-cook.com • F: 405.395.3300

Auditors' Responsibility, Continued

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.

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 business-type activities and the discretely presented component unit of the Authority as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

Emphasis of Matters

Restatement

As explained in further detail in Note 11 to the financial statements, the 2020 financial statements were restated to correct an error resulting from not properly adopting accounting guidance relating to other post-employment benefits (OPEB) and the related asset, liability, deferred outflows, deferred inflows, and OPEB expense. Our opinion is not modified with respect to this matter.

Authority-Only Financial Statements

As discussed in Note 1, the financial statements of OETA are intended to present the financial position and the changes in financial position of only that portion of the proprietary fund activities of the State of Oklahoma that is attributable to the transactions of OETA. They do not purport to, and do not, present fairly the financial position of the State of Oklahoma as of June 30, 2021 or 2020, or the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States. Our opinion is not modified with respect to this matter.

Prior Period Financial Statements

The financial statements of OETA as of June 30, 2020, were audited by other auditors whose report dated January 14, 2021, expressed an unmodified opinion on those statements.

INDEPENDENT AUDITORS' REPORT, CONTINUED

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis, the schedule of OETA's proportionate share of the net pension liability—Oklahoma Public Employees Retirement System, the schedule of OETA's contributions—Oklahoma Public Employees Retirement System, the schedule of OETA's proportionate share of the net OPEB liability—Oklahoma Public Employees Health Insurance Subsidy Plan, the schedule of OETA's contributions—Oklahoma Public Employees Health Insurance Subsidy Plan, and the schedule of OETA's changes in total OPEB liability and related ratios—Implicit Rate Subsidy of Health Insurance OETA Liability on pages 53 through 57 presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Finlay + Cook, PLLC

Shawnee, Oklahoma
December 30, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the Oklahoma Educational Television Authority (OETA or the "Authority") financial performance provides an overview of the Authority's financial activities for the fiscal years ended June 30, 2021 and 2020.

OETA was created by the Oklahoma Legislature in 1953 to "make educational television services available to all Oklahoma citizens on a coordinated statewide basis." (O.S. Title 74, Section 23-101)

The Federal Communications Commission (FCC) licenses for all of the State-owned educational, non-commercial television transmitters (18) are administered through OETA. Sixteen other states have similar statewide educational television operations and support their networks through state appropriations. OETA receives approximately $0.70 per citizen in state funding while other state networks receive as much as $4.26 per citizen to support their educational television operations. Originally, the entire operating budget of OETA was funded by direct appropriation of state dollars. However, as equipment, broadcasting, programming, and production expenses have increased and services have been expanded, the proportion of state funding has declined to 30 percent. As a state agency, the operating costs of the Authority are primarily funded through legislative appropriation and a small amount of self-generated funds. From July 1, 2018, to May 15, 2019, programming and development were supported fully by the OETA Foundation (the "Foundation") based on the 1992 Partnership Agreement between the Authority and the Foundation. Foundation-generated dollars are received from viewers, corporations, foundations, and other grants. As of November 15, 2018, Friends of OETA, Inc. ("Friends of OETA") became a legally separate and tax-exempt entity. Friends of OETA was formed to raise funds and support the activities and programs of OETA by receiving, investing, managing, and expending non-state-appropriated funds and properties. On April 23, 2019, OETA and the Friends of OETA entered into an agreement for the Friends of OETA to raise funds and support the activities of OETA. During FY21 and FY20, the Friends of OETA provided OETA with funding to cover programming, production, and equipment costs.

This report provides financial statements and related notes reflecting the general administrative, technical, and programming activities of the Authority. Under Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and 34*, Friends of OETA is considered a part of the overall reporting entity and its financials are reported separately after each Authority statement. Information relating to Friends of OETA included in the Authority's accompanying financial statements have been obtained from Friends of OETA's separately issued audited financial statements. This management's discussion and analysis will be restricted to only the Authority's financial statements. The Authority financial statements include Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows.

The Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows

The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position provide an indication of the Authority's financial condition. The Statements of Net Position include all of the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, using the accrual basis of accounting, as well as an indication about which assets can be utilized for general purposes and which are restricted as a result of legislation and statutes.

The Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows, Continued

The Statements of Revenues, Expenses, and Changes in Net Position report all of the revenues and expenses during the time periods indicated. The Statements of Cash Flows report the sources and uses of cash.

Statements of Net Position

	June 30, 2021	June 30, 2020
Assets:		
Current assets	$ 301,026	437,877
Net OPEB asset	52,708	40,514
Capital assets, net	3,936,960	4,568,598
Total assets	4,290,694	5,046,989
Deferred Outflows of Resources:		
Deferred outflows for pension and OPEB	761,336	319,963
Liabilities:		
Current liabilities	188,808	246,255
Noncurrent liabilities	1,323,669	545,483
Total liabilities	1,512,477	791,738
Deferred Inflows of Resources:		
Deferred inflows for pension and OPEB	86,906	128,649
Net Position:		
Net investment in capital assets	3,989,668	4,568,598
Unrestricted deficit	(537,021)	(122,033)
Total net position	$ 3,452,647	4,446,565

The Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows, Continued

Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended June 30, 2021	2020
Operating revenues:		
Grant revenue passed through:		
Friends of OETA, Inc.	$ 853,631	1,153,285
Telecasting, production, and other income	549,043	677,157
Total operating revenues	1,402,674	1,830,442
Operating expenses:		
Programming and production	2,385,478	1,878,688
Broadcasting and technical	5,070,318	5,034,882
Depreciation	846,133	920,397
Administration	1,346,443	1,547,736
Total operating expenses	9,648,372	9,381,703
Operating loss	(8,245,698)	(7,551,261)
Non-operating revenues:		
State appropriations	2,729,004	2,842,713
Contributions:		
Friends of OETA, Inc.	3,786,551	3,569,026
Other	-	2,161
Use of facilities	521,730	611,245
Total non-operating revenues	7,037,285	7,025,145
Loss before other revenues or expenses	(1,208,413)	(526,116)
Other revenues:		
Capital contributions:		
Grant funds passed through:		
Friends of OETA, Inc.	214,495	172,453
Total other revenues	214,495	172,453
Changes in net position	$ (993,918)	(353,663)

The Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows, Continued

Statements of Cash Flows

	Years Ended June 30, 2021	Years Ended June 30, 2020
Cash (used in) provided by:		
Operating activities	$ (4,077,576)	(3,835,553)
Noncapital financing activities	4,044,867	3,794,865
Net change in cash	(32,709)	(40,688)
Cash, beginning of year	138,095	178,783
Cash, end of year	$ 105,386	138,095

Overall Financial Position

Although considered a "Proprietary Fund" for auditing and reporting purposes under GASB 34, OETA does not generate sufficient funding necessary for continued operations and capital equipment improvements that have been required by the Federal Communication Commission for public broadcasting. The Authority requires both public and private funding sources to support its budget.

As noted above, **operating functions are almost entirely dependent upon State General Revenue appropriations**, while program acquisition relies solely on Friends of OETA funding. The net operating loss of $(8,245,698) in FY21 is higher than the net operating loss of $(7,551,261) in FY20. During FY21, the non-operating support from OETA's supporting organization totaled $3,786,551 and grant pass-through was $853,631, while FY20 includes non-operating support of $3,569,026 and grant pass-through of $1,153,285 from Friends of OETA. There were additional capital contributions from Friends of OETA from grant pass-through of $214,495 in FY 21 and $172,453 in FY20. The additional subsidies were required for operating expenses and capital improvements mostly related to maintenance repairs and equipment needs. As operating costs increase and if no additional state funding is received, this support will need to increase more each year.

FY21 operating revenues, which include grants, studio and tower rentals, tape dubbing charges, royalties, and production reimbursements, account for 16.7%, while in FY20 it was 20.7%. Non-operating and other revenues, which include state appropriations and contributions from OETA's supporting organizations, account for 83.3% of all revenues received in FY21 and 79.3% in FY20. The operating revenues and contributions will need to continue to increase each year if state appropriations continue to decline.

Overall Financial Position, Continued

Two important sources of financial support, not directly attributable to state appropriations and OETA's supporting organizations' programming expenditures, are the other in-kind contributions (Channel 9 land and tower rentals) and any other support from the supporting organizations. Both of these revenue sources are vital to the ongoing operations of the network.

The Statements of Cash Flows reveal the necessity for General Revenue Appropriations from the State of Oklahoma and any support from OETA's supporting organizations. Operating activities do not generate sufficient cash to fund expenses without these crucial funding sources.

Significant Changes In Capital Assets

Each year as broadcasting and ancillary equipment is replaced, OETA's capital assets continue to expand. More information on total capital assets can be found in the notes to the financial statements.

