Financial Statements
As of and for the Year Ended June 30, 2020

Rogers State University

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

Board of Regents of the University of Oklahoma
Rogers State University
Norman, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit, and the fiduciary fund information of Rogers State University (the University), an organizational unit of the Regents of the University of Oklahoma (the Regents), which is a component unit of the State of Oklahoma, which comprise the statement of net position as of June 30, 2020, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, Rogers State University Foundation (the Foundation). Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Rogers State University and the discretely presented component unit as of June 30, 2020, and the changes in its financial position and its cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Relationship with the Regents of the University of Oklahoma

As discussed in Note 1, the financial statements of the University reporting entity are intended to present the financial position, changes in financial position, and cash flows of only the activities of the University. They do not purport to, and do not, present fairly the financial position of the Regents as of June 30, 2020, and the changes in its financial position or its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2020, on our consideration of the University'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 University'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 University's internal control over financial reporting and compliance.

Eide Bailly LLP

Oklahoma City, Oklahoma
October 20, 2020

This discussion and analysis of Rogers State University's (the University) financial statements provides an overview of the University's financial activities as of and for the year ended June 30, 2020, with fiscal year 2019 presented for comparative purposes. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis.

Financial Analysis of the University as a Whole

The basic financial statements of the University are the Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. The Statement of Net Position presents the financial position of the University at June 30, 2020. The Statement of Revenues, Expenses and Changes in Net Position summarizes the University's financial activity for the year ended June 30, 2020. The Statement of Cash Flows, presented using the direct method, reflects the effects on cash that resulted from the University's operating activities, investing activities and capital and non-capital financing activities for the year ended June 30, 2020. The following schedules are prepared from the University's basic financial statements. With the exception of the Statement of Cash Flows, the statements are presented on an accrual basis of accounting whereby revenues are recognized when earned, expenses are recorded when incurred, and assets are capitalized and depreciated.

Statement of Net Position

This statement is presented in categories, namely assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. The current assets include cash and cash equivalents, deferred expenses, accounts receivable and other assets. The noncurrent assets include cash and cash equivalents restricted for long-term purposes, capital assets and other assets. Capital assets include land, buildings and improvements, infrastructure, equipment, library materials and construction in progress. Capital assets, with the exception of land, intangible assets and construction in progress, are shown net of depreciation.

Deferred outflows of resources are consumptions of net position that are applicable to a future period, including costs associated with debt restructure and pensions.

Liabilities are also classified between current and noncurrent. Current liabilities include accounts payable, accrued expenses, unearned revenue, and the portion of noncurrent liabilities expected to be paid in the upcoming fiscal year 2021. Current liabilities represent obligations due within one year. Noncurrent liabilities include the portion of accrued compensated absences, capital lease obligation, bonds and net pension liability expected to be paid in fiscal year 2022 or thereafter. Total net position increased from $15.4 million to $18.7 million in fiscal year 2020.

Deferred inflows of resources are acquisition of net position that are applicable to a future period. It includes costs associated with debt restructure, pensions, and other post-employment benefits (OPEB).

Following is a comparison of the summarized financial position, net position and capital assets of the University at June 30, 2020:

Condensed Statements of Net Position (in millions)

	2020	2019
Assets		
Current assets	$ 16.0	$ 13.9
Noncurrent assets	73.0	75.2
Total assets	$ 89.0	$ 89.1
Deferred Outflows of Resources	$ 3.7	$ 3.2
Liabilities		
Current liabilities	$ 5.2	$ 5.7
Noncurrent liabilities	63.5	65.3
Total liabilities	$ 68.7	$ 71.0
Deferred Inflows of Resources	$ 5.2	$ 5.9
Net Position		
Net investment in capital assets	$ 25.9	$ 25.6
Restricted	0.1	0.2
Unrestricted	(7.3)	(10.4)
Total net position	$ 18.7	$ 15.4

Total assets declined $0.1 million in fiscal year 2020 compared to fiscal year 2019 due to the continued depreciation of capital assets and refinancing the 2010 series bonds while deferred outflows increased $0.5 million due to valuation of pensions.

Total liabilities decreased $2.3 million in fiscal year 2020 compared to fiscal year 2019 due to decreases in bonds and capital lease obligations, refinancing the 2010 series bonds and a change in the University's proportionate share of net pension liability (a noncurrent liability) as described in footnote 6.

Deferred inflows of resources decreased $0.7 million in fiscal year 2020 compared to fiscal year 2019 primarily due to differences between expected and actual experience and investment earnings related to pensions, as described in footnote 6.

Statement of Revenues, Expenses and Changes in Net Position
The Statement of Revenues, Expenses and Changes in Net Position reports the results of the University's activities and their effect on net position. All of the current year's revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

The following summarizes the University's revenues, expenses and changes in net position for the years ended June 30, 2020 and 2019:

Condensed Statements of Revenues, Expenses and Changes in Net Position (in millions)

	2020	2019
Operating revenues:		
Tuition and fees, net	$ 17.5	$ 16.5
Federal and local grants and contracts	4.2	4.5
Auxiliary	5.9	6.8
Other	0.1	0.1
Total operating revenues	27.7	27.9
Operating expenses	(44.2)	(43.2)
Operating loss	(16.5)	(15.3)
Nonoperating revenues (expenses):		
State appropriations, including OTRS	12.7	12.1
Federal and local grants and contracts	7.3	6.8
Investment income	0.2	0.2
Interest expense	(1.8)	(2.0)
Net nonoperating revenues	18.4	17.1
Income before other revenues	1.9	1.8
Other revenues	1.4	0.9
Net increase (decrease) in net position	3.3	2.7
Net position, beginning of year	15.4	12.7
Net position, end of year	$ 18.7	$ 15.4

Operating revenues include tuition and fees net of scholarship discounts and allowances, grants and contracts, sales and services of auxiliary enterprises and other sources of revenue. Operating revenues decreased $0.2 million in fiscal year 2020 compared to fiscal year 2019. An increase in enrollment coupled with an increase in tuition and fee rates, and offset by decline in other auxiliary services, resulted in slightly lower operating revenues in fiscal year 2020 compared to 2019.

The predominant source of nonoperating revenues is state appropriations. State appropriations increased slightly by $0.6 million related to concurrent and national guard waiver reimbursements.

The University's operating expenses are listed by natural classification, including employee compensation, scholarships, contractual services, supplies, etc. Operating expenses increased $1.0 million in fiscal year 2020 compared to 2019 mainly due to removal of the furloughs for faculty and staff.

Statement of Cash Flows

The primary purpose of the statement of cash flows is to provide information about the cash receipts and disbursements of an entity during a period. This statement also aids in the assessment of the entity's ability to generate future net cash flows, ability to meet obligations as they come due, and needs for external funding.

