



# 2022 ANNUAL REPORT

## OKLAHOMA PUBLIC SCHOOL LIQUID ASSET POOL

### SPONSORED BY THE:

- OKLAHOMA STATE SCHOOL BOARDS ASSOCIATION
- COOPERATIVE COUNCIL OF OKLAHOMA SCHOOL ADMINISTRATION
- ORGANIZATION OF RURAL OKLAHOMA SCHOOLS
- OKLAHOMA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

For Investment Information Call: Toll Free (866-472-6527)  
Or visit: [www.OLAPonline.org](http://www.OLAPonline.org)



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## OKLAHOMA PUBLIC SCHOOL LIQUID ASSET POOL ANNUAL FINANCIAL REPORT JUNE 30, 2022 AND 2021

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# Letter from the Board of Directors (unaudited)

October 2022

To Our Participants:

The Oklahoma Public School Investment Interlocal was organized in August of 1996 and formed the Oklahoma Public Schools Liquid Asset Pool (OLAP or the Fund) for the purpose of increasing investment returns on school funds to benefit the students of our state. It is the goal of the Board of Directors to develop policies and contracts to give OLAP participants the best services while protecting their investments.

The ability to pool funds allows an alternative investment source through OLAP and provides a competitive rate environment versus other investment options. The Board believes the program allows for an effectively designed and implemented investment strategy while maintaining safety of principal, maintenance of liquidity, and a competitive yield.

This financial report includes audited financial results for the fiscal years ended June 30, 2022 and 2021, and management's discussion and analysis covering the past two fiscal years.

We encourage you to review this report thoroughly and contact us with comments and suggestions regarding OLAP. Your involvement in OLAP is essential in the Fund's ability to provide competitive investment alternatives. On behalf of the Board of Directors, sponsoring associations and service providers, we thank you for your continued support.

Sincerely,

OLAP Board of Directors



# Board of Directors and Service Providers (unaudited)

## OKLAHOMA PUBLIC SCHOOL LIQUID ASSET POOL

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### BOARD OF DIRECTORS

Pam Deering	Cooperative Council of Oklahoma School Administration
Don Ford	Organization of Rural Oklahoma Schools
Shawn Hime	Oklahoma State School Boards Association
Roger Adair	Oklahoma Association of School Business Officials
Sean McDaniel	Oklahoma City Public Schools
Matt Gindhart	Putnam City Schools
Howard Hampton	Bishop Public Schools
Terry Davidson	Comanche Public Schools
Terry Grissom	Asher Public Schools
Don Tice	Oologah-Talala Public Schools
Randy Davenport	Holdenville Public Schools
Tom Deighan	Duncan Public Schools
Glen Cospers	Oklahoma State School Boards Association
Rick Gowin	Oklahoma State School Boards Association

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### SERVICE PROVIDERS

Investment Adviser	PMA Asset Management, LLC
Administrator	PMA Financial Network, LLC
Marketing Support	PMA Financial Network, LLC
Custodian	U.S. Bank, National Association
Marketing Agent	Stephen H. McDonald & Associates, Inc.
Independent Auditor	Eide Bailly LLP



## Independent Auditor's Report

To the Board of Directors and Participants  
Oklahoma Public School Investment Interlocal

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Oklahoma Public School Investment Interlocal's Oklahoma Liquid Asset Pool Oklahoma Liquid Asset Pool (the Fund), which comprise the statements of fiduciary net position and the schedule of investments as of June 30, 2022, and 2021, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Fund, as of June 30, 2022 and 2021, and the respective changes in financial position, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's basic financial statements. The supplementary schedule of financial highlights is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of financial highlights is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the letter from the board of directors and board of directors and service provider listing, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2022, on our consideration of the Fund'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 Fund'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 Fund's internal control over financial reporting and compliance.



Aberdeen, South Dakota  
October 26, 2022



# Management Discussion and Analysis (unaudited)

## OKLAHOMA PUBLIC SCHOOL LIQUID ASSET POOL

This section of the Oklahoma Public School Liquid Asset Pool (OLAP) Annual Financial Report presents Management’s Discussion and Analysis of the financial position and results of operations for the fiscal years ended June 30, 2022 (FY 22) and 2021 (FY 21). This information is being presented to provide additional information regarding the activities of OLAP, pursuant to the requirements of the Governmental Accounting Standards Board. This discussion and analysis should be read in conjunction with the basic financial statements.

### Overview of the Financial Statements

Management’s Discussion and Analysis provides an introduction to and overview of the basic financial statements of OLAP. The following components comprise the financial statements: 1) Schedules of Investments, 2) Statements of Fiduciary Net Position, 3) Statements of Changes in Fiduciary Net Position, and 4) Notes to Financial Statements.