A vigorous effort is made annually to reconcile the asset management system within the statewide network. A physical inventory is done annually, and outdated or unusable assets are transferred to OMES—Surplus Property Division during the year for proper disposal. Unfortunately, due to limited operating funds available during each year, assets are only maintained and/or replaced on an emergency basis.

Significant Matters Affecting Future Financial Operations

Replacement of the Koet Transmitter

The KOET Channel 31 Harris Sigma CD Transmitter was installed in August 2003. This transmitter is 15 years old. The Sigma series transmitter is a high-power UHF utilizing old IOT tube technology. It is the only transmitter in the OETA network that is still using tube technology. The replacement cost of a tube is between $36,000 to $40,000 each. There are two of these tubes in the KOET Sigma CD Transmitter.

At the end of FY21, the Oklahoma Legislature and the Friends of OETA entered into a partnership to fund the replacement of the transmitter located south of Enterprise, Oklahoma. One half of the funding was provided by the Friends of OETA and one half of the funding was provided by the Oklahoma Legislature. The $950,000 project will be completed during FY22.

Significant Matters Affecting Future Financial Operations, Continued

Oklahoma Legislature

OETA was granted authority during the 2021 Legislative session to continue operating as a state agency, with appropriated funding, through June 30, 2022.

During the 2014 Legislative session, the Oklahoma State Legislature required OETA to submit a plan on how OETA could operate without state appropriations over a 3-year, a 5-year, or a 7-year period. The plan was completed and submitted to the state legislature for consideration.

The plan concludes that eliminating state funding to OETA, whether it is over 3 years, 5 years, or 7 years, will result in the loss of most of OETA's staff, reduced private investments and support, and a severe reduction of local programs. This would make OETA simply a "pass-through" entity of national programs. It would create a reduction in audience, the loss of infrastructure, including rural translators serving smaller Oklahoma communities, which would lead to the loss—probably permanently—of FCC licenses.

Operating Expenses Expanding

As stated in the financial statements and notes, there is much dependency by OETA on Friends of OETA and other private donors. OETA depends on these sources to fund purchases of programs and continuing capital endeavors. OETA has received appropriation reductions since FY09 totaling approximately $2,529,000 (49%), which makes this need more apparent. Year-to-year, OETA is relying on these sources of funds for maintenance, replacement of digital equipment, and personnel cost.

Friends of OETA has continued to receive generous donations from individual viewers, foundations, and corporations on behalf of OETA. These supporters are especially pleased to contribute because of the programming they depend on from OETA. Obviously, changes in the local economy, investment returns, and/or state funding will disrupt the current balance of income.

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

STATEMENTS OF NET POSITION

June 30,		*2021*	*2020*
Assets:			
Current assets:			
Cash	$	105,386	138,095
Accounts receivable		17,000	20,050
Management fees receivable—Friends of OETA, Inc.		178,640	279,732
Total current assets		301,026	437,877
Noncurrent assets:			
Net OPEB asset, restated		52,708	40,514
Capital assets:			
Land		26,272	26,272
Buildings and improvements		5,385,665	5,361,586
Broadcast equipment		33,353,651	33,223,512
Transportation equipment		151,453	108,853
Office furniture and equipment		802,358	784,681
		39,719,399	39,504,904
Less accumulated depreciation		(35,782,439)	(34,936,306)
Net capital assets		3,936,960	4,568,598
Total noncurrent assets		3,989,668	4,609,112
Total assets		4,290,694	5,046,989
Deferred outflows of resources:			
Deferred outflows related to pension and OPEB, restated		761,336	319,963

(Continued)

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

STATEMENTS OF NET POSITION, CONTINUED

June 30,	*2021*	*2020*
Liabilities:		
Current liabilities:		
Accounts payable	-	43,041
Unearned revenue	90,000	120,000
Accrued payroll	-	1,989
Compensated absences, current portion	98,808	81,225
Total current liabilities	188,808	246,255
Noncurrent liabilities:		
Net pension liability	1,003,008	138,788
Total OPEB liability, restated	164,935	157,574
Unearned revenue	-	90,000
Compensated absences	155,726	159,121
Total noncurrent liabilities	1,323,669	545,483
Total liabilities	1,512,477	791,738
Deferred inflows of resources:		
Deferred inflows related to pension and OPEB, restated	86,906	128,649
Net position:		
Net investment in capital assets	3,989,668	4,568,598
Unrestricted deficit, restated	(537,021)	(122,033)
Total net position, restated	$ 3,452,647	4,446,565

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

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

COMPONENT UNIT STATEMENTS OF FINANCIAL POSITION (FRIENDS OF OETA, INC.)

June 30,		*2021*	*2020*
Assets			
Cash and cash equivalents, unrestricted	$	3,512,297	4,223,145
Restricted cash and cash equivalents		3,748,166	2,844,839
Pledges receivable, net		571,963	545,548
Other receivables		45,081	43,945
Investments		42,175,936	33,124,927
Prepaid expenses		127,357	91,449
Fixed assets, net		2,623,012	2,406,332
Total assets	$	52,803,812	43,280,185
Liabilities and Net Assets			
Liabilities:			
Accounts payable	$	577,090	709,649
Total liabilities		577,090	709,649
Net assets:			
Without donor restrictions:			
Undesignated		45,855,544	37,319,365
Net investment in fixed assets		2,623,012	2,406,332
		48,478,556	39,725,697
With donor restrictions		3,748,166	2,844,839
Total net assets		52,226,722	42,570,536
Total liabilities and net assets	$	52,803,812	43,280,185

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

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years Ended June 30,	*2021*	*2020*
Operating revenues:		
Grant revenue passed through Friends of OETA, Inc.	$ 853,631	1,153,285
Telecasting, production, and other income	549,043	677,157
Total operating revenues	1,402,674	1,830,442
Operating expenses:		
Programming and production	2,385,478	1,878,688
Broadcasting and technical	5,070,318	5,034,882
Depreciation	846,133	920,397
Administration, restated	1,346,443	1,547,736
Total operating expenses, restated	9,648,372	9,381,703
Operating loss, restated	(8,245,698)	(7,551,261)
Non-operating revenues:		
State appropriations	2,729,004	2,842,713
Contributions:		
Friends of OETA, Inc.	3,786,551	3,569,026
Other	-	2,161
Use of facilities	521,730	611,245
Total non-operating revenues	7,037,285	7,025,145
Loss before other revenues, expenses, gains, and losses, restated	(1,208,413)	(526,116)
Capital contributions:		
Grant funds passed through:		
Friends of OETA, Inc.	214,495	172,453
Total capital contributions	214,495	172,453
Changes in net position, restated	(993,918)	(353,663)
Net position, beginning of year, restated	4,446,565	4,800,228
Net position, end of year, restated	$ 3,452,647	4,446,565

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

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

COMPONENT UNIT STATEMENTS OF ACTIVITIES (FRIENDS OF OETA, INC.)

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support:			
Contributions	$ 4,488,188	-	4,488,188
Grants	-	2,159,465	2,159,465
Interest and dividends	389,593	-	389,593
Realized and unrealized gains, net	8,516,282	-	8,516,282
Underwriting revenues	194,480	-	194,480
Rental—affiliate	231,730	-	231,730
Royalties	182,500	-	182,500
Other	8,474	-	8,474
Released from restriction	1,256,138	(1,256,138)	-
Total revenues and other support	15,267,385	903,327	16,170,712
Expenses:			
Support to OETA	5,086,407	-	5,086,407
General and administrative	332,386	-	332,386
Fundraising	1,095,733	-	1,095,733
Total expenses	6,514,526	-	6,514,526
Changes in net assets	8,752,859	903,327	9,656,186
Net assets, beginning of year	39,725,697	2,844,839	42,570,536
Net assets, end of year	$ 48,478,556	3,748,166	52,226,722

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

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

COMPONENT UNIT STATEMENTS OF ACTIVITIES (FRIENDS OF OETA, INC.), CONTINUED

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support:			
Contributions	$ 5,132,525	-	5,132,525
Grants	5,000	1,844,839	1,849,839
Interest and dividends	615,762	-	615,762
Realized and unrealized gains, net	468,410	-	468,410
Underwriting revenues	133,653	-	133,653
Rental—affiliate	231,730	-	231,730
Royalties	140,932	-	140,932
Other	2,000	-	2,000
Released from restriction	1,325,738	(1,325,738)	-
Total revenues and other support	8,055,750	519,101	8,574,851
Expenses:			
Support to OETA	5,126,494	-	5,126,494
General and administrative	480,460	-	480,460
Fundraising	1,106,828	-	1,106,828
Total expenses	6,713,782	-	6,713,782
Changes in net assets	1,341,968	519,101	1,861,069
Net assets, beginning of year	38,383,729	2,325,738	40,709,467
Net assets, end of year	$ 39,725,697	2,844,839	42,570,536