Following is a comparison of cash flows for the years ended June 30, 2020 and 2019:

Condensed Statements of Cash Flows (in millions)

	2020	2019
Cash Flows Provided By (Used In):		
Operating activities	$ (13.6)	$ (5.3)
Noncapital financing activities	19.0	11.2
Capital and related financing activities	(3.3)	(4.2)
Investing activities	0.2	(2.1)
Net increase (decrease) in cash	2.3	(0.4)
Cash, beginning of year	13.0	13.4
Cash, end of year	$ 15.3	$ 13.0

Capital Assets

	2020 (in millions)	2019 (in millions)
Land and improvements	$ 13.4	$ 13.2
Buildings	87.0	86.8
Equipment	9.4	9.2
Library Materials	3.4	3.4
Intangible Assets	0.9	0.9
Construction in progress	0.9	1.0
Infrastructure	2.5	2.5
Total Capital Assets	117.5	117.0
Less Accumulated Depreciation	(47.1)	(43.8)
Net Capital Assets	$ 70.4	$ 73.2

In 2020, the University added $0.5 million in assets for costs associated with acquisitions of equipment and library materials. See Note 4 for additional information regarding capital assets.

Debt

As of June 30, 2020, the University had approximately $45.3 million in debt outstanding compared to $47.7 million at the end of the previous fiscal year. The table below summarizes these amounts by type:

	June 30, *(in Millions)* 2020	2019
Bonds Payable	$ 2.2	$ 2.4
Capital Lease Obligations	43.1	45.3
Totals	$ 45.3	$ 47.7

See Note 5 for additional information regarding debt.

Economic Outlook

Enrollment has stabilized, but concerns remain high with the COVID-19 pandemic. The public health and economic conditions create uncertainty; thus, we continue to monitor and adjust our protocols to maintain a safe environment for our students, faculty, and staff to maintain the level of enrollment.

The University's financial position remains strong. The net result of operating and nonoperating revenues and expenses was an increase in net position at June 30, 2020 of $3.3 million, reflecting the University's efforts to contain costs. Conservative management of fiscal resources ensures the ability to maintain quality academic and student programs, offset cost increases, and keep tuition and fee rates low.

As a regional university, we are committed to the preservation, transmission and advancement of knowledge in an environment that fosters small classes, vibrant communities and successful graduates. We are committed to our mission to ensure that our students develop the skills and knowledge required to achieve professional and personal goals in dynamic local and global communities.

Assets	**University**	**Foundation**
Current Assets		
Cash and cash equivalents	$ 12,862,394	$ 474,570
Accounts receivable, net	2,787,112	-
Receivable from OSRHE	197,970	-
Other current assets	118,835	7,475
Total current assets	15,966,311	482,045
Noncurrent Assets		
Restricted cash and cash equivalents	2,436,223	-
Investments	-	19,863,061
Pledges receivable	-	705,048
Net OPEB asset	178,222	-
Other noncurrent assets	-	75,414
Capital assets, net	70,434,871	1,501,090
Total noncurrent assets	73,049,316	22,144,613
Total assets	$ 89,015,627	$ 22,626,658
Deferred Outflows of Resources		
Deferred outflows for pensions and OPEB	$ 3,684,721	$ -
Total Deferred Outflows of Resources	$ 3,684,721	$ -

Liabilities and Net Position	University	Foundation
Current Liabilities		
Accounts payable and accrued expenses	$ 1,525,859	$ 66,641
Unearned revenues	926,014	-
Funds held in custody for others	204,757	-
Accrued compensated absences, current portion	550,701	-
Bonds payable, current portion	145,000	-
Capital lease obligations, current portion	1,869,917	-
Total current liabilities	5,222,248	66,641
Noncurrent Liabilities, net of current portion		
Unearned revenues	1,663	-
Other post-employment benefit obligation	290,128	-
Accrued compensated absences	436,280	-
Net pension liability	19,485,343	-
Bonds payable, net of premium and discount	2,080,660	-
Capital lease obligations, net of premium and discount	41,220,141	-
Total noncurrent liabilities	63,514,215	-
Total liabilities	$ 68,736,463	$ 66,641
Deferred Inflows of Resources		
Deferred credit on OCIA lease restructure	$ 239,175	$ -
Deferred inflows for pensions and OPEB	4,959,909	-
Total Deferred Inflows of Resources	5,199,084	-
Net Position		
Net investment in capital assets	25,871,510	-
Restricted for:		
Nonexpendable:		
OPEB	178,222	-
Scholarships and fellowships	-	20,663,724
Unrestricted	(7,284,931)	1,896,293
Total net position	$ 18,764,801	$ 22,560,017

	University	Foundation
Operating revenues:		
Tuition and fees, net of scholarship discounts and allowances of $8,018,093 (revenues of $909,690 for 2020 are used as security for the 2007A & B Student Facility Revenue Bonds)	$ 17,481,600	$ -
Federal grants and contracts	919,995	-
State and private grants and contracts	3,320,563	-
Auxiliary enterprises (revenues of $945,573 for 2020 are used as security for the 2013 Revenue Bonds)	5,863,983	-
Gifts and contributions	-	1,575,325
Other	79,169	369,132
Total operating revenues	27,665,310	1,944,457
Operating expenses:		
Employee compensation and benefits	23,261,762	-
Contractual services	1,831,284	-
Supplies and other operating expenses	5,530,232	-
Utilities	1,180,274	-
Communications	246,369	-
Other operating expenses	1,175,167	924,758
Depreciation expense	3,396,962	-
Scholarships	7,541,645	827,449
Total operating expenses	44,163,695	1,752,207
Operating income (loss)	(16,498,385)	192,250
Nonoperating revenues (expenses):		
State appropriations	11,730,166	-
OTRS on-behalf contributions	990,695	-
Federal and state grants	7,295,307	-
Investment income	144,866	867,594
OSRHE Endowment Income	101,839	-
Interest expense	(1,779,505)	-
Net nonoperating revenues	18,483,368	867,594
	1,984,983	1,059,844
State appropriations restricted for capital purposes	772,011	-
Capital grants and gifts	19,980	-
On-behalf payments for OCIA capital leases	596,672	-
Net increase (decrease) in net position	3,373,646	1,059,844
Net position, beginning of year	15,391,155	21,500,173
Net position, end of year	$ 18,764,801	$ 22,560,017

Cash Flows From Operating Activities	
Tuition and fees	$ 17,198,963
Grants and contracts	4,148,249
Auxiliary enterprises	5,863,983
Other operating receipts	34,143
Payments to employees for salaries and benefits	(23,278,453)
Payments made for scholarships	(7,541,645)
Payments to suppliers	(10,040,147)
Net cash used in operating activities	(13,614,907)
Cash Flows From Noncapital Financing Activities	
State appropriations received	11,730,166
Federal and state grants	7,295,307
Direct loans received	12,496,853
Direct loans disbursed	(12,496,853)
Net cash provided by noncapital financing activities	19,025,473
Cash Flows From Capital and Related Financing Activities	
Capital appropriations received	772,011
Purchase of capital assets	(566,522)
Interest paid on debt	(1,538,182)
Proceeds from issuance of debt	15,072,767
Principal paid on debt	(17,082,000)
Capital grants and gifts received	19,980
Net cash used in capital and related financing activities	(3,321,946)
Cash Flows From Investing Activities	
Interest income received	226,084
Net cash provided by investing activities	226,084
Net change in cash and cash equivalents	2,314,704
Cash and Cash Equivalents, beginning of year	12,983,913
Cash and Cash Equivalents, end of year	$ 15,298,617

Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
Operating loss	$ (16,498,385)
Adjustments to reconcile operating loss to net cash used in operating activities:	
OTRS on-behalf contributions	990,695
Depreciation expense	3,396,962
Net loss on disposal of capital assets	312
Changes in assets and liabilities:	
Accounts receivable	(314,765)
Net OPEB asset	23,583
Other current assets	(118,835)
Deferred outflows	(428,829)
Unearned revenues	(5,028)
Accounts payable and accrued expenses	(130,771)
Funds held in custody	(26,132)
Other post-employment benefit obligation	(88,453)
Accrued compensated absences	24,347
Net pension liability	272,904
Deferred inflows for pensions and OPEB	(712,512)
Net cash used in operating activities	$ (13,614,907)
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position	
Current assets:	
Current cash and cash equivalents	$ 12,862,394
Restricted cash and cash equivalents	
Noncurrent assets:	
Restricted cash and cash equivalents	2,436,223
	$ 15,298,617

See Notes to Financial Statements

Assets	
Cash and Cash Equivalents	$ 10,990
Interest Receivable	198
Investments:	
Pooled Equity Funds	435,027
Pooled Fixed Income Funds	313,440
Total Investments	748,467
Total Assets	759,655
Liabilities	-
Net Position Restricted for OPEB	$ 759,655

Additions	
Contributions:	
Employer contributions	$ 135,571
Investment Income:	
Net appreciation in fair value	5,153
Realized gains	444
Dividends and interest	17,132
Other	(21)
Total investment income	22,708
Less investment expense	(5,674)
Net investment income	17,034
Total Additions	152,605
Deductions	
Benefit payments	135,571
Total Deductions	135,571
Net Increase in net position	17,034
Net Position Restricted for OPEB:	
Beginning of year	742,621
End of year	$ 759,655

Note 1 - Nature of Organization and Summary of Significant Accounting Policies

Nature of operations: Rogers State University (the University) is a regional University operating under the jurisdiction of the Board of Regents of the University of Oklahoma (the Board of Regents) and the Oklahoma State Regents for Higher Education.

Reporting entity: The University is one of four institutions of higher education in Oklahoma that comprise the Regents of the University of Oklahoma, which in turn is part of the Higher Education Component Unit of the State of Oklahoma.

The Board of Regents has constitutional authority to govern, control and manage the Regents of the University of Oklahoma, which consists of four institutions. This authority includes but is not limited to the power to designate management, the ability to significantly influence operations, acquire and take title to real and personal property in its name, and appoint or hire all necessary officers, supervisors, instructors, and employees for member institutions.

Accordingly, the University is considered an organizational unit of the Regents of the University of Oklahoma reporting entity for financial reporting purposes due to the significance of its legal, operational, and financial relationships with the Board of Regents, as defined in Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards.

The University has a fiduciary responsibility for the Other Post-Employment Healthcare Plan trust ("OPEB"). The OPEB statements of fiduciary net position and changes in fiduciary net position are shown as a fiduciary fund in the University's financial statements.

For financial reporting purposes, the University has included all funds, organizations, agencies, boards, commissions and authorities within the reporting entity defined above. The University has also considered all potential component units for which it is financially accountable and other organizations for which the nature of significance of their relationship with the University are such that the exclusion would cause the University's financial statements to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria included appointing a voting majority of an organization's governing body and (1) the ability of the University to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the University.

Rogers State University Foundation: Rogers State University Foundation (the Foundation), is a legally separate, Oklahoma not-for-profit corporation organized for the purpose of receiving and administering gifts intended for the University. Accordingly, the Foundation is a component unit of the University. Because the restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the University's management believes that discretely presenting the Foundation's financial statements in the University's financial statements in accordance with guidelines provided by GASB provides users relevant and timely information about resources available to the University. Separate financial statements of the Foundation are prepared and may be obtained by contacting the Foundation's Executive Director.

Note 1 – Nature of Organization and Summary of Significant Accounting Policies (Continued)

The University authorizes the Foundation to solicit contributions on its behalf. In the absence of donor restrictions, the Foundation has discretionary control over the amounts and timing of its distributions to the University. During the year ended June 30, 2020, the Foundation provided the University $1,226,359 in scholarships, awards and other program support.

The University and the Foundation both have a fiscal year end of June 30.

Financial statement presentation: The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to public sector institutions of higher education. The University applies all applicable GASB pronouncements.

Basis of accounting: The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. GAAP. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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 revenues, expenses, and other changes in net position during the reporting period. Actual results could differ from those estimates.

Cash equivalents: For purposes of the statement of cash flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State Treasurer's OK Invest cash management investment policy are considered cash equivalents.

Restricted cash and cash equivalents: Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, make long-term student loans, or to purchase capital or other noncurrent assets, are classified as noncurrent assets in the statement of net position.

Accounts receivable: Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of Oklahoma. Accounts receivable also include amounts due from the federal, state and local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. The University determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, the University's previous loss history, and the condition of the general economy and the industry as a whole. The University writes off specific accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.

Note 1 – Nature of Organization and Summary of Significant Accounting Policies (Continued)

Capital assets: Capital assets are recorded at cost at the date of acquisition or acquisition value at the date of donation in the case of gifts. The University's capitalization policy for furniture, fixtures, and equipment include all items with a unit cost of $5,000 or more and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for buildings, 30 years for infrastructure, 20 years for land improvements and building renovations, 10 years for enterprise software, and five years for library materials and equipment.

Capital assets are subject to an evaluation of possible impairment when events or circumstances indicate that the related changes in carrying amounts may not be recoverable. If required, impairment losses are reported in the statement of revenues, expenses, and changes in net position. For 2020, there were no impairment losses.

Intangible assets are reported with capital assets. Intangible assets are subject to amortization over their respective useful life of 5 years.

Unearned revenues: Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period.
Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated absences: Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued expenses in the statement of net position and as a component of compensation and benefit expense in the statement of revenues, expenses, and changes in net position.

Noncurrent liabilities: Noncurrent liabilities include (1) principal amounts of revenue bonds payable and capital lease obligations with contractual maturities greater than one year, (2) pension liabilities, and (3) estimated amounts for accrued compensated absences that will not be paid within the next fiscal year. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method, which is not significantly different from the effective interest method.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Teacher's Retirement System (OTRS), other University plans, and additions to/deductions from OTRS's fiduciary net position have been determined on the same basis as reported by OTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments held by OTRS are reported at fair value.

Note 1 – Nature of Organization and Summary of Significant Accounting Policies (Continued)

Other Post-Employment Benefits (OPEB): For purposes of measuring the cost-sharing employer plan's net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Oklahoma Teacher's Retirement System (OTRS) and additions to/deductions from OTRS's fiduciary net position have been determined on the same basis as reported by OTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments held by OTRS are reported at fair value.

For purposes of measuring the single employer plan net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the University uses an independent actuarial valuation based on the University's year-end.