- The Schedules of Investments list each security held in the portfolio as of the date of the two most recent fiscal year-ends.
- The Statements of Fiduciary Net Position show the financial position (assets and liabilities) of the portfolio as of the date of the two most recent fiscal year-ends.
- The Statements of Changes in Fiduciary Net Position display the results of operations (income and expenses), additions (net investment income, unit sales, and reinvestments) and deductions (dividends and unit redemptions) of the portfolio for the two most recent fiscal years.
- The Notes to Financial Statements describe significant accounting policies and disclose information required under U.S. generally accepted accounting principles.

### Condensed Financial Information and Financial Analysis

Year-over-year changes in most financial statement amounts reported in OLAP are most significantly impacted by the level of average net position (which fluctuates based on the overall levels of pool participant/unitholder invested balances). The pool is the portfolio. Additionally, changes in the short-term interest rate environment (which follows the general trend established by monetary policy set by the Federal Reserve) contribute to year-over-year variances in the amount of investment income earned by the portfolio.

Condensed financial information and explanations of changes for FY 22, as compared to FY 21, follow:

<b>Net Position</b>	<b>June 30, 2022</b>	<b>Percent Change</b>	<b>June 30, 2021</b>
Total investments	\$ 93,721,825	- 36%	\$ 147,329,558
Excess (deficit) of other assets over total liabilities	(23,591)	- 140%	59,346
Net position held in pool for participants	<u>\$ 93,698,234</u>	- 36%	<u>\$ 147,388,934</u>
Average net position	<u>\$ 99,384,200</u>	- 39%	<u>\$ 161,916,483</u>

Total investments and net position decreased 36% during FY 22 compared to FY 21. During FY 22, the average net position decreased 39% compared to FY 21 primarily due to increased net redemptions in excess of net subscriptions and net investment income.



# Management Discussion and Analysis (cont.) (unaudited)

## OKLAHOMA PUBLIC SCHOOL LIQUID ASSET POOL

<b>Change in Net Position for the years ended</b>	<b>June 30, 2022</b>	<b>Percent Change</b>	<b>June 30, 2021</b>
Investment income	\$ 322,622	-13%	\$ 371,532
Net expenses	(195,192)	-34%	(295,062)
Dividends to unitholders from net investment income	127,430	67%	76,470
Net unitholder deductions	(53,818,130)	-67%	(32,142,201)
Net increase (decrease) in net position	(53,690,700)	-67%	(32,065,731)
Net position held in pool for participants at the beginning of the period	<u>147,388,934</u>	-18%	<u>179,454,665</u>
Net position held in pool for participants at the end of the period	<u>\$ 93,698,234</u>	-36%	<u>\$ 147,388,934</u>

Investment income decreased 13% due to a lower net position for unitholders. Dividends to unitholders from net investment income increased 67% during FY 22 compared to FY 21 due to the Fed Funds rate increases during the fiscal year. Total net expenses decreased 34% during FY 22 compared to FY 21 mainly due to a lower net position for unitholders and fees being waived by service providers.

Condensed financial information and explanations of changes for FY 21, as compared to FY 20, follow:

<b>Net Position</b>	<b>June 30, 2021</b>	<b>Percent Change</b>	<b>June 30, 2020</b>
Total investments	\$ 147,329,588	- 18%	\$ 179,440,981
Excess (deficit) of other assets over total liabilities	<u>59,346</u>	334%	<u>13,684</u>
Net position held in pool for participants	<u>\$ 147,388,934</u>	-18%	<u>\$ 179,454,665</u>
Average net position	<u>\$ 161,916,483</u>	30%	<u>\$ 124,955,545</u>

Total investments and net position decreased 18% during FY 21 compared to FY 20. During FY 21, the average net position increased 30% compared to FY 20 mainly due to assets from a new client and additional assets from several existing clients at the end of FY 20.

<b>Change in Net Position for the years ended</b>	<b>June 30, 2021</b>	<b>Percent Change</b>	<b>June 30, 2020</b>
Investment income	\$ 371,532	-79%	\$ 1,746,166
Net expenses	(295,062)	-21%	(374,720)
Dividends to unitholders from net investment income	76,470	-94%	1,371,446
Net unitholder (deductions) additions	(32,142,201)	-148%	67,487,315
Net increase (decrease) in net position	(32,065,731)	-147%	68,858,761
Net position held in pool for participants at the beginning of the period	<u>179,454,665</u>	62%	<u>110,595,904</u>
Net position held in pool for participants at the end of the period	<u>\$ 147,388,934</u>	-18%	<u>\$ 179,454,665</u>

Investment income decreased 79% and dividends to unitholders from net investment income decreased 94% during FY 21 compared to FY 20 due to the Fed Funds rate decrease during FY 20. Total net expenses decreased 21% during FY 21 compared to FY 20 mainly due to fees being waived by service providers.