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

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

STATEMENTS OF CASH FLOWS

Years Ended June 30,	*2021*	*2020*
Cash flows from operating activities:		
Receipts from telecasting, production, and other income	$ 249,593	275,306
Payments to vendors	(816,285)	(1,030,164)
Payments to employees	(3,510,884)	(3,080,695)
Net cash used in operating activities	(4,077,576)	(3,835,553)
Cash flows from noncapital financing activities:		
State appropriations	2,729,004	2,842,713
Contributions from Friends of OETA, Inc. and other	1,315,863	952,152
Net cash provided by noncapital financing activities	4,044,867	3,794,865
Net decrease in cash	(32,709)	(40,688)
Cash, beginning of year	138,095	178,783
Cash, end of year	$ 105,386	138,095
Reconciliation of operating loss to cash flows used in operating activities:		
Operating loss, restated	$ (8,245,698)	(7,551,261)
Adjustments to reconcile operating loss to cash flows used in operating activities:		
Noncash transactions:		
Depreciation	846,133	920,397
In-kind operating expenses	3,200,972	3,230,280
Changes in operating assets and liabilities:		
Accounts receivable	(104,412)	(281,851)
Accounts payable	(43,041)	4,870
Accrued payroll	(1,989)	(2,564)
Unearned revenue	(120,000)	(120,000)
Compensated absences	14,188	29,504
Pension liability, OPEB liability, and related deferred outflows and inflows, restated	376,271	(64,928)
Net cash used in operating activities	$ (4,077,576)	(3,835,553)
Noncash investing, noncapital financing, and capital financing activities:		
Capital assets received from grants passed through Friends of OETA, Inc.	$ 214,495	172,453

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

(1) NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Oklahoma Education Television Authority (OETA or the "Authority") is an agency of the State of Oklahoma with the purpose of providing public television services to Oklahoma. OETA operates from state appropriations as well as support from Friends of OETA, Inc. ("Friends of OETA"), in-kind contributions by the corporate community, and other educational institutions.

Reporting Entity

The financial reporting entity, as defined in Section 2600 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, includes the accounts of OETA and its discretely presented component unit, Friends of OETA.

Discretely Presented Component Unit

Friends of OETA is a legally separate, tax-exempt component unit of OETA. Friends of OETA was formed to receive funds and support the activities and programs of OETA by receiving, investing, managing, and expending non-state-appropriated funds and properties. Friends of OETA's Board of Directors are appointed by OETA and can be removed with or without cause by OETA. Although OETA does not control the timing or the amount of receipts from Friends of OETA, the resources held by Friends of OETA can only be used by or on behalf of OETA. Since Friends of OETA's efforts are to be used to support the Authority, Friends of OETA is considered a component unit of the Authority and is discretely presented in the Authority's financial statements. Additional and selected disclosures for Friends of OETA are located in this report in Note 10.

Complete financial statements for Friends of OETA may be obtained at Friends of OETA's office at 7403 N. Kelley Avenue, Oklahoma City, Oklahoma 73111.

Friends of OETA is a private nonprofit organization that reports under the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to Friends of OETA's financial information in the Authority's financial reporting for these differences.

(1) NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Financial Statement Presentation

The Authority's financial statements are presented in accordance with the requirements of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis—for State and Local Governments* (GASB 34). The financial statement presentation required by GASB 34 provides a comprehensive, entity-wide perspective of the Authority's assets, liabilities, deferred inflows and outflows of resources, net position, revenues, expenses, changes in net position, and cash flows.

Basis of Accounting

For financial reporting purposes, the Authority is considered a proprietary fund. As such, the financial statements use the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering products in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of OETA are charges for production and dubbing services, charges for the use of facilities or employees, certain subsidies or grants from or passed through Friends of OETA and the State of Oklahoma, and broadcast royalties. Operating expenses include the cost of providing these services, administrative expenses, and depreciation on capital assets.

Nonoperating revenues include activities that have characteristics of nonexchange transactions as described in Section 2450, *Cash Flows Statements*, of the GASB Codification. State appropriations and in-kind contributions, as well as transactions related to capital and financing activities, noncapital financing activities, and investing activities, are components of nonoperating revenues and expenses.

When OETA has both restricted and unrestricted resources available for use, it is its policy to use restricted resources first, and then unrestricted resources as they are needed.

(1) NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Cash

OETA considers all highly liquid investments with an original maturity of 3 months or less to be cash equivalents. Funds invested through the State Treasurer's Cash Management Program are considered cash equivalents. At June 30, 2021 and 2020, the carrying amount of OETA's deposit with the State Treasurer was $105,386 and $138,095, respectively.

By State Statute, the State Treasurer is required to ensure that all State funds are either insured by the Federal Deposit Insurance Corporation, collateralized by securities held by the Federal Reserve Bank, or invested in U.S. government obligations. OETA'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.

Receivables and Payables

OETA management considers all trade and related-party receivables to be fully collectible. As such, there is no provision for potentially uncollectible accounts. Accounts payable represent trade payables payable from both restricted and unrestricted resources.

Capital Assets

Capital assets include land, buildings, broadcast equipment, transportation equipment, and office furniture and equipment. Capital assets are defined as assets with an initial, individual cost of more than $500 and an estimated useful life of at least 3 years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Donations received from Friends of OETA are recorded at Friends of OETA's cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its life is not capitalized. Depreciation of capital assets is provided over the estimated useful lives of the respective assets on a straight-line basis. Estimated useful lives are as follows:

Buildings and improvements	5–40 years
Broadcast equipment	5–15 years
Transportation equipment	3–5 years
Office furniture and equipment	3–10 years

(1) NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Compensated Absences

It is OETA's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The maximum vacation that can be accumulated is 480 hours. There is no liability for unpaid accumulated sick leave since OETA does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred.

In-Kind Contributions

In-kind contributions are recorded as revenues and expenses. The contributions consist primarily of the use of land and facilities of commercial television stations and professional services. These donations are recorded at estimated fair value.

Noncurrent Liabilities

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

Unearned Revenue

When the Authority receives funds from third parties before they have provided goods or services to the third party, the Authority records those funds as unearned revenue. Upon providing goods or services to the third party, the Authority recognizes these funds into income.

Pension Plans

Defined Benefit Plan

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

(1) NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Pension Plans, Continued

Defined Contribution Plan

Effective November 1, 2015, OPERS established Pathfinder, a mandatory defined contribution plan for eligible state employees who first become employed by a participating employer on or after November 1, 2015, and have no prior participation in OPERS. Under Pathfinder, members will choose a contribution rate which will be matched by their employer up to 7%. During the years ended June 30, 2021 and 2020, OETA made contributions to Pathfinder of approximately $158,000 and $108,000, respectively.

Other Postemployment Benefits

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

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

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

Use of Estimates

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

(1) NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Net Position

OETA's net position is classified as follows:

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

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

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

It is OETA's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Deferred Inflows and Outflows of Resources

Deferred outflows and inflows of resources represent amounts associated with pension and other postemployment benefits (OPEB), as applicable, for differences between expected and actual experience, differences between projected and actual earnings on pension fund investments, changes in assumptions, and changes in proportion. Notes 5 and 6 detail the components of these items.

Recent Accounting Pronouncements

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95). GASB 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities* (GASB 84). GASB 84 improves guidance regarding the recognition and reporting of fiduciary activities. GASB 84 identifies four types of reportable fiduciary fund types, including (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. GASB 84 outlines the accounting and disclosure requirements for operating structures that qualify as a fiduciary activity. OETA adopted GASB 84 effective July 1, 2020, for the June 30, 2021, reporting year, which did not have a significant impact on the financial statements.

(1) NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recent Accounting Pronouncements, Continued

In June 2017, GASB issued Statement No. 87, *Leases* (GASB 87). GASB 87 defines a lease as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. GASB 87 improves accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged. OETA has not determined the impact of GASB 87 on the financial statements.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interest* (GASB 90). GASB 90 improves the consistency and comparability of reporting government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. OETA adopted GASB 90 effective July 1, 2020, for the June 30, 2021, reporting year, which did not have a significant impact on the financial statements.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB 91). GASB 91 provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligation, and (3) related note disclosures. OETA will adopt GASB 91 effective July 1, 2021, for the June 30, 2022, reporting year. OETA does not expect GASB 91 to have a significant impact on the financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020* (GASB 92). GASB 92 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions. OETA will adopt GASB 92 effective July 1, 2021, for the June 30, 2022, reporting year. OETA does not expect GASB 92 to have a significant impact on the financial statements.