Net position: The University's net position is classified as follows:

Net investment in capital assets: The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. To the extent that debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Unrestricted Net Position: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substationally self-supporting activities that provide for services for students, faculty, and staff.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

Classification of revenues: The University has classified its revenues as either operating or nonoperating revenues according to the following criteria:

> ***Operating revenues:*** Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of educational departments and of auxiliary enterprises; and (3) most federal, state, and nongovernmental grants and contracts.
>
> ***Nonoperating revenues:*** Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB, such as state appropriations, certain governmental grants, and investment income.

Note 1 – Nature of Organization and Summary of Significant Accounting Policies (Continued)

Scholarship discounts and allowances: Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state, or nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Deferred outflows of resources: Deferred outflows are the consumption of net position by the University that are applicable to a future reporting period. At June 30, 2020, the University's deferred outflows of resources were related to pensions and OPEB.

Deferred inflows of resources: Deferred inflows are the acquisition of net position by the University that are applicable to a future reporting period. At June 30, 2020, the University's deferred inflows of resources were comprised of credits realized on OCIA lease restructures and deferred inflows related to pensions and OPEB.

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

New accounting pronouncements issued but not yet adopted: The GASB has also issued several new accounting pronouncements which will be effective to the University in future fiscal years. A description of the new accounting pronouncements and the University's consideration of the impact of these pronouncements are described below:

- *GASB Statement No. 95,* Postponement of the Effective Dates of Certain Authoritative Guidance, was issued in May 2020. This statement extended the effective dates of certain accounting and financial reporting provisions that were first effective for reporting periods after June 15, 2018. This amended the statement effective dates as reflected below. Due to the issuance of GASB Statement No. 95, most standards due to go into effect during subsequent years were delayed.

  Statement No. 84, Fiduciary Activities (GASB No. 84) was issued in January 2017, will be effective for the University beginning with its fiscal year ending June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

Note 1 – Nature of Organization and Summary of Significant Accounting Policies (Continued)

- *Statement No. 87, Leases* (GASB No. 87) was issued in June 2017, will be effective for the University beginning with its fiscal year ending June 30, 2022. The Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements 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 this Statement, 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.

- *Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements (GASB No.88)* was issued in March 2018. It defines debt for purposes of disclosure in notes to the financial statements and requires that additional essential information be provided for direct borrowings and direct placements of debt separately from other debt. The provisions of GASB No. 88 are effective for reporting periods beginning after June 15, 2018, with earlier application encouraged.

- *Statement No.89, Accounting for Interest Cost Incurred before the End of a Construction Period (GASB No. 89)* was issued in June 2018 and establishes accounting requirements for interest cost incurred before the end of a construction period. It requires that such interest cost be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resource measurement focus. The provisions of GASB No. 89 are effective for reporting periods beginning after December 15, 2019, with earlier application encouraged.

- *Statement No. 91, Conduit Debt Obligations (GASB No. 91)* was issued in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

Note 2 - Deposits and Investments

Deposits: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The University's deposit policy for custodial credit risk is described as follows:

Oklahoma Statutes require the State Treasurer to ensure that all state funds either be insured by Federal Deposit Insurance, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations. The University'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 State Treasurer may determine, in the state's name.

The University requires that balances on deposit with financial institutions, including trustees related to the University's bond indenture and capital lease agreements, be insured by Federal Deposit Insurance, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. Government obligations, in the University's name.

At June 30, 2020, the carrying amount of the University's deposits with the State Treasurer and other financial institutions was $15,298,618. This amount consisted of deposits with the State Treasurer ($15,294,518), U.S. financial institutions ($500), and change funds ($3,600), as of June 30, 2020.

Some deposits with the State Treasurer are placed in the State Treasurer's internal investment pool, OK INVEST. OK INVEST pools the resources of all state funds and agencies and invests them in (a) U.S. treasury securities which are explicitly backed by the full faith and credit of the U.S. government; (b) U.S. agency securities which carry an implicit guarantee of the full faith and credit of the U.S. government; (c) money market mutual funds which participates in investments, either directly or indirectly, in securities issued by the U.S. treasury and/or agency and repurchase agreements relating to such securities; (d) investments related to tri-party repurchase agreements which are collateralized at 102 percent and, whereby, the collateral is held by a third party in the name of the State Treasurer.

Of funds on deposit with the State Treasurer, amounts invested in OK INVEST total $6,516,682 at June 30, 2020.

For financial reporting purposes, deposits with the State Treasurer that are invested in OK INVEST are classified as cash equivalents.

At June 30, 2020, the distribution of deposits in OK INVEST is as follows:

OK INVEST Portfolio	Cost	Market Value
U.S. Agency securities	$ 1,510,600	$ 1,530,242
Certificates of deposit	96,176	96,176
Money market mutual funds	339,962	339,962
Mortgage backed agency securities	2,421,379	2,529,079
Municipal bonds	8,355	8,639
Foreign bonds	67,720	67,666
U.S. Treasury Obligations	2,072,490	2,124,383
	$ 6,516,682	$ 6,696,147

Note 2 – Deposits and Investments (Continued)

Agencies and funds that are considered to be part of the State's reporting entity in the State's Comprehensive Annual Financial Report are allowed to participate in OK INVEST. Oklahoma statutes and the State Treasurer establish the primary objectives and guidelines governing the investment of funds in OK INVEST. Safety, liquidity, and return on investment are the objectives which establish the framework for the day to day OK INVEST management with an emphasis on safety of the capital and the probable income to be derived and meeting the State and its funds and agencies' daily cash flow requirements. Guidelines in the Investment Policy address credit quality requirements and diversification percentages and specify the types and maturities of allowable investments, and the specifics regarding these policies can be found on the State Treasurer's website at http://www.treasurer.state.ok.us/.

The State Treasurer, at his discretion, may further limit or restrict such investments on a day to day basis. OK INVEST includes a substantial investment in securities with an overnight maturity as well as in U.S. government securities with a maturity of up to ten years. OK INVEST maintains an overall weighted average maturity of no more than four years.

Participants in OK INVEST maintain an interest in its underlying investments and, accordingly, may be exposed to certain risks. As stated in the State Treasurer information statement, the main risks are interest rate risk, credit/default risk, liquidity risk, and U.S. government securities risk. Interest rate risk is the risk that during periods of rising interest rates, the yield and market value of the securities will tend to be lower than prevailing market rates; in periods of falling interest rates, the yield will tend to be higher. Credit/default risk is the risk that an issuer or guarantor of a security, or a bank or other financial institution that has entered into a repurchase agreement, may default on its payment obligations. Liquidity risk is the risk that OK INVEST will be unable to pay redemption proceeds within the stated time period because of unusual market conditions, an unusually high volume of redemption requests, or other reasons. U.S. Government securities risk is the risk that the U.S. government will not provide financial support to U.S. government agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law. Various investment restrictions and limitations are enumerated in the State Treasurer's Investment Policy to mitigate those risks; however, any interest in OK INVEST is not insured or guaranteed by the State, the FDIC, or any other government agency.