# Schedule of Investments 2022

## OKLAHOMA PUBLIC SCHOOL LIQUID ASSET POOL June 30, 2022

<u>Name of Issuer</u>	<u>Yield at Time of Purchase *</u>	<u>Due Date</u>	<u>Par Value</u>	<u>Amortized Cost</u>
<b>U.S. Government Agency Obligations - 8.78%</b>				
Federal Farm Credit Banks - 3.46%	0.05%	07/14/22	\$ 1,000,000	\$ 1,000,068
	0.71%	08/02/22	750,000	749,600
	1.21%	09/16/22	500,000	498,827
	1.02%	11/23/22	500,000	498,246
	1.83%	02/03/23	500,000	495,037
				<u>3,241,778</u>
Federal Home Loan Bank - 4.25%	1.11%	08/15/22	1,000,000	1,000,939
	1.14%	08/19/22	1,000,000	998,452
	1.23%	09/09/22	480,000	480,690
	0.92%	12/09/22	500,000	502,095
	1.31%	02/17/23	1,000,000	1,000,378
				<u>3,982,554</u>
Fannie Mae - 0.53%	0.50%	10/05/22	500,000	501,982
				<u>501,982</u>
International Development Finance Corporation - 0.54%	1.46%	02/15/23	500,000	502,669
				<u>502,669</u>
Total U.S. Government Agency Obligations (fair value \$8,199,428)				<u>8,228,983</u>
<b>U.S. Treasury Notes - 10.68%</b>				
	0.54%	07/05/22	1,000,000	999,941
	0.68%	07/07/22	1,000,000	999,888
	0.80%	07/14/22	1,000,000	999,717
	0.90%	07/28/22	1,000,000	999,333
	0.82%	08/02/22	500,000	499,642
	0.54%	08/04/22	1,000,000	999,495
	0.91%	08/11/22	1,019,400	1,018,355
	0.98%	08/16/22	1,000,000	998,767
	0.74%	08/18/22	500,000	499,512
	1.24%	09/20/22	500,000	498,635
	0.89%	09/22/22	500,000	498,997
	1.56%	11/25/22	500,000	496,876
	1.67%	01/31/23	500,000	495,537
Total U.S. Treasury Notes (fair value \$9,997,628)				<u>10,004,695</u>
<b>Money Market Mutual Funds - 1.18%</b>				
Fed Govt Obligation Tax - Money Market - 0.04%	1.02%		39,320	39,320
Goldman Sachs Govt - Money Market - 0.93%	1.37%		870,690	870,690
JP Morgan US Govt - Money Market - 0.21%	1.37%		200,000	200,000
Total Money Market Mutual Funds (fair value \$1,110,010)				<u>1,110,010</u>
<b>Deposit Accounts - 48.42%</b>				
Bank 7 (ICS) - 14.95% (a)	1.73%		14,009,292	14,009,292
Bank of China (ICS) - 0.06%	1.73%		59,193	59,193
Congressional Bank (ICS) - 10.71% (a)	1.67%		10,035,333	10,035,333
Great Plains State Bank (ICS) - 1.09%	1.59%		1,015,586	1,015,586
IDB (ICS) - 5.44% (a)	1.64%		5,100,877	5,100,877
Nexbank, SSB (ICS) - 16.17% (a)	1.78%		15,157,856	15,157,856
Total Deposit Accounts (fair value \$45,378,137)				<u>45,378,137</u>



# Schedule of Investments 2022 (cont.)

## OKLAHOMA PUBLIC SCHOOL LIQUID ASSET POOL

June 30, 2022

<u>Name of Issuer</u>	<u>Yield at Time of Purchase *</u>	<u>Due Date</u>	<u>Par Value</u>	<u>Amortized Cost</u>
<b>Repurchase Agreements - 30.94%</b>				
Goldman Sachs & Company - 20.27% (a) (collateralized by a U.S. Government Agency with a maturity date of 11/20/50; collateral worth \$19,380,000)	1.48%	07/01/22	19,000,000	19,000,000
Royal Bank of Canada - 10.67% (a) (collateralized by U.S. Treasuries and U.S. Government Agencies with maturities ranging from 12/29/22 to 04/25/51; collateral worth \$10,200,000)	1.47%	07/01/22	10,000,000	10,000,000
Total Repurchase Agreements (fair value \$29,000,000)				<u>29,000,000</u>
<b>Total Investments - 100.00%</b> (fair value \$93,685,203)				<u>\$ 93,721,825</u>

\* Time-weighted rate of return based on the market rate of return

(a) Investment exceeds 5% of total investments.