(1) NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recent Accounting Pronouncements, Continued

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* (GASB 93). GASB 93 is to address other accounting and financial reporting implications that result from the replacement of interbank offered rates. OETA will adopt GASB 93 effective July 1, 2022, for the June 30, 2023, reporting year. OETA does not expect GASB 93 to have a significant impact on the financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). GASB 94 is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. OETA will adopt GASB 94 effective July 1, 2022, for the June 30, 2023, reporting year. OETA does not expect GASB 94 to have a significant impact on the financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. OETA will adopt GASB 96 effective July 1, 2022, for the June 30, 2023, reporting year. OETA has not determined the impact of GASB 96 on the financial statements.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria and Accounting Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* (GASB 97). GASB 97 objectives are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. OETA will adopt GASB 97 effective July 1, 2021, for the June 30, 2022, reporting year. OETA has not determined the impact of GASB 97 on the financial statements.

(2) CAPITAL ASSETS

OETA's capital asset activity for the years ended June 30 was as follows:

2021	Beginning Balance	Additions	Deletions	Transfers/ Adjustments	Ending Balance
Capital assets not being depreciated:					
Land	$ 26,272	-	-	-	26,272
Total capital assets not being depreciated	26,272	-	-	-	26,272
Capital assets being depreciated:					
Building and improvements	5,361,586	24,079	-	-	5,385,665
Broadcast equipment	33,223,512	130,139	-	-	33,353,651
Transportation equipment	108,853	42,600	-	-	151,453
Office furniture and equipment	784,681	17,677	-	-	802,358
Total capital assets being depreciated	39,478,632	214,495	-	-	39,693,127
Less accumulated depreciation for:					
Building and improvements	(3,485,381)	(107,475)	-	-	(3,592,856)
Broadcast equipment	(30,633,586)	(708,461)	-	-	(31,342,047)
Transportation equipment	(107,789)	(3,194)	-	-	(110,983)
Office furniture and equipment	(709,550)	(27,003)	-	-	(736,553)
Total accumulated depreciation	(34,936,306)	(846,133)	-	-	(35,782,439)
Total capital assets being depreciated, net	4,542,326	(631,638)	-	-	3,910,688
Total capital assets, net	$ 4,568,598	(631,638)	-	-	3,936,960

See Independent Auditors' Report.

(2) CAPITAL ASSETS, CONTINUED

2020	Beginning Balance	Additions	Deletions	Transfers/ Adjustments	Ending Balance
Capital assets not being depreciated:					
Land	$ 26,272	-	-	-	26,272
Total capital assets not being depreciated	26,272	-	-	-	26,272
Capital assets being depreciated:					
Building and improvements	5,350,125	11,461	-	-	5,361,586
Broadcast equipment	33,098,984	124,528	-	-	33,223,512
Transportation equipment	108,853	-	-	-	108,853
Office furniture and equipment	748,217	36,464	-	-	784,681
Total capital assets being depreciated	39,306,179	172,453	-	-	39,478,632
Less accumulated depreciation for:					
Building and improvements	(3,374,308)	(111,073)	-	-	(3,485,381)
Broadcast equipment	(29,851,820)	(781,766)	-	-	(30,633,586)
Transportation equipment	(107,789)	-	-	-	(107,789)
Office furniture and equipment	(681,992)	(27,558)	-	-	(709,550)
Total accumulated depreciation	(34,015,909)	(920,397)	-	-	(34,936,306)
Total capital assets being depreciated, net	5,290,270	(747,944)	-	-	4,542,326
Total capital assets, net	$ 5,316,542	(747,944)	-	-	4,568,598

Included in the above totals is $595,750 at both June 30, 2021 and 2020, in related cost from federal grants for the DTV conversion project that holds liens. OETA has granted a priority reversionary interest in this equipment back to the federal government per grant requirements. These grants expire in September 2021. The liens are for 10-year periods.

See Independent Auditors’ Report.

(3) LEASES

The Authority is involved in various operating leases for office and production space and equipment, translator sites, satellite transponder services, transmission facilities, and fiber connections. Leases are generally renewable on a monthly/annual basis or can be canceled within a short timeframe. Rental expense for the years ended June 30, 2021 and 2020, was approximately $794,000 and $854,000, respectively. Included in rental expense for both the years ending June 30, 2021 and 2020, is a subsidy of $231,730 from OETA's supporting organizations for the use of the Tulsa studio. The Tulsa studio was constructed for the use of the Authority; therefore, the Authority will recognize a subsidy for the annual benefit for the use of the studio.

Future minimum lease payments for noncancelable leases that extend more than 1 year as of June 30, 2021, were as follows:

Year Ending June 30:		
2022	$	15,600
2023		15,600
2024		15,600
2025		15,600
2026		15,600
Thereafter		1,039,200
	$	1,117,200

In February 2017, the Authority entered into a lease agreement to lease the Authority's excess capacity on various channels to a wireless communications provider at a rate of $17,000 per month through February 2047. The February 2017 agreement included a $600,000 incentive fee to be paid to the Authority which is to be repaid on a pro-rata basis if the contract is terminated within the first 60 months. The incentive fee was received by the Authority in July 2017. The Authority recognized $120,000 of the fee in income for both the years ended June 30, 2021 and 2020. Lease income, excluding the incentive fee, earned by the Authority totaled $204,000 for both the years ended June 30, 2021 and 2020. Future minimum rental income to be received by the Authority for noncancelable leases as of June 30, 2021, includes $204,000 to be received during the years ending through June 30, 2046, and $119,000 for the year ending June 30, 2047.

(4) LONG-TERM LIABILITIES

Long-term liabilities at June 30, 2021 and 2020, and changes for the fiscal years then ended were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within 1 Year
2021					
Compensated absences	$ 240,346	110,521	(96,333)	254,534	98,808
Unearned revenue	210,000	-	(120,000)	-	90,000
Total long-term liabilities	$ 450,346	110,521	(216,333)	254,534	188,808
2020					
Compensated absences	$ 210,842	110,729	(81,225)	240,346	81,225
Unearned revenue	330,000	-	(120,000)	210,000	120,000
Total long-term liabilities	$ 540,842	110,729	(201,225)	450,346	201,225

(5) PENSION PLAN

Plan Description

OETA contributes to the Oklahoma Public Employees Retirement Plan, a cost-sharing, multiple-employer public employee retirement system administered by the Oklahoma Public Employees Retirement System (collectively referred to as "OPERS"). OPERS provides retirement, disability, and death benefits to plan members and beneficiaries. The benefit provisions are established and may be amended by the Oklahoma Legislature. Title 74 of the Oklahoma Statutes, Sections 901–943, as amended, assigns the authority for management and operation of OPERS to the Board of Trustees of OPERS (the "Board"). OPERS issues a publicly available annual financial report that includes financial statements and required supplementary information for OPERS. That annual report may be obtained by writing to the Oklahoma Public Employees Retirement System, 5400 N. Grand Boulevard, Suite 400, Oklahoma City, Oklahoma 73112 or by calling 1-800-733-9008, or can be obtained at https://www.opers.ok.gov/publications/#CAFR.

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

(5) PENSION PLAN, CONTINUED

Benefits Provided

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

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

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

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

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

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

(5) PENSION PLAN, CONTINUED

Benefits Provided, Continued

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

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

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

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

Benefits are established and may be amended by the State Legislature.

Contributions

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

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

For 2021, 2020, and 2019, *state agency employers* contributed 16.5% on all salary, and *state employees* contributed 3.5% on all salary.

(5) PENSION PLAN, CONTINUED

Contributions, Continued

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

Contributions to OPERS by OETA for 2021, 2020, and 2019 were approximately as follows:

2021	2020	2019
$ 203,000	237,000	235,000

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021 and 2020, OETA reported a liability for its proportionate share of the net pension liability. As of June 30, 2021, 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. As of June 30, 2020, the net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. OETA's proportion of the net pension liability was based on OETA's contributions received by OPERS relative to the total contributions received by OPERS for all participating employers as of June 30, 2020 and 2019. Based upon this information, OETA's proportion for June 30, 2021 and 2020, was 0.11242428% and 0.10420870%, respectively.

(5) PENSION PLAN, CONTINUED

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

For the years ended June 30, 2021 and 2020, OETA recognized pension expense of $577,594 and $202,351, respectively. At June 30, 2021 and 2020, OETA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	5,481
Changes in assumptions	358,265	-
Net difference between projected and actual earnings on pension plan investments	119,182	-
Changes in proportion	-	14,230
OETA contributions subsequent to the measurement date	202,559	-
	$ 680,006	19,711

See Independent Auditors' Report.