Note 3 - Accounts Receivable

Accounts receivable are shown net of allowances for doubtful accounts in the accompanying balance sheet. Accounts receivable consisted of the following at June 30, 2020:

Student tuition and fees	$ 3,478,211
Auxiliary enterprise and other operating activities	1,739,000
Federal, state, and private grants and contracts	199,199
	5,416,410
Less allowance for doubtful accounts	(2,629,298)
Net accounts receivable	$ 2,787,112

Note 4 - Capital Assets, Net

Following are the changes in capital assets for the years ended June 30:

	Balance, June 30, 2019	Additions	Transfers	Retirements	Balance, June 30, 2020
Capital assets not being depreciated:					
Land	$ 1,052,197	$ -	$ -	$ -	$ 1,052,197
Construction in progress	1,038,239	100,180	(261,831)	-	876,588
Total capital assets not being depreciated	2,090,436	100,180	(261,831)	-	1,928,785
Other capital assets:					
Land improvements	12,139,061	33,620	185,018	-	12,357,699
Infrastructure	2,538,589	-	-	-	2,538,589
Buildings	86,804,588	204,851	76,813	-	87,086,252
Intangible Assets	882,173	-	-	-	882,173
Furniture, fixtures, and equipment	9,175,825	201,086	-	-	9,376,911
Library materials	3,383,691	42,289	-	(33,136)	3,392,844
Total other capital assets	114,923,927	481,846	261,831	(33,136)	115,634,468
Less accumulated depreciation for:					
Land improvements	(6,805,784)	(587,925)	(4,043)	-	(7,397,752)
Infrastructure	(1,399,515)	(84,620)	-	-	(1,484,135)
Buildings	(23,704,728)	(2,169,187)	4,043	-	(25,869,872)
Intangible Assets	(255,087)	(88,217)	-	-	(343,304)
Furniture, fixtures. and equipment	(8,340,192)	(408,145)	-	-	(8,748,337)
Library materials	(3,258,938)	(58,868)	-	32,824	(3,284,982)
Total accumulated depreciation	(43,764,244)	(3,396,962)	-	32,824	(47,128,382)
Other capital assets, net	$ 71,159,683	$(2,915,116)	$ 261,831	$ (312)	$ 68,506,086
Capital assets summary:					
Capital assets not being depreciated	$ 2,090,436	$ 100,180	$ (261,831)	$ -	$ 1,928,785
Other capital assets, at cost	114,923,927	481,846	261,831	(33,136)	115,634,468
Total cost of capital assets	117,014,363	582,026	-	(33,136)	117,563,253
Less accumulated depreciation	(43,764,244)	(3,396,962)	-	32,824	(47,128,382)
Capital assets, net	$ 73,250,119	$(2,814,936)	$ -	$ (312)	$ 70,434,871

The University has acquired certain capital assets, including buildings and equipment, under various lease-purchase contracts and other capital lease agreements. The cost of University assets held under capital leases totaled $54,176,693 as of June 30, 2020.

Note 5 - Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2020 was as follows:

	Balance, June 30, 2019	Additions	Reductions	Balance, June 30, 2020	Amounts Due Within One Year
Bonds payable:					
ODFA Revenue Bonds 2013	$ 2,375,000	$ -	$ (140,000)	$ 2,235,000	$ 145,000
Bond discount	(10,592)	-	1,252	(9,340)	-
	2,364,408	-	(138,748)	2,225,660	145,000
Capital lease obligations:					
ODFA Master lease payable	37,468,332	13,235,000	(16,942,000)	33,761,332	1,869,917
OCIA Capital lease payable	6,772,191	-	(281,009)	6,491,182	-
Lease payable premium	1,235,877	1,837,767	(184,344)	2,889,300	-
Lease payable discount	(184,228)	-	132,472	(51,756)	-
	45,292,172	15,072,767	(17,274,881)	43,090,058	1,869,917
Total bonds payable and capital lease obligations	$ 47,656,580	$ 15,072,767	$ (17,413,629)	$ 45,315,718	$ 2,014,917

Revenue Bonds: In May 2013, the University issued $3,000,000 Federally Taxable Series 2013 revenue bonds. The net proceeds of $2,854,000 were used to design, construct, and equip a new 17,215 square foot student dining facility on the Claremore campus. The bonds are primarily secured by bookstore revenues of $810,069 and dining facility revenues of $135,503. Debt service payments of $217,145 were 23.0 percent of pledged revenues in fiscal year 2020.

The Federally Taxable Series 2013 revenue bonds were issued at a discount of $18,754. During 2020, the University recognized $1,252 of amortization, leaving a balance of the unamortized bond discount of $9,340 as of June 30, 2020.

The scheduled maturities of the bonds are as follows:

Years Ending June 30	Principal	Interest	Total
2021	$ 145,000	$ 71,510	$ 216,510
2022	150,000	68,103	218,103
2023	155,000	64,278	219,278
2024	160,000	60,015	220,015
2025	165,000	55,375	220,375
2026-2030	905,000	189,100	1,094,100
2031-2032	410,000	24,800	434,800
	$ 2,090,000	$ 533,181	$ 2,623,181

Note 5 – Long-Term Liabilities (Continued)

Oklahoma Capital Improvement Authority lease obligations: The Oklahoma Capital Improvement Authority (OCIA) periodically issues bonds, which are allocated to the State Regents for Higher Education (the State Regents), to be used for specific projects at Oklahoma higher education institutions. The University has participated in these projects as discussed below. In each of the transactions, OCIA and the University have entered into a lease agreement with terms characteristic of a capital lease. As a result, the University recognizes its share of the liability and the related assets in connection with the projects being constructed or acquired, in its financial statements. Annually, the State Legislature appropriates funds to the State Regents to make monthly lease principal and interest payments on-behalf of the University.

In November 2005, the OCIA issued its OCIA Bond Issues, 2005 Series F and G. Of the total bond indebtedness, the State Regents allocated $13,922,702 to the University. Concurrent with the allocation, the University entered into a lease agreement with OCIA, representing the seven projects being funded by the OCIA bonds.

Through June 30, 2020, the University had drawn its entire allotment for expenditures incurred in connection with the projects. Expenditures have been capitalized as investments in capital assets and/or recorded as construction in progress in accordance with University policy. The University has recorded a lease obligation payable to OCIA for the total amount of the allotment less repayments made.

During fiscal year 2014, the University's remaining 2005 lease agreement with OCIA was restructured through a partial refunding of the Series 2005F bonds. OCIA issued new bonds, Series 2014A, to accomplish the refunding. The restructured lease agreement with OCIA secures the OCIA bond indebtedness and any future indebtedness that might be issued to refund earlier bond issues. The University's aforementioned lease agreement with OCIA was automatically restructured to secure the new bond issues. The lease restructuring resulted in a reduction of principal; thus the University has recorded a credit of $387,424, which is the difference between the reacquisition price and the net carrying amount of the old debt, that is being amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. As of June 30, 2020, the remaining deferred inflow of resources totaled $262,895. This refinancing resulted in an aggregate difference in principal and interest between the original lease agreement and the refinanced lease agreement of $941,650, which approximates the economic savings of the transaction.

During the year ended June 30, 2020, OCIA made lease principal and interest payments totaling $596,672 on behalf of the University. These on-behalf payments have been recorded as restricted State appropriations in the University's statement of revenues, expenses, and changes in net position.