# Schedule of Investments 2021

## OKLAHOMA PUBLIC SCHOOL LIQUID ASSET POOL June 30, 2021

<u>Name of Issuer</u>	<u>Yield at Time of Purchase *</u>	<u>Due Date</u>	<u>Par Value</u>	<u>Amortized Cost</u>
<b>U.S. Government Agency Obligations - 16.81%</b>				
Federal Farm Credit Bank - 2.56%	0.07%	11/22/21	\$ 1,000,000	\$ 1,006,068
	0.09%	12/13/21	1,000,000	1,008,043
	0.05%	02/07/22	1,000,000	999,693
	0.06%	04/08/22	750,000	751,835
				<u>3,765,639</u>
Federal Home Loan Bank - 9.13% (a)	0.11%	07/07/21	905,000	905,264
	0.13%	07/08/21	500,000	500,002
	0.04%	07/14/21	525,000	525,205
	0.01%	07/28/21	1,000,000	999,993
	0.15%	08/16/21	750,000	750,006
	0.15%	08/25/21	500,000	500,000
	0.06%	09/10/21	1,000,000	1,000,132
	0.09%	09/10/21	1,250,000	1,257,073
	0.05%	09/16/21	1,000,000	999,893
	0.04%	09/29/21	1,000,000	999,992
	0.09%	10/12/21	1,000,000	1,008,261
	0.12%	10/27/21	1,000,000	1,000,020
	0.04%	10/29/21	1,000,000	999,981
	0.07%	11/19/21	1,000,000	1,005,960
	0.06%	05/10/22	1,000,000	999,993
				<u>13,451,775</u>
Freddie Mac - 2.39%	0.03%	08/12/21	2,500,000	2,503,133
	0.09%	01/13/22	1,000,000	1,012,307
				<u>3,515,440</u>
Fannie Mae - 2.73%	0.05%	08/17/21	2,000,000	2,003,058
	0.11%	10/07/21	1,000,000	1,003,413
	0.09%	01/05/22	1,000,000	1,009,759
				<u>4,016,230</u>
Total U.S. Government Agency Obligations (fair value \$24,771,664)				<u>24,749,084</u>
<b>U.S. Government Treasury Notes - 10.17%</b>				
	0.02%	07/01/21	1,000,000	1,000,000
	0.02%	07/08/21	1,000,000	999,996
	0.02%	07/15/21	1,000,000	999,992
	0.05%	07/20/21	1,000,000	999,976
	0.02%	07/22/21	1,000,000	999,991
	0.02%	07/29/21	1,000,000	999,984
	0.02%	08/05/21	1,000,000	999,985
	0.03%	08/31/21	1,000,000	999,958
	0.09%	09/09/21	1,000,000	999,830
	0.09%	10/07/21	1,000,000	999,758
	0.04%	10/28/21	1,000,000	999,884
	0.09%	11/04/21	1,000,000	999,695
	0.09%	12/02/21	1,000,000	999,604
	0.08%	02/24/22	1,000,000	999,458
	0.07%	03/24/22	1,000,000	999,483
Total U.S. Treasury Notes (fair value \$14,998,259)				<u>14,997,594</u>



# Schedule of Investments 2021 (cont.)

## OKLAHOMA PUBLIC SCHOOL LIQUID ASSET POOL June 30, 2021

<u>Name of Issuer</u>	<u>Yield at Time of Purchase *</u>	<u>Due Date</u>	<u>Par Value</u>	<u>Amortized Cost</u>
<b>Money Market Mutual Funds - 5.71%</b>				
First American Govt - Money Market - 5.69% (a)	0.02%		8,391,436	8,391,436
Fed Govt Obligation Tax - Money Market - 0.02%	0.01%		26,821	26,821
Total Money Market Mutual Funds (fair value \$8,418,257)				<u>8,418,257</u>
<b>Deposit Accounts - 67.31%</b>				
Bank of China (ICS) - 23.79% (a)	0.07%		35,052,594	35,052,594
Congressional Bank (ICS) - 13.58% (a)	0.15%		20,000,000	20,000,000
Great Plains State Bank (ICS) - 0.69%	0.19%		1,012,142	1,012,142
IDB (ICS) - 19.02% (a)	0.24%		28,024,778	28,024,778
Nexbank, SSB (ICS) - 10.23% (a)	0.38%		15,075,139	15,075,139
Total Deposit Accounts (fair value \$99,164,653)				<u>99,164,653</u>
<b>Total Investments - 100.00%</b> (fair value \$147,352,832)				<u>\$ 147,329,588</u>

\* Time-weighted rate of return based on the market rate of return  
(a) Investment exceeds 5% of total investments.