(5) PENSION PLAN, CONTINUED

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	32,659
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	41,878
Changes in proportion	-	-
OETA contributions subsequent to the measurement date	263,159	-
	$ 263,159	74,537

Reported deferred outflows of resources of $202,559 at June 30, 2021, related to pensions resulting from OETA contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Any other amounts reported as deferred outflows of resources and deferred inflows of resources as of June 30, 2021, related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2022	$ 153,600
2023	167,830
2024	88,632
2025	23,836
2026	23,838
	$ 457,736

See Independent Auditors' Report.

(5) PENSION PLAN, CONTINUED

Actuarial Methods and Assumptions

The total pension liability was determined on an actuarial valuation prepared as of July 1, 2020 and 2019, using the following actuarial assumptions:

Investment return:	6.50% for 2020 and 7.00% for 2019, compounded annually, net of investment expense and including inflation.
Salary increases:	3.25% to 9.25% in 2020 and 3.50% to 9.50% in 2019, including inflation.
Mortality rates:	Active participants and nondisabled pensioners: For 2020—Pub-2010 Mortality Table projected to 2030 by Scale MP-2019 (disabled pensioners set forward 12 years). For 2019—RP-2014 Mortality Table projected to 2025 by Scale MP-2016 (disabled pensioners set forward 12 years).
Annual post-retirement benefit increases:	None
Assumed inflation rate:	2.50% for 2020 and 2.75% for 2019
Payroll growth:	3.25% for 2020 and 3.50% for 2019
Actuarial cost method:	Entry age
Select period for the termination of employment assumptions:	10 years

The actuarial assumptions used in the July 1, 2020, valuations are based on the results of the most recent actuarial experience study, which covers the 3-year period ended June 30, 2019. The experience study report is dated May 13, 2020.

The actuarial assumptions used in the July 1, 2019, valuations are based on the results of the most recent actuarial experience study, which covers the 3-year period ended June 30, 2016. The experience study report is dated April 13, 2017.

See Independent Auditors' Report.

(5) PENSION PLAN, CONTINUED

Actuarial Methods and Assumptions, Continued

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

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

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
2020		
U.S. large cap equity	34.0%	4.7%
U.S. small cap equity	6.0%	5.8%
International developed equity	23.0%	6.5%
Emerging market equity	5.0%	8.5%
Core fixed income	25.0%	0.5%
Long-term treasuries	3.5%	0.0%
U.S. TIPS	3.5%	0.3%
	100.0%	
2019		
U.S. large cap equity	38.0%	3.8%
U.S. small cap equity	6.0%	4.9%
Non-U.S. equity	24.0%	9.2%
U.S. fixed income	32.0%	1.4%
	100.0%	

(5) PENSION PLAN, CONTINUED

Discount Rate

The discount rate used to measure the total pension liability was 6.50% for 2020 and 7.00% for 2019. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in state statute. Based on those assumptions, OPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability (asset) of the employer calculated using the discount rate of 6.50% for 2021 and 7.00% for 2020, as well as what OETA's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
2021			
Net pension liability (asset)	$ 2,361,165	1,003,008	(144,618)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
2020			
Net pension liability (asset)	$ 1,249,774	138,788	(812,521)

Pension Plan Fiduciary Net Position

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

(6) OTHER POSTEMPLOYMENT BENEFITS

HEALTH INSURANCE SUBSIDY OPEB

Description

OETA participates in the HISP, a cost-sharing, multiple-employer defined benefit public employee health insurance subsidy retirement plan which is administered by OPERS. The HISP is classified as an “other postemployment benefit.”

Benefits Provided

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

Contributions

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

Each member participates based on their qualifying gross salary earned, excluding overtime. There is no cap on the qualifying gross salary earned, subject to IRS limitations on compensation. Only employers contribute to the HISP. For 2021 and 2020, state agency employers contributed 16.5% on all salary.

Contributions to OPERS for the HISP by OETA for the years ended June 30, 2021, 2020, and 2019, were approximately $23,000, $26,000, and $26,000, respectively.

(6) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

HEALTH INSURANCE SUBSIDY OPEB, CONTINUED

OPEB Assets, OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, OETA reported an asset 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 July 1, 2020. At June 30, 2020, OETA reported an asset for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of July 1, 2019. OETA's proportion of the net OPEB asset was based on OETA's contributions received by OPERS relative to the total contributions received by OPERS for all participating employers as of June 30, 2020 and 2019. Based upon this information, OETA's proportion for June 30, 2021 and 2020, was 0.11242428% and 0.10420870%, respectively.

For the years ended June 30, 2021 and 2020, OETA recognized OPEB benefit related to the HISP of $(3,113) and $(2,157), respectively. At June 30, 2021 and 2020, OETA reported deferred outflows of resources and deferred inflows of resources related to the HISP from the following sources:

2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	44,627
Changes in assumptions	18,599	-
Net difference between projected and actual earnings on OPEB investments	8,025	-
Changes in proportion	-	283
OETA contributions subsequent to the measurement date	22,507	-
	$ 49,131	44,910

See Independent Auditors' Report.

(6) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

HEALTH INSURANCE SUBSIDY OPEB, CONTINUED

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

2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	32,918
Changes in assumptions	6,087	-
Net difference between projected and actual earnings on OPEB investments	-	4,378
Changes in proportion	-	270
OETA contributions subsequent to the measurement date	26,316	-
	$ 32,403	37,566

Reported deferred outflows of resources of $22,507 related to OPEB resulting from OETA's contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2022. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2021, will be recognized in OPEB expense as follows:

Year Ending June 30:	
2022	$ (2,931)
2023	(2,931)
2024	(2,931)
2025	(2,936)
2026	(2,872)
Thereafter	(3,685)
	$ (18,286)

See Independent Auditors' Report.

(6) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

HEALTH INSURANCE SUBSIDY OPEB, CONTINUED

Actuarial Methods and Assumptions

The total OPEB liability was determined on an actuarial valuation prepared as of July 1, 2020 and 2019:

Investment return:	6.50% for 2020 and 7.00% for 2019, compounded annually, net of investment expense and including inflation.
Salary increases:	3.25% to 9.25% in 2020 and 3.50% to 9.50% in 2019, including inflation.
Mortality rates:	Active participants and nondisabled pensioners: For 2020—Pub-2010 Mortality Table projected to 2030 by Scale MP-2019 (disabled pensioners set forward 12 years). For 2019—RP-2014 Mortality Table projected to 2025 by Scale MP-2016 (disabled pensioners set forward 12 years).
Annual post-retirement benefit increases:	None
Assumed inflation rate:	2.50% for 2020 and 2.75% for 2019
Payroll growth:	3.25% for 2020 and 3.50% for 2019
Actuarial cost method:	Entry age
Select period for the termination of employment assumptions:	10 years

The actuarial assumptions used in the July 1, 2020, valuations are based on the results of the most recent actuarial experience study, which covers the 3-year period ended June 30, 2019. The experience study report is dated May 13, 2020.

The actuarial assumptions used in the July 1, 2019, valuations are based on the results of the most recent actuarial experience study, which covers the 3-year period ended June 30, 2016. The experience study report is dated April 13, 2017.

(6) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

HEALTH INSURANCE SUBSIDY OPEB, CONTINUED

Actuarial Methods and Assumptions, Continued

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

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

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
2020		
U.S. large cap equity	34.0%	4.7%
U.S. small cap equity	6.0%	5.8%
International developed equity	23.0%	6.5%
Emerging market equity	5.0%	8.5%
Core fixed income	25.0%	0.5%
Long-term treasuries	3.5%	0.0%
U.S. TIPS	3.5%	0.3%
	100.0%	
2019		
U.S. large cap equity	38.0%	3.8%
U.S. small cap equity	6.0%	4.9%
Non-U.S. equity	24.0%	9.2%
U.S. fixed income	32.0%	1.4%
	100.0%	

See Independent Auditors' Report.

(6) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

HEALTH INSURANCE SUBSIDY OPEB, CONTINUED

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50% for 2020 and 7.00% for 2019. The projection of cash flows used to determine the discount rate assumed that contributions from the employers will be made at the current contribution rate as set out in state statute. Based on those assumptions, OPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determined does not use a municipal bond rate.

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

The following presents the net OPEB asset of OETA calculated using the discount rate of 6.50% for 2021 and 7.00% for 2020, as well as what OETA's net OPEB asset would be at June 30 if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

2021	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB asset	$ (13,419)	(52,708)	(86,379)

2020	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB asset	$ (16,399)	(40,514)	(69,850)

OPEB Plan Fiduciary Net Position

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

(6) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE OPEB LIABILITY

Description

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

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

The IRSHIP provides members with postretirement medical benefits until age 65 if the retiree and spouse pay the full active premium. Participation in the health insurance plan can elect to enroll in special coverage, and surviving spouses may continue in the plan until age 65. Contributions to the health insurance plan are made by both participants and OETA on a "pay as you go" basis. OETA's contributions for the years ended June 30, 2021 and 2020, were approximately $12,000 and $13,000, respectively.