Note 5 – Long-Term Liabilities (Continued)

Future minimum lease payments under the University's obligations to OCIA are as follows:

Years Ending June 30	Principal	Interest	Total
2021	$ -	$ 309,164	$ 309,164
2022	605,092	309,164	914,256
2023	635,849	280,009	915,858
2024	652,214	249,021	901,235
2025	679,816	221,474	901,290
2026-2030	3,918,211	587,763	4,505,974
	$ 6,491,182	$ 1,956,595	$ 8,447,777

Oklahoma Development Finance Authority Master Lease Program: During fiscal year 2016, the 2006 lease agreement with ODFA was restructured through a refunding of the Series 2006A bonds. ODFA issued new bonds, Series 2016A to accomplish the refunding. The refinancing resulted in an aggregate difference in principal and interest between the original lease agreement and the refinanced lease agreement of $388,833, which approximates the economic savings of the transaction.

During fiscal year 2016, the 2006 lease agreement with ODFA was restructured through a refunding of the Series 2006B bonds. ODFA issued new bonds, Series 2016B to accomplish the refunding. The refinancing resulted in an aggregate difference in principal and interest between the original lease agreement and the refinanced lease agreement of $52,232, which approximates the economic savings of the transaction.

In December 2010, the University entered into a 15 year Master lease agreement with the ODFA and the State Regents as a beneficiary of a portion of the proceeds from the ODFA State Regents for Higher Education Master Lease Revenue Bonds, Series 2010B. The University received a net amount of $720,000 of the proceeds for the installation of a geothermal mechanical system. The University makes lease payments to the State Regents, who then forwards the payments to the trustee bank.

In July 2011, the University entered into a 25 year Master lease agreement with the ODFA and the State Regents as a beneficiary of a portion of the proceeds from the ODFA State Regents for Higher Education Master Lease Revenue Bonds, Series 2011A. The University received a net amount of $4,000,000 for the construction of athletic facilities. The University makes lease payments to the State Regents, who then forwards the payments to the trustee bank.

In July 2014, the University entered into a 30 year Master lease agreement with the ODFA and the State Regents as a beneficiary of a portion of the proceeds from the ODFA State Regents for Higher Education Master Lease Revenue Bonds, Series 2014D. The University received a net amount of $11,500,000 for the construction of student apartments. The University makes lease payments to the State Regents, who then forwards the payments to the trustee bank.

In June 2019, the University entered into a 13 year lease agreement with the ODFA and the State Regents as a beneficiary of a portion of the proceeds from the ODFA State Regents for Higher Education Master Lease Revenue Bonds, Series 2019B. The University received a net amount of $5,406,000 for refunding of 2007 Series A bonds. The University makes lease payments to the State Regents, who then forwards the payments to the trustee bank.

Note 5 – Long-Term Liabilities (Continued)

In June 2020, the University entered into a 20 year lease agreement with the ODFA and the State Regents as a beneficiary of the portion of the proceeds from the ODFA State Regents of Higher Education Master Lease Revenue Bonds, Series 2020A. The University received a net amount of $13,235,000 for refunding 2010 Series A, B, and C bonds. The University makes lease payments to the State Regents, who then forwards the payments to the trustee bank.

The scheduled maturities of the obligations under the ODFA Master Lease Program are as follows:

Years Ending June 30:	Principal	Interest	Total
2021	$ 1,869,917	$ 1,409,702	$ 3,279,619
2022	1,888,500	1,287,867	3,176,367
2023	1,971,917	1,211,980	3,183,897
2024	2,046,750	1,132,576	3,179,326
2025	2,106,917	1,050,250	3,157,167
2026-2030	8,527,583	4,163,432	12,691,015
2031-2035	7,756,250	2,368,787	10,125,037
2036-2040	5,270,167	1,061,964	6,332,131
2041-2044	2,323,333	226,203	2,549,536
	$ 33,761,334	$ 13,912,761	$ 47,674,095

Note 6 - Retirement Plans

The University's academic and nonacademic personnel are covered by various retirement plans depending on job classification. The plans available to University personnel include:

Name of Plan / System	Type of Plan
Oklahoma Teachers' Retirement System (OTRS)	Cost Sharing Multiple Employer Defined Benefit Plan
Rogers State University Defined Contribution Plan	Defined Contribution Plan
Fidelity Investments Plan	Defined Contribution Plan
Supplemental Retirement Annuity	Defined Benefit Plan

The University does not maintain the accounting records, hold the investments for, or administer these plans.

Note 6 – Retirement Plans (Continued)

Oklahoma Teachers' Retirement System

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

Benefits Provided: OTRS provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. Title 70 O. S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the State Legislature.

Benefit provisions include:

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

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

- Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.

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

Note 6 – Retirement Plans (Continued)

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

- Upon separation from the System, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the IRC.

- Upon separation from OTRS, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the Internal Revenue Code (IRC).

- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code Section 403(b).

Contributions: The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute, amended by the Oklahoma Legislature, and are not based on actuarial calculations. Employees are required to contribute 7% percent of their annual pay. Participating employers are required to contribute 8.55% of the employees' annual pay and an additional 7.70% for any employees' salaries covered by federal funds. A portion of the contributions received by OTRS are allocated to the Supplemental Health Insurance program. Contributions to the pension plan from the University were $1,432,862. The State of Oklahoma also made on-behalf contributions to OTRS, of which $990,695 was recognized by the University; these on-behalf payments did not meet the criteria of a special funding situation.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2020, the University reported a liability of $19,075,907 for its proportionate share of the net pension liability. 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 June 30, 2019. The University's proportion of the net pension liability was based on the University's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2019. Based upon this information, the University's proportion was .2882% percent compared to .3123% for the measurement date of June 30, 2018.

For the year ended June 30, 2020, the University recognized pension expense of $1,478,897. At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note 6 – Retirement Plans (Continued)

OTRS Pension Expense, Deferred Outflows and Deferred Inflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 979,239	$ 817,459
Changes of assumptions	1,001,525	643,772
Net difference between projected and actual investment earnings on pension plan investments	129,372	-
Changes in University's proportionate share of contributions	-	3,019,515
Differences between University contributions and proportionate share of contributions	17,751	9,487
University contributions made subsequent to the measurement date	1,432,862	-
Total	$ 3,560,749	$ 4,490,233

$1,432,862 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2021	$ (481,573)
2022	(1,313,685)
2023	(632,675)
2024	83,504
2025	(17,917)
Total	$ (2,362,346)

The total pension liability as of June 30, 2020, was determined based on an actuarial valuation prepared as if June 30, 2019 using the following actuarial assumptions:

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

Note 6 – Retirement Plans (Continued)

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class of as June 30, 2017 are summarized in the following table:

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

Discount Rate- A single discount rate of 7.50% was used to measure the total pension liability as of June 30, 2019. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.50%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

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

	1% Decrease 6.50%	Current Discount 7.50%	1% Increase 8.50%
Net pension liability	$ 26,880,036	$ 19,075,907	$ 12,547,365

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

Defined Contribution Plan

Plan Description: The plan is a Section 401(a) defined contribution plan that became effective January 1, 2015 for certain Fair Labor Standards Act nonexempt employees. The purpose of the plan is to provide retirement benefits for the participants and to distribute the funds accumulated to the participants of the eligible beneficiaries. All nonexempt employees hired after the effective date are allowed a one-time election between participation in OTRS or the defined contribution plan.