# Statements of Fiduciary Net Position

## OKLAHOMA PUBLIC SCHOOL LIQUID ASSET POOL June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Investments in securities, at amortized cost		
U.S. Treasury Notes	\$ 10,004,695	\$ 14,997,594
U.S. Government Agency Obligations	8,228,983	24,749,084
Money Market Mutual Funds	1,110,010	8,418,257
Deposit Accounts	45,378,137	99,164,653
Repurchase Agreements	29,000,000	-
Total investments in securities	<u>93,721,825</u>	<u>147,329,588</u>
Interest receivable	19,082	93,419
Total assets	<u>93,740,907</u>	<u>147,423,007</u>
<b>LIABILITIES</b>		
Administration fees payable	7,867	4,125
Investment advisory fees payable	7,081	3,705
Consulting fees payable	-	14
Distribution fees payable	6,097	3,195
Other accrued expenses	21,628	23,034
Total liabilities	<u>42,673</u>	<u>34,073</u>
<b>NET POSITION HELD IN POOL FOR PARTICIPANTS</b>	<u>\$ 93,698,234</u>	<u>\$ 147,388,934</u>
Units of beneficial interest outstanding	<u>93,698,234</u>	<u>147,388,934</u>
Net asset value - offering and redemption price per share	<u>\$1.00</u>	<u>\$1.00</u>



# Statements of Changes in Fiduciary Net Position

## OKLAHOMA PUBLIC SCHOOL LIQUID ASSET POOL For the Years Ended June 30, 2022 and 2021

	2022	2021
<b>ADDITIONS</b>		
Investment Income:		
Interest	\$ 322,622	\$ 371,532
Expenses:		
Administration fees	99,385	159,683
Investment advisory fees	89,446	141,258
Marketing support fees	29,815	46,341
Distribution fees	94,415	153,821
Consulting fees	-	4,467
Other expenses	39,965	42,891
Total expenses	<u>353,026</u>	<u>548,461</u>
Less: Expenses voluntarily reduced/waived		
Administration fees	(41,356)	(65,709)
Investment advisory fees	(37,220)	(57,970)
Marketing support fees	(12,407)	(18,969)
Distribution fees	(66,851)	(108,627)
Consulting fees	-	(2,124)
Total expenses voluntarily reduced/waived	<u>(157,834)</u>	<u>(253,399)</u>
Net expenses	<u>195,192</u>	<u>295,062</u>
Net investment income	127,430	76,470
Unitholder transaction additions:		
(at constant net asset value of \$1 per unit)		
Units sold	233,446,540	222,516,626
Units issued in reinvestment of dividends from net investment income	127,430	99,936
Total unitholder transaction additions	<u>233,573,970</u>	<u>222,616,562</u>
Total additions	<u>233,701,400</u>	<u>222,693,032</u>
<b>DEDUCTIONS</b>		
Dividends to unitholders from:		
Net investment income	(127,430)	(76,470)
From unit transactions:		
Units redeemed	(287,264,670)	(254,682,293)
Total deductions	<u>(287,392,100)</u>	<u>(254,758,763)</u>
Change in fiduciary net position	(53,690,700)	(32,065,731)
Net position held in trust for pool participants at beginning of period	<u>147,388,934</u>	<u>179,454,665</u>
Net position held in trust for pool participants at end of period	<u>\$ 93,698,234</u>	<u>\$ 147,388,934</u>



# Notes to Financial Statements

## OKLAHOMA PUBLIC SCHOOL LIQUID ASSET POOL

June 30, 2022 and 2021

### NOTE 1 – ORGANIZATION

The Oklahoma Public School Investment Interlocal was established on August 22, 1996, pursuant to the Interlocal Cooperative Agreement, formed the Oklahoma Liquid Asset Pool (OLAP) and commenced operations on November 20, 1996. The Interlocal Cooperative Agreement authorized the creation of several investment portfolios which included the Oklahoma Liquid Asset Pool (the "Fund"); therefore, these financial statements and related notes encompass only the Oklahoma Liquid Asset Pool. Shares of the Fund are offered to Oklahoma school districts and other entities responsible for the investment of school district funds. The purpose of the Fund is to enable school districts to pool their available funds for investment through an interlocal authorized under Section 5-117b of Title 70 of the Oklahoma Statutes.