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

At June 30, 2021 and 2020, OETA reported a liability for its proportionate share of the net IRSHIP OPEB liability. At June 30, 2021, the net IRSHIP OPEB liability was measured as of June 30, 2020, and the total IRSHIP OPEB liability used to calculate the net IRSHIP OPEB liability was determined by an actuarial valuation as of July 1, 2021. At June 30, 2020, the net IRSHIP OPEB liability was measured as of June 30, 2019, and the total IRSHIP OPEB liability used to calculate the net IRSHIP OPEB liability was determined by an actuarial valuation as of July 1, 2020. OETA's proportion of the net IRSHIP OPEB liability was based on OETA's active employees as of July 1, 2020 and 2019, to all active employees of the State agencies included in the State of Oklahoma's calculation. Based upon this information, OETA's proportion was 0.11607510% and 0.11919310% at June 30, 2021 and 2020, respectively.

(6) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE OPEB LIABILITY, CONTINUED

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

For the years ended June 30, 2021 and 2020, OETA recognized OPEB expense of $(7,580) and $(10,326), respectively. At June 30, 2021 and 2020, OETA reported deferred outflows of resources and deferred inflows of resources related to the IRSHIP OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2021		
Differences between expected and actual experience	$ -	1,462
Changes in assumptions	11,534	9,613
Changes in proportion	8,417	11,210
OETA contributions subsequent to the measurement date	12,248	-
	$ 32,199	22,285
2020		
Differences between expected and actual experience	$ -	1,410
Changes in assumptions	-	15,136
Changes in proportion	11,594	-
OETA contributions subsequent to the measurement date	12,807	-
	$ 24,401	16,546

See Independent Auditors' Report.

(6) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE OPEB LIABILITY, CONTINUED

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

Reported deferred outflows of resources of $12,249 related to OPEB resulting from OETA's contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2022. Deferred inflows of resources and deferred outflows of resources related to the IRSHIP OPEB liability as of June 30, 2021, will be recognized in OPEB expense as follows:

Year Ending June 30:		
2022	$	275
2023		275
2024		(839)
2025		(2,188)
2026		79
Thereafter		64
	$	(2,334)

Actuarial Methods and Assumptions

The total IRSHIP OPEB liability was determined based on actuarial valuations prepared as of July 1, 2020 and 2019:

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

- Mortality rates—

  For 2020— Pub-2010 Public Retirement Plans General Mortality Table weighted by headcount projected by MP-2020 as of July 1, 2020.

  For 2019— Pub-2010 Public Retirement Plans General Mortality Table weighted by headcount projected by MP-2019 as of July 1, 2019.

(Continued)

(6) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE OPEB LIABILITY, CONTINUED

Actuarial Methods and Assumptions, Continued

- Salary scale, retirement rate, withdrawal rate, and disability rate actuarial assumptions are based on rates for the various retirement systems that the health insurance plan's participants are in, including—
  - Oklahoma Public Employees Retirement System
  - Oklahoma Law Enforcement Retirement System
  - Teachers' Retirement System of Oklahoma
  - Uniform Retirement System of Justices & Judges
  - Oklahoma Department of Wildlife Conservation Defined Benefit Pension Plan

- Plan participation—40% of retired employees are assumed to participate in the health insurance plan.

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

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

  Males are assumed to be 3 years older than their spouses

- Plan entry date is the date of hire.

- Actuarial cost method—Entry age normal based upon salary

- Healthcare trend rate—5.30% decreasing to 5.00%

At July 1, 2020, OETA had 39 participants in the plan.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.21% and 3.58% for June 30, 2021 and 2020, respectively. The discount rate was determined using the Bond Buyer GO 20-Bond Municipal Bond Index.

(6) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE OPEB LIABILITY, CONTINUED

Changes in the Net OPEB Liability

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

	2021	2020
Balance at beginning of year	$ 157,574	160,034
Changes for the year:		
Service cost	5,700	6,175
Interest expense	5,369	6,716
Actual experience	(561)	(478)
Changes in assumptions and deferred outflows and inflows	9,325	(929)
Benefits paid	(12,472)	(13,944)
Net changes	7,361	(2,460)
Balance at end of year	$ 164,935	157,574

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate—The following presents the net IRSHIP OPEB liability of OETA calculated using the discount rate of 2.21% and 3.58% for 2021 and 2020, respectively, as well as what OETA's net IRSHIP OPEB liability would be at June 30 if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

2021	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Net OPEB liability	$ 176,036	164,935	154,487

2020	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Net OPEB liability	$ 168,198	157,574	147,654

See Independent Auditors' Report.

(6) OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

IMPLICIT RATE SUBSIDY OF HEALTH INSURANCE OPEB LIABILITY, CONTINUED

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

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rate—The following presents the net OPEB liability at June 30, 2021 and 2020, calculated using the healthcare trend rate of 5.30% decreasing to 5.00% for both 2021 and 2020, as well as what the liability would be if it were calculated using a healthcare trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease in Healthcare Trend Rate (4.30% decreasing to 4.00%)	Current Healthcare Trend Rate (5.30% decreasing to 5.00%)	1% Increase in Healthcare Trend Rate (6.30% decreasing to 6.00%)
2021			
Net OPEB liability	$ 148,525	164,935	184,242
2020			
Net OPEB liability	$ 144,218	157,574	173,119

A copy of the actuarial valuations for the IRSHIP OPEB liability can be obtained at the following link:

oklahoma.gov/content/dam/ok/en/omes/documents/ActuarialValuationReport2021.pdf

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

Deferred Compensation Plan

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

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

See Independent Auditors' Report.

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

Deferred Compensation Plan, Continued

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

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

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

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

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

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

Further information may be obtained from the Plan's audited financial statements for the years ended June 30, 2021 and 2020. OETA believes that it has no liabilities with respect to the Plan.

See Independent Auditors' Report.

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

Deferred Savings Incentive Plan

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

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

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

Savings Incentive Plan benefits are paid to participants or beneficiaries upon termination, retirement, or death. Such benefits are based on a participant's account balance and are disbursed in a lump sum or periodic payments or may be rolled over to a qualified plan at the option of the participant or beneficiaries.

Defined Contribution Plan

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

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

See Independent Auditors' Report.

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

Defined Contribution Plan, Continued

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

(8) RISK MANAGEMENT

OETA, along with other state agencies and political subdivisions, participates in the State of Oklahoma Risk Management Program and the State Insurance Fund public risk pools. OETA pays an annual premium to the pools for its torts, property, and workers compensation insurance coverage. The Oklahoma Risk Management Pool's governing agreements specify that the pool will be self-sustaining through member premiums and will reinsure through commercial carrier for claims in excess of specified stop-loss amounts.

(9) GRANTS FROM CORPORATION FOR PUBLIC BROADCASTING

OETA receives several grants from the Corporation for Public Broadcasting. Funds from these grants, including the Community Service Grant (CSG), are received by Friends of OETA, as they have been designated the alternate payee by OETA. As the alternate payee, Friends of OETA receives the funds and disburses them at the discretion of OETA. OETA authorizes certain of its expenses to be paid directly by Friends of OETA from the grant funds received. Authorized disbursements paid by Friends of OETA on behalf of OETA are recorded as revenue by OETA and included in the line item labeled grant revenue passed through Friends of OETA, with the offsetting related expenses recorded in the statements of revenues, expenses, and changes in net position or in fixed assets on the statements of net position, as appropriate. Cash received by OETA from Friends of OETA to pay expenses is recorded in the cash flow statements as cash flows from operating activities. OETA received no grant-funded cash from Friends of OETA during the year ended June 30, 2021 or 2020.

Cash from grants received by Friends of OETA but not yet disbursed is recognized on Friends of OETA's statements of financial position as restricted cash. This cash has not been recognized on OETA's statements of net position. The amount of revenue recognized related to the CSG for the years ended June 30, 2021 and 2020, totaled $1,256,138 and $1,325,738, respectively. The restricted cash reported on Friends of OETA's statements of financial position held on-behalf of OETA at June 30, 2021 and 2020, totaled $3,748,166 and $2,844,839, respectively.