Note 6 – Retirement Plans (Continued)

Funding Policy: The required contribution rate is 9.0% of pensionable compensation. The University contributes the required amounts for participating members. The University's contributions for the year ended June 30, 2020 were approximately $169,575.

Defined Contribution Plan – Fidelity Investments

Plan Description: For all eligible full-time employees, the University contributes to a defined contribution pension plan (the Plan) administered by the University's Board of Regents. Pension expense is recorded for the amount of the University's required contributions determined in accordance with the terms of the Plan. The Plan provides retirement benefits to eligible employees or their beneficiaries. Benefit provisions and contribution requirements are contained in the Plan document and were established and can be amended by action of the University's Board of Regents.

Funding Policy: Prior to December 1, 2011, the University contributed 15% of the base salary above $9,000 for certain employees who were employed prior to January 1, 1999 and 4% of the annual base salary for all other employees in the Plan. Effective December 1, 2011, the University contributed 4% of the annual base salary for all employees in the Plan. Effective July 1, 2013, contributions made by the University were temporarily suspended.

Supplemental Retirement Annuity

Plan Description - The University's Supplemental Retirement Annuity (SRA) plan is a single-employer, defined benefit pension plan administered by the University's Board of Regents. There are no active participants and three individuals are currently receiving benefits. The SRA was established by the University's Board of Regents to provide supplemental retirement and death benefits to certain eligible University employees, or to those eligible employees' beneficiaries. The SRA plan is restricted to certain

retirees of the University. The authority to amend the SRA's benefit provisions rests with the University's Board of Regents. The SRA does not issue a stand-alone financial report nor is it included in the financial report of another entity.

Benefits Provided - The SRA will provide a supplemental monthly annuity, based upon the participant's average monthly salary (three highest monthly salary amounts), and taking into consideration OTRS benefits, years of service and other factors.

Contributions - The University shall make contributions to the annuity contract in such amounts and at such times, as it shall deem advisable to provide the benefits as set forth in the SRA. Participants are not permitted to make contributions to the SRA.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions - At June 30, 2020, the University reported a liability of $409,436 related to the SRA. The net pension liability was measured as of June 30, 2020 and the total pension liability

Note 6 – Retirement Plans (Continued)

Used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. For the year ended June 30, 2020, the University's recognized pension expense of $130,027. All other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions were not recognized for the SRA as such amounts are not material.

Actuarial Assumptions:

The total pension liability as determined based on an actuarial valuation prepared as of June 30, 2020 using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age Normal
- Asset Method – Market Value of Assets
- Inflation – 2.0%
- Salary Increases – Not Applicable
- Discount Rate and Long-Term Expected Rate of Return – 4.00%
- Mortality – RP-2000 Healthy Annuitant Mortality Table, for Males and Females projected with Scale AA to the applicable valuation date
- There are no recent experience studies performed as the plan only covers inactive participants.

Discount Rate – The discount rate used to measure the total pension liability was 3.76%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term expected rate of return – The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 rates of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimate of arithmetic real rates of return for the major asset classes included in the pension plan's target asset allocation as of June 30, 2020 are 4.0%.

Sensitivity of the net pension liability to changes in the discount rate: The following table presents the net pension liability of the University calculated using the discount rate of 3.76%, as well as what the University's net pension liability would be using a discount rate that is 1-percentage point lower (2.76%) or 1-percentage point higher (4.76%) than the current rate:

	1% Decrease 2.76%	Current Discount 3.76%	1% Increase 4.76%
Net pension liability	$ 548,750	$ 409,436	$ 290,534

Note 7 - Other Post-Employment Health and Life Insurance Benefits

Rogers State University Other Post-Employment Health and Life Insurance Benefits:

Plan description: The University sponsors heath care and life insurance coverage to qualifying retirees and their dependents. All employees hired prior to July 1, 2009 and eligible to retire under the provisions of OTRS are eligible to participate.

Benefits provided: Medical coverage for active employees and retirees under age 65 is offered the University of Oklahoma Board of Regents through a self-insured plan administered by Cigna. Retirees receive fully paid coverage to Medicare eligibility (age 65). OTRS pays a portion of the carrier premium with the balance paid by the University. The carrier premium applicable to retiree dependents is the responsibility of the participants. The University also pays for retiree life insurance coverage to age 65. Through a separate fully insured contract, the University sponsors Medicare supplement coverage for former employees eligible for Medicare. Medicare-eligible retirees must pay full carrier rates to maintain coverage.

Contributions: The University contributes the premium cost to carriers, net of the medical insurance supplement provided by OTRS. Contributions during the year were approximately $136,000 including approximately $10,000 in OTRS insurance subsidies.

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2020, the University reported a liability of $290,128. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2020.

For the year ended June 30, 2020, the University recognized OPEB expense of $102,436. At June 30, 2020, the University reported deferred inflows of resources related to OPEB from the following sources:

Pre-65 OPEB Expense, Deferred Outflows and Deferred Inflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 107,613
Changes in assumptions	80,965	271,349
Net difference between projected and actual investment earnings on OPEB investments	21,491	-
Total	$ 102,456	$ 378,962

Note 7 – Other Post-Employment Health and Life Insurance Benefits (Continued)

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:		
2021	$	(54,145)
2022		(54,145)
2023		(54,145)
2024		(54,145)
2025		(54,145)
2026 & Thereafter		(5,781)
	$	(276,506)

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

- Actuarial Cost Method - Entry Age
- Inflation - 2.50%
- Future Ad Hoc Cost-of-living Increases - None
- Salary Increases – 2.5%
- Investment Rate of Return – 6.20%
- Retirement Age – Based on rates used for the Teachers' Retirement System of Oklahoma pension actuarial valuation.
- Mortality Rates after Retirement – Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted Teachers Mortality Tables using Scale MP-2019 Full Generational Improvement.
- Mortality Rates for Active Members – RP – Society of Actuaries Pub-2010 Public Retirement Plans Headcount- Weighted Teachers Mortality Tables using Scale MP-2019 Full Generational Improvement.

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class of as June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	38.5%	7.5%
International equity	19.0%	8.5%
Fixed income	23.5%	2.5%
Real estate**	9.0%	4.5%
Alternative assets	10.0%	6.1%
Total	100.0%	

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

Note 7 – Other Post-Employment Health and Life Insurance Benefits (Continued)

Discount Rate- A single discount rate of 6.20% was used to measure the total OPEB liability (asset) as of June 30, 2020. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 6.20%. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate-The following presents the net OPEB liability (asset) of the employer calculated using the discount rate of 6.20%, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.20%) or 1-percentage-point higher (7.20%) than the current rate:

	1% Decrease 5.20%	Current Discount 6.20%	1% Increase 7.20%
Net OPEB liability	$ 356,647	$ 290,128	$ 228,762

The healthcare cost trend rate is 6.50% in FY2020, decreasing to 6.00% in FY2021, and decreasing annually by 0.25% or 0.50% to an ultimate rate of 5.0% for FY2024 and later years.