OLAP is exposed to various risks in connection with operation of the Fund and adheres to policies which attempt to mitigate market risk in the portfolio through the investment policy.

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of net investment income during the year. Actual results could differ from those estimates.

The accompanying statements are prepared based on the flow of economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and realized. Expenses are recognized in the period incurred.

#### Investments in Securities

The Fund measures its investments at amortized cost on the Statement of Net Position pursuant to criteria established in Governmental Accounting Standards Board (GASB) Statement No. 79, *Certain External Investment Pools and Pool Participants*. The criteria in GASB Statement No. 79 specifies that an external investment pool must transact with their participants at a stable net asset value per share and meet requirements for portfolio maturity, portfolio quality, portfolio diversification, portfolio liquidity, and shadow pricing. The Fund meets all of the necessary criteria in GASB Statement No. 79 to measure all of the investments at amortized cost, which approximates fair value. This involves valuing a portfolio security at its original cost on the date of purchase, and, thereafter, amortizing any premium or discount on the interest method. The net asset value of the Fund is calculated daily. Investment policies are followed to maintain a constant net asset value of \$1.00 per unit for the portfolio.

The Fund's portfolio consists of cash and short-term investments at amortized cost which approximates fair value. The amortized cost method involves valuing a security at its cost on the date of purchase and recording amortization or accretion of any premium or discount.

Security transactions are accounted for on the trade date (date the order to buy or sell is executed). In computing net investment income, the Fund amortizes / accretes any premiums or discounts on securities owned using the effective interest method as required under GAAP. Interest income on debt securities is accrued daily. Gains or losses realized upon the sale of securities are based on the amortized cost and are determined using the identified cost method.

OLAP is authorized by investment policy and statute to invest public funds in obligations of the U.S. government, its agencies and instrumentalities; certificates of deposit and other evidences of deposit at federally insured depository institutions; federally insured depository institutions; and repurchase agreements, provided that the underlying collateral consists of obligations of the U.S. government, its agencies and instrumentalities and that OLAP's custodian takes delivery of the collateral either directly or through an authorized custodian.



# Notes to Financial Statements (cont.)

## OKLAHOMA PUBLIC SCHOOL LIQUID ASSET POOL June 30, 2022 and 2021

In connection with transactions in repurchase agreements, it is OLAP's policy that the underlying collateral securities value exceeds the principal amount of the repurchase transaction, including accrued interest, at all times. If the seller were to default on its repurchase obligations and the value of the collateral declines, realization of the collateral by OLAP may be delayed or limited. At June 30, 2022, the securities purchased under repurchase agreements to resell were collateralized by U.S. Treasury and U.S. Government Agency Securities with a fair value of \$29,580,000 with maturities ranging from December 29, 2022 to April 25, 2051. No repurchase agreements were held by OLAP as of June 30, 2021.

### Fair Value Measurements

The framework for measuring fair value establishes a fair value hierarchy that prioritizes the inputs used in the valuation techniques to measure fair value. The hierarchy gives the highest priority to Level 1 measurements and the lowest priority to Level 3 measurements. These inputs are summarized into three broad levels as described below:

- Level 1 – quoted prices in active markets for identical securities;
- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, and evaluated quotations obtained from pricing services); or
- Level 3 – significant unobservable inputs (including OLAP's own assumptions in determining the fair value of investments).

There are no investments in the Fund measured at fair value on a recurring or non-recurring basis since all investments are carried at amortized cost. There were no transfers between levels of the fair value hierarchy for the years ended June 30, 2022 or 2021. Had the investments been carried at fair value, money market mutual funds would be considered Level 1 and all remaining investments would be considered Level 2.

### Share Issues, Redemptions and Distributions

The Fund determines the net position value daily. Shares are issued and redeemed daily at the daily net position value. Dividends from net investment income are declared daily and distributed monthly.

### Income Taxes

The Fund is exempt from both state and federal income taxes pursuant to Section 115 of the Internal Revenue Code.

## NOTE 3 – FUND EXPENSES

### Investment Advisory Fee

Pursuant to an Investment Advisory Agreement with the Fund, the Investment Adviser, PMA Financial Network, LLC ("PMA"), provides investment advice and generally supervises the investment program of the Fund. PMA receives 0.09% of the average daily net position value up to \$150 million, 0.07% between \$150 and \$250 million, and 0.05% above \$250 million. For the years ended June 30, 2022 and 2021, OLAP paid \$52,226 and \$83,288, respectively, to PMA for advisory services, net of waivers. For the years ended June 30, 2022 and 2021, PMA voluntarily waived investment advisory fees of \$37,220 and \$57,970, respectively. Future waivers may not be required and are determined on market yields and other market considerations.