(10) FRIENDS OF OETA, INC. (DISCRETELY PRESENTED COMPONENT UNIT)

Nature of Organization and Summary of Significant Accounting Policies

Organization and Nature of Activities

Friends of OETA, Inc. (the “Organization” or “Friends of OETA”) was incorporated November 13, 2018. The Organization was formed to raise funds and support the activities and programs of the Oklahoma Educational Television Authority (OETA) by receiving, investing, managing, and expending non-state-appropriated funds and properties. The Organization’s Board of Directors are appointed by OETA and can be removed with or without cause by OETA.

Basis of Accounting

The financial statements of the Organization have been prepared utilizing the accrual basis of accounting and accordingly reflect all significant receivables, payables, and liabilities.

Basis of Presentation

Net assets, revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Organization reports information regarding its financial position and activities as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At June 30, 2021 and 2020, all net assets with donor restrictions were from grant revenues received from the Corporation for Public Broadcasting.

(10) FRIENDS OF OETA, INC.
(DISCRETELY PRESENTED COMPONENT UNIT), CONTINUED

Nature of Organization and Summary of Significant Accounting Policies, Continued

Contributions and Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization provides for probable uncollectible amounts through a provision for bad debt and an adjustment to a valuation allowance based on its assessment of the current status of the individual pledges.

Use of Estimates

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

Accounting Estimates

Estimates that are particularly susceptible to significant change include the allowance for doubtful accounts and the valuation of investments. The allowance for doubtful accounts is subject to credit risk. Investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with these financial instruments, it is reasonably possible that changes in the values of these assets will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements. Significant fluctuations in fair values could occur from year to year, and the amounts the Organization will ultimately realize could differ materially.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments not included in the Organization's investment accounts with an initial maturity of 3 months or less to be cash equivalents.

(10) FRIENDS OF OETA, INC. (DISCRETELY PRESENTED COMPONENT UNIT), CONTINUED

Nature of Organization and Summary of Significant Accounting Policies, Continued

Restricted Cash and Cash Equivalents

Restricted cash represents funds received from third parties who require such funds to be maintained separately for restricted use as directed by the third parties.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the statements of activities and changes in net assets. Investments received as contributions are recorded at fair value at the date of receipt. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or use) in the reporting period in which the income and gains are recognized.

Fixed Assets and Depreciation

Fixed assets include transportation equipment; furniture, computers, and equipment; and buildings and improvements. Expenditures for major additions and improvements are capitalized as determined on a case-by-case basis by the Executive Director with minor replacements, maintenance, and repairs charged to expense as incurred. Fixed assets are stated at cost or, in the case of donated fixed assets, at their estimated fair value at the date of receipt. Depreciation of fixed assets is provided over the estimated useful lives of the respective assets on a straight-line basis. Estimated useful lives of fixed assets are as follows:

Transportation equipment	3 years
Furniture, computers, and equipment	3–15 years
Buildings and improvements	5–40 years

(10) FRIENDS OF OETA, INC. (DISCRETELY PRESENTED COMPONENT UNIT), CONTINUED

Nature of Organization and Summary of Significant Accounting Policies, Continued

Fair Value Measurements

The Organization follows ASC Topic 820, "Fair Value Measurement" (ASC 820), which provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The inputs to the three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from, or corroborated by, observable market data by correlation to other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Unobservable and significant to the fair value measurement.

Financial assets subject to fair value measurement disclosure requirements include investments. The Organization had no liabilities carried at fair value on a recurring basis and no assets or liabilities carried at fair value on a nonrecurring basis at June 30, 2021 or 2020.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Costs are reported as support to OETA, general and administrative, and fundraising based on evaluations of the related activities. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

(10) FRIENDS OF OETA, INC. (DISCRETELY PRESENTED COMPONENT UNIT), CONTINUED

Nature of Organization and Summary of Significant Accounting Policies, Continued

Concentration of Credit Risk

The Organization's cash and cash equivalents held in bank deposit accounts, at times, may exceed federally insured limits. At June 30, 2021, the Organization had approximately $6,766,000 of deposits in excess of FDIC-insured limits. The Organization has not experienced any losses on such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

For the years ended June 30, 2021 and 2020, substantially all of the Organization's grant revenues were received from the Corporation for Public Broadcasting.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except for any income that the Organization generates from an unrelated trade or business which is subject to federal corporate taxes on income. The Organization is classified as a Type I supporting organization of OETA under Internal Revenue Code Section 509(a)(3).

Subsequent Events

The Organization has evaluated subsequent events through December 30, 2021, the date which the financial statements were available to be issued.

Pledges Receivable

Pledges receivable are recorded in the period during which the pledge is received. Pledges receivable are expected to be received by the Organization in less than 1 year and are reported net of an allowance of $175,701 and $167,586 at June 30, 2021 and 2020, respectively. Unconditional promises to give are primarily from individuals located throughout the state of Oklahoma.

(10) FRIENDS OF OETA, INC. (DISCRETELY PRESENTED COMPONENT UNIT), CONTINUED

Fair Value Measurements

Fair values of assets measured on a recurring basis at June 30 were as follows:

		Fair Value Measurements at Reporting Date Using		
	Assets and Liabilities Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2021				
Financial assets:				
Investments:				
Cash and money market funds	$ 198,358	-	-	-
Mutual funds:				
Equity	25,394,718	25,394,718	-	-
Fixed income	8,216,342	8,216,342	-	-
Alternative	6,179,400	6,179,400	-	-
Cash and cash equivalents	2,031,427	2,031,427	-	-
Common stock	155,691	155,691	-	-
	$ 42,175,936	41,977,578	-	-
2020				
Financial assets:				
Investments:				
Cash and money market funds	$ 198,608	-	-	-
Mutual funds:				
Equity	19,052,244	19,052,244	-	-
Fixed income	7,468,707	7,468,707	-	-
Alternative	4,757,024	4,757,024	-	-
Cash and cash equivalents	1,648,344	1,648,344	-	-
Common stock	-	-	-	-
	$ 33,124,927	32,926,319	-	-

See Independent Auditors' Report.

(10) FRIENDS OF OETA, INC.
(DISCRETELY PRESENTED COMPONENT UNIT), CONTINUED

Fair Value Measurements, Continued

Investments—Level 1

The fair values of mutual funds and common stock are based on quoted market prices for active markets, where available.

There were no transfers between classes.

(11) RESTATEMENT

The 2020 financial statements have been restated to correct an error resulting from not properly adopting the requirements of GASB 75 for OPEB and the related asset, liability, deferred outflows, deferred inflows, and OPEB expense. GASB 75 was required to be initially adopted during the fiscal year ending June 30, 2018. A summary of the changes resulting from the correction of the error to the 2020 financial statements is as follows:

	Net OPEB Asset	Deferred Outflows	Total OPEB Liability	Deferred Inflows
As originally reported	$ -	263,159	-	74,537
Effects of change	41,514	56,804	157,574	54,112
As restated	$ 41,514	319,963	157,574	128,649

	Admininstration Expense	Net Position
As originally reported	$ 1,551,857	4,560,933
Effects of change	(4,121)	(114,368)
As restated	$ 1,547,736	4,446,565

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit I

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

SCHEDULE OF OETA'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oklahoma Public Employees Retirement System

*Last 7 Fiscal Years**

	2021	2020	2019	2018	2017	2016	2015
OETA's proportion of the net pension liability	0.1124%	0.1042%	0.1077%	0.1044%	0.1096%	0.1284%	0.1286%
OETA's proportionate share of the net pension liability	$ 1,003,008	138,788	210,000	564,719	1,087,088	461,981	236,029
OETA's covered-employee payroll	$ 2,046,844	1,891,703	1,875,176	1,688,489	1,969,206	2,275,912	2,153,255
OETA's proportionate share of the net pension liability as a percentage of its covered-employee payroll	49.00%	7.34%	11.20%	33.45%	55.20%	20.30%	10.96%
Plan fiduciary net position as a percentage of the total pension liability	91.59%	98.63%	97.96%	94.28%	89.48%	96.00%	97.90%

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

Only the last 7 fiscal years are presented because 10-year data is not yet available.

See Independent Auditors' Report.

Exhibit II

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

SCHEDULE OF OETA'S CONTRIBUTIONS
Oklahoma Public Employees Retirement System

Last 10 Fiscal Years

	2021	2020[1]	2019[1]	2018[1]	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 202,559	236,843	235,202	248,781	284,251	322,459	371,848	359,437	372,047	371,047
Contributions in relation to the contractually required contribution	202,559	236,843	235,202	248,781	284,251	322,459	371,848	359,437	372,047	371,047
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-	-
OETA's covered-employee payroll	$ 1,364,036	2,046,844	1,891,703	1,875,176	1,688,489	1,969,206	2,275,912	2,153,255	2,236,757	2,235,945
Contributions as a percentage of covered-employee payroll	14.85%	11.57%	12.43%	13.27%	16.83%	16.38%	16.34%	16.69%	16.63%	16.59%

[1] Restated for the adoption of GASB 75

See Independent Auditors' Report.