### Administration Fee

Under an Administration Agreement with the Fund, the Administrator, PMA Financial Network, LLC (PMA) services all participant accounts, determines and allocates income of the Fund, provides administrative personnel, equipment and office space, determines the net position value of the Fund on a daily basis, and performs all related administrative services. The Administrator pays the Fund's expenses for printing certain documents and for administrative costs of the Fund (such as postage, telephone charges, and computer time). PMA receives 0.10% of the average daily net position value up to \$150 million, 0.09% between \$150 and \$250 million, and 0.08% above \$250 million. For the years ended June 30, 2022 and 2021, OLAP paid \$58,029 and \$93,974, respectively, to PMA for administration services net of waivers. For the years ended June 30, 2022 and 2021, PMA voluntarily waived administration fees of \$41,356 and \$65,709, respectively. Future waivers may not be required and are determined on market yields and other market considerations.

### Marketing Support Fee

Under a Marketing Support Agreement with the Fund, PMA Financial Network, LLC (PMA) provides marketing support services. PMA receives 0.03% of the average daily net position value up to \$150 million and 0.02% above \$150 million. For the years ended June 30, 2022 and 2021, OLAP paid \$17,408 and \$27,372, respectively, to PMA for marketing support services, net of waivers. For the years ended June 30, 2022 and 2021, PMA voluntarily waived marketing support fees of \$12,407 and \$18,969, respectively. Future waivers may not be required and are determined on market yields and other market considerations.



# Notes to Financial Statements (cont.)

## OKLAHOMA PUBLIC SCHOOL LIQUID ASSET POOL June 30, 2022 and 2021

Under a Distribution Agreement with the Fund, Stephen H. McDonald & Associates, Inc. (“McDonald”) provides marketing services for which it is paid at an annual rate equal to 0.095% of the Fund’s average daily net position. For the years ended June 30, 2022 and 2021, OLAP paid \$27,564 and \$45,194, respectively, to McDonald for marketing services net of waivers. For the years ended June 30, 2022 and 2021, McDonald voluntarily waived \$66,851 and \$108,627 of distribution fees, respectively. Future waivers may not be required and are determined on market yields and other market considerations.

### Consulting Fee

The Fund has entered into separate Consulting Agreements with the Cooperative Council of Oklahoma School Administration (“CCOSA”), Oklahoma State School Boards Association (“OSSBA”), Oklahoma Association of School Business Officials (“OASBO”), and Organization of Rural Oklahoma Schools (“OROS”), collectively called the Consultants. Pursuant to these agreements, the Consultants will advise the Administrator, as a representative of the Fund, on applicable and pending state laws affecting the Fund, schedule and announce, through their publications, informational meetings and seminars at which representatives of the Fund will speak, provide mailing lists of potential participants and permit the use of their logos. The Consultants receive 0.02% of the average daily net position above \$150 million with the fees allocated 32% to CCOSA, 32% to OSSBA, 18% to OASBO, and 18% to OROS. For the years ended June 30, 2022 and 2021, OLAP paid \$0 and \$2,343, respectively, to the Consultants, net of waivers. For the years ended June 30, 2022 and 2021, the Consultants voluntarily waived \$0 and \$2,124, respectively of consulting fees. Future waivers may not be required and are determined on market yields and other market considerations.

### Custody Fee

Pursuant to a Custody Agreement with the Fund, the Custodian acts as custodian for the Fund’s assets. Effective October 1, 2020, U.S. Bank replaced BancFirst as the custodian for the Fund’s assets. For the years ended June 30, 2022 and 2021, OLAP paid \$17,161 and \$19,957, respectively, for custody fees which are included in the other fund expenses.

### Other Fund Expenses

The Fund pays out-of-pocket expenses incurred by its directors and officers (in connection with the discharge of their duties), audit fees, and legal fees.

All fees are computed daily and paid monthly. Fee waivers are voluntary and may end at any time with no recovery of previously waived fees.