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

SCHEDULE OF OETA'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Oklahoma Public Employees Health Insurance Subsidy Plan

Last 4 Fiscal Years*

	2021	2020	2019	2018
OETA's proportion of the net OPEB (asset) liability	0.11242428%	0.10420487%	0.10766852%	0.10444925%
OETA's proportionate share of the net OPEB (asset) liability	$ (52,708)	(40,514)	(13,933)	(42,215)
OETA's covered payroll	2,046,844	1,891,703	1,875,176	1,688,489
OETA's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(2.58)%	(2.14)%	(0.74)%	2.50%
OPERS' fiduciary net position as a percentage of the total OPEB liability	114.27%	112.11%	103.94%	96.50%

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

Only the last 4 fiscal years are presented because 10-year data is not readily available.

See Independent Auditors' Report.

Exhibit IV

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

SCHEDULE OF OETA'S CONTRIBUTIONS
Oklahoma Public Employees Health Insurance Subsidy Plan
Last 4 Fiscal Years

	2021	2020	2019	2018
Contractually required contribution	$ 22,507	26,316	26,134	27,642
Contributions in relation to the contractually required contributions	22,507	26,316	26,134	27,642
Contribution deficiency (excess)	$ -	-	-	-
OETA's covered payroll	$ 1,364,036	2,046,844	1,891,703	1,875,176
Contributions as a percentage of covered payroll	1.65%	1.29%	1.38%	1.47%

Only the last 4 fiscal years are presented because 10-year data is not readily available.

See Independent Auditors' Report.

Exhibit V

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

SCHEDULE OF OETA'S CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
Implicit Rate Subsidy of Health Insurance OPEB Liability

Last 4 Fiscal Years

	2021	2020	2019	2018
Total OPEB liability:				
Service cost	$ 5,700	6,175	5,681	6,491
Interest	5,369	6,716	5,809	4,931
Actual experience	(561)	(478)	(295)	-
Changes in assumptions and deferred outflows and inflows	9,325	(929)	(1,932)	(8,119)
Benefits paid	(12,472)	(13,944)	(12,050)	(13,932)
Net change in total OPEB liability	7,361	(2,460)	(2,787)	(10,629)
Total OPEB liability—beginning	157,574	160,034	162,821	173,450
Total OPEB liability—ending	$ 164,935	157,574	160,034	162,821
Covered-employee payroll	$ 2,046,844	1,891,703	1,875,176	1,688,489
Total OPEB liability as a percentage of covered-employee payroll	8.06%	8.33%	8.53%	9.64%

Only the last 4 fiscal years are presented because 10-year data is not readily available.

The discount rate used for 2021 was 2.21%.
The discount rate used for 2020 was 3.58%.
The discount rate used for 2019 was 3.87%.
The discount rate used for 2018 was 3.58%.

See Independent Auditors' Report.

INFORMATION REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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

Board of Directors
Oklahoma Educational Television Authority
Oklahoma City, Oklahoma

We have audited the financial statements and the discretely presented component unit of the Oklahoma Educational Television Authority ("OETA" or the "Authority"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 30, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The financial statements of Friends of OETA, Inc. ("Friends of OETA"), a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Friends of OETA. Our report includes an explanatory paragraph disclaiming an opinion on management's discussion and analysis. Our report also includes explanatory paragraphs in relation to the restatement of the June 30, 2020, financial statements and to emphasize the fact that the financial statements include only that portion of the State of Oklahoma that is attributable to transactions of the Authority.

Internal Control Over Financial Reporting

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

(Continued)

1421 East 45th Street • Shawnee, OK 74804
P: 405.878.7300 • www.finley-cook.com • F: 405.395.3300

INDEPENDENT AUDITORS' 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*, CONTINUED

Internal Control Over Financial Reporting, Continued

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as Finding 2021-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Authority's Response to Findings

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Finlay + Cook, PLLC

Shawnee, Oklahoma
December 30, 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

2021-001 – Audit Adjusting Journal Entries – Material Weakness

Finding: Several audit adjusting journal entries (AJEs) were required to be made to properly reflect the Authority's financial statements in accordance with accounting principles generally accepted in the United States (GAAP). Areas impacted by the AJEs included: cash, receivables, capital assets and depreciation, net pension liability and net OPEB asset, total OPEB liability, deferred outflows and deferred inflows, compensated absences, unearned revenue, and various revenue and expense accounts.

Criteria: The internal accounting records of the Authority are primarily maintained on a cash basis, but the external financial statements are required to be reported on a full accrual basis in accordance with GAAP.

Condition: The Authority does not have a formalized year-end closing process to ensure that all account balances are converted to the full accrual basis prior to providing financial information to its external auditors.

Cause: The Authority did not make the required year-end closing entries to properly reflect its financial information on the full accrual basis as required by GAAP.

Effect: Material misstatements were pervasive throughout the Authority's financial statements requiring several AJEs to correct and present the financial statements in accordance with GAAP.

Recommendations: We recommend the Authority take steps to enhance its year-end closing process to correct the types of misstatements that result in AJEs, including developing a year-end closing checklist of the various required closing entries. We also recommend that the Authority utilize a third-party accounting firm to assist with the year-end closing process and provide guidance and training to the Authority's finance personnel on how to complete the year-end closing entries.

Views of Responsible Officials and Planned Corrective Actions: OETA management agrees with the above finding. OETA will contract with a third-party accounting firm for year-end closing entry training. These procedures will be completed by OETA's Executive Director and Vice President of Finance and Administration by June 30, 2022.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2021

2020-001

Finding: The Authority's financial statements were materially misstated for reporting in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP).

Criteria: Reporting in accordance with US GAAP requires recognition of economic transactions beyond a cash basis of accounting including appropriate accrual of accounts receivable, accounts payable and other liabilities, fixed assets, in-kind contributions, etc.

Condition: The Authority did not implement their fiscal year-end close process for the year ended June 30, 2020, to record entries necessary to convert the Authority's day-to-day cash basis accounting records to an accrual basis of accounting in accordance with U.S. GAAP.

Cause: The Authority did not implement its year end procedures to record all necessary adjustments to convert from cash to accrual basis of accounting.

Effect: Material misstatements were pervasive throughout the Authority's financial statements for reporting in accordance with U.S. GAAP.

Recommendation: The Authority should consider reviewing, updating as necessary, and implementing their annual financial statement close procedures to ensure materially accurate financial reporting in accordance with U.S. GAAP.

Response and Corrective Action Plan: OETA management agrees with the above finding. During FY-20, OETA focused its efforts on implementing a general ledger system for the Friends of OETA. In February 2020, OETA ended a third-party administrator agreement for accounts payable, claims processing, vendor payments, monthly reconciliation, and other accounting services. OETA hired an account clerk and created a system for the services previously provided by the third-party administrator. In addition, all activities (including monthly investment activities) became a part of the monthly reconciled general ledger. During FY-21, OETA plans to contract with a CPA specialist to review the Friends of OETA and OETA current systems and make recommendations for an annual financial reporting close schedule to implement for the next annual financial statement audit to help correct this situation.

Current Status: See Finding 2021-001

2020-002

Finding: The Authority's general ledger cash accounts were understated by $90,342 as of June 30, 2020.

Criteria: The cash balances in the general ledger should be reconciled to third party statements provided by Office of State Finance on a monthly basis.

Condition: As of June 30, 2020, the Authority's cash general ledger balances did not reconcile to the Office of State Finance.

Cause: Based on research during the June 30, 2020 audit, the cash audit adjustment provided to the Authority at the conclusion of the June 30, 2019 audit was recorded twice.

Effect: Cash was materially understated as of June 30, 2020.

Recommendation: As part of a month-end financial reporting close process, the Authority should reconcile the cash accounts per their general ledger to the cash reported as available by the Office of State Finance.

Response and Corrective Action Plan: OETA management agrees with the above finding. During FY-20, OETA focused its efforts on implementing a general ledger system for the Friends of OETA. In February 2020, OETA ended a third-party administrator agreement for accounts payable, claims processing, vendor payments, monthly reconciliation, and other accounting services. OETA hired an account clerk and created a system for the services previously provided by the third-party administrator. In addition, all activities (including monthly investment activities) became a part of the monthly reconciled general ledger. During FY-21, OETA plans to contract with a CPA specialist to review the Friends of OETA and OETA current systems and make recommendations for an annual financial reporting close schedule to implement for the next annual financial statement audit to help correct this situation.

Current Status: See Finding 2021-001