### NOTE 4 – Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is the policy of the Fund to limit the exposure to credit risk by investing only in obligations issued or guaranteed by the U.S. Government and collateralized perfected repurchase agreements as permitted by the Fund’s Information Statement. The following table provides information on the credit ratings of the Fund investments as of June 30, 2022 and 2021:

Security Type	Credit Rating		June 30, 2022	
	Moody's	S&P	Carrying Value	Percent of Investments
U.S. Government agencies	Aaa	AA+	\$ 8,228,983	8.78%
U.S. Treasury notes and bills *	N/A	N/A	10,004,695	10.68
Repurchase agreements (underlying securities)				
U.S. Government agencies	A1	A+	27,201,010	29.02
U.S. Treasuries *	N/A	N/A	1,798,990	1.92
Money market mutual funds	Aaa-mf	AAAm	1,110,010	1.18
FDIC insured bank products	Not rated	Not rated	45,378,137	48.42
			<u>\$ 93,721,825</u>	<u>100.00%</u>

Security Type	Credit Rating		June 30, 2021	
	Moody's	S&P	Carrying Value	Percent of Investments
U.S. Government agencies	Aaa	AA+	\$ 24,749,084	16.80%
U.S. Treasury notes and bills *	N/A	N/A	14,997,594	10.18
Money market mutual funds	Aaa-mf	AAAm	8,418,257	5.71
FDIC insured bank products	Not rated	Not rated	99,164,653	67.31
			<u>\$ 147,329,588</u>	<u>100.00%</u>

\* U.S. Treasury issues are explicitly guaranteed by the United States government and are not considered to have credit risk.



# Notes to Financial Statements (cont.)

## OKLAHOMA PUBLIC SCHOOL LIQUID ASSET POOL June 30, 2022 and 2021

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Repurchase agreements are required to be collateralized by at least 102% of their value, and the collateral is held in the name of the Fund. The Fund or its agent do not release cash or securities until the counterparty delivers its side of the transaction. Although the Fund does not have a specific policy relating to custodial credit risk other than repurchase agreements, all other investments are held in the name of the Fund by a third party and are not exposed to custodial credit risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Management attempts to limit the Fund's exposure to interest rate risk and believes this is addressed by the fact that securities are limited by S&P Global guidelines as well as by investment policy to investments of high quality with durations not to exceed 397 days. Significant changes in market interest rates are not expected to present long-term risks to the Fund.

The following table provides information on the weighted average maturities for various asset types of the Fund as of June 30, 2022 and 2021:

Security Type	June 30, 2022		June 30, 2021	
	Carrying Value	WAM (Days)	Carrying Value	WAM (Days)
U.S. Government agencies	\$ 8,228,983	104	\$ 24,749,084	106
U.S. Treasury notes and bills	10,004,695	48	14,997,594	85
Repurchase agreements	29,000,000	1	-	-
Money market mutual funds	1,110,010	1	8,418,257	1
FDIC insured bank products	45,378,137	1	99,164,653	1
	<u>\$ 93,721,825</u>	15	<u>\$ 147,329,588</u>	27

Concentration credit risk is the risk of loss attributed to the magnitude of the Trust's investments in a single issuer. Management does not believe the Fund has concentration risk. Securities are limited by investment policy to obligations issued or guaranteed by the U.S. Government. Individual investment holdings in excess of 5% are denoted in the Schedules of Investments.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the value of an investment or deposit. The Fund does not hold interests in foreign currency of interests valued in foreign currency.

### NOTE 5 – SECURITIES TRANSACTIONS

Purchases of portfolio securities for the Fund aggregated \$4,642,110,007 and \$519,487,634 for FY 22 and FY 21, respectively. Proceeds from maturities and sales of securities for the Fund aggregated \$4,695,684,650 and \$551,434,237 for FY 22 and FY 21, respectively.

### NOTE 6 – RISK MANAGEMENT

The Fund is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

The Oklahoma Public School Investment Interlocal shall have all restrictions on liability awards and all exemptions provided for school districts by the Oklahoma Political Subdivision Tort Claims Act.



# Supplementary Schedule of Financial Highlights

Selected data for a share of beneficial interest outstanding throughout each period:

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net asset value, beginning of period	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Net investment income	\$0.0013	\$0.0005	\$0.0110	\$0.0217	\$0.0121
Dividends to participants	(\$0.0013)	(\$0.0005)	(\$0.0110)	(\$0.0217)	(\$0.0121)
Net asset value, end of period	<u>\$1.0000</u>	<u>\$1.0000</u>	<u>\$1.0000</u>	<u>\$1.0000</u>	<u>\$1.0000</u>
Total investment return	0.14%	0.05%	1.25%	2.17%	1.12%
Ratio of expenses to average net position, after waivers	0.20%	0.18%	0.30%	0.31%	0.33%
Ratio of net investment income to average net position, after waivers	0.13%	0.05%	1.10%	2.17%	1.21%
Ratio of expenses to average net position, before waivers	0.36%	0.34%	0.35%	0.47%	0.48%
Ratio of net investment income to average net position, before waivers	-0.03%	-0.11%	1.05%	2.02%	1.05%
Net position, end of period (000's omitted)	\$93,698	\$147,389	\$179,455	\$110,596	\$74,029



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