	1% Decrease (6.5%)	**Discount Rate** (7.5%)	**1% Increase** (8.5%)
Net OPEB liability (asset)	$ (59,721)	$ (178,222)	$ (279,473)

Oklahoma Teachers' Retirement System Other Post-Employment Health Insurance Benefits

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

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

Note 7 – Other Post-Employment Health and Life Insurance Benefits (Continued)

Contributions: Employer and employee contributions are made based upon the TRS Plan provisions contained in Title 70, as amended. However, statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. Based on the contribution requirements of Title 70 employers and employees contribute a single amount based on a single contribution rate as described in Note 6; from this amount OTRS allocates a portion of the contributions to the supplemental health insurance program. The cost of the supplemental health insurance program averages 0.15% of normal cost, as determined by an actuarial valuation. Contributions allocated to the OPEB plan from the University were $9,204.

OPEB Liabilities(Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2020, the University reported an asset of $178,222 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2019. The University's proportion of the net OPEB asset was based on the University's contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2019. Based upon this information, the University's proportion was .2882% percent, compared to .3123% for the measurement date of June 30, 2018.

For the year ended June 30, 2020, the University recognized OPEB expense of ($23,774). At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 65,142
Net difference between projected and actual investment earnings on pension plan investments	-	25,572
Differences between University contribution and proportionate share contributions	18,817	-
University contributions made subsequent to the measurement date	2,699	-
Total	$ 21,516	$ 90,714

The $2,699 reported as deferred outflows of resources related to OPEB resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Note 7 – Other Post-Employment Health and Life Insurance Benefits (Continued)

Year ended June 30:		
2021	$	(28,144)
2022		(28,144)
2023		(10,519)
2024		(773)
2025		(3,501)
Thereafter		(816)
	$	(71,897)

Actuarial Assumptions- The total OPEB liability (asset) as of June 30, 2019, was determined based on an actuarial valuation prepared as if June 30, 2019 using the following actuarial assumptions:

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

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class of as June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	38.5%	7.5%
International equity	19.0%	8.5%
Fixed income	23.5%	2.5%
Real estate**	9.0%	4.5%
Alternative assets	10.0%	6.1%
Total	100.0%	

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

Note 7 – Other Post-Employment Health and Life Insurance Benefits (Continued)

Discount Rate - A single discount rate of 7.50% was used to measure the total OPRB liability (asset) as of June 30, 2019. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.50%. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset). The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

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

	1% Decrease (6.5%)	**Discount Rate** (7.5%)	**1% Increase** (8.5%)
Net OPEB liability (asset)	$ (59,721)	$ (178,222)	$ (279,473)

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

Note 8 - Funds Held in Trust by Others

Oklahoma State Regents Endowment Trust Fund: In connection with the Oklahoma State Regents' Endowment Program (the Endowment Program), the State of Oklahoma has matched contributions received under the Endowment Program. The state match amounts, plus retained accumulated earnings, totaled approximately $2,000,510 at June 30, 2020, and is invested by the Oklahoma State Regents for Higher Education on behalf of the University. The University is entitled to receive an annual distribution of earnings of 4.5 percent of the market value at year end on these funds. Legal title of these endowment funds is retained by the Oklahoma State Regents of Higher Education; only the funds available for distribution, or approximately $198,000 at June 30, 2020, have been reflected as assets in the statement of net position.

Note 9 - Related Party Transactions

The University is the beneficiary of a foundation that provides support for the University by way of scholarships and other direct resources. The University contracts with the Foundation to provide limited services and office space in exchange for the support the University receives. Administrative services provided by the University for the benefit of the Foundation were approximately $254,798 for the year ended June 30, 2020. Scholarships awarded by the Foundation are remitted to the University after the University pays the award recipient. Such amounts were approximately $827,449 during the year ended June 30, 2020. Other support provided by the Foundation to the University during the year ended June 30, 2020 amounted to $399,236 for total Foundation support of the University of $1,226,685.

Note 10 - Commitments and Contingencies

The University conducts certain programs pursuant to various grants and contracts, which are subject to audit by federal and state agencies. Costs questioned as a result of these audits, if any, may result in refunds to these governmental agencies from various sources of the University.

During the ordinary course of business, the University may be subjected to various lawsuits and civil action claims. Management believes that resolution of any such matters pending at June 30, 2019, will not have a material adverse impact to the University.

In the spring of 2020, the World Health Organization declared a public health emergency related to the outbreak of the COVID-19 virus. The affects of the virus to the economy were devasting, causing temporary closures, stay-at-home orders for some areas, and other restrictions to businesses.

Specifically, the University had to close campus for the remaining spring 2020 semester, transition our students from on ground instruction to online instruction, cancelled spring sports, and closed the dormitories. Staff and faculty were encouraged to stay home during the spring semester to minimize exposure.

It is still uncertain at this time the full impact of COVID-19 to the University. The possibility of another stay-at-home order could impact our sources of revenue (dormitories, tuition and fees, etc). Management is continually monitoring the situation within the University and the state to better make decisions. All staff, faculty, and students are back on campus with mandatory face coverings, social distancing, and other safe practices implemented to protect the University community as much as possible.

Note 11 - Risk Management

The University is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, life, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than torts, property, and workers' compensation. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The University, along with other state agencies and political subdivisions, participates in the State of Oklahoma Risk Management Program public entity risk pool currently operating as a common risk management and insurance program for its members. The University pays annual premiums to the pool for its tort, property, and liability insurance coverage. The Oklahoma Risk Management pool's governing agreement specifies that the pool will be self-sustaining through member premiums and will reinsure through commercial carriers for claims in excess of specified stop-loss amounts.

Note 12 - Rogers State University Foundation

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities and Organization - The Rogers State University Foundation, Inc. (the Foundation) supports the academic, staff and alumni programs of Rogers State University (the University). The University in turn pays for a substantial portion of the operating expenses of the Foundation, including all salaries and related expenses, and provides office space for the Foundation's use. The Foundation and the University have certain management and board members in common.

The RSU Foundation Broadcasting Towers, LLC (the Towers), a wholly owned subsidiary of the Foundation, is the owner of one broadcasting tower used primarily by the University (see Note 8).

Principles of Consolidation – The consolidated financial statements include the accounts of the Foundation and its wholly owned subsidiary. All significant intercompany transactions have been eliminated.

Accounting Method - The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables and payables.

Cash and Cash Equivalents – The Foundation considers all liquid investments with an original maturity of three months or less to be cash equivalents.

Investments - Investments in marketable securities with readily determinable fair values are reported at their fair market value in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

Promises to Give - Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Property, Plant and Equipment - The Foundation capitalizes major expenditures for property, plant and equipment at cost. Donated property and equipment are recorded as contributions at their estimated fair value.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Depreciation is computed on the straight-line basis over the following estimated useful lives:

Leased land	50 years
Radio tower and building	30-40 years
Equipment & furnishings	5-10 years
Vehicles	3 years

The Foundation’s policy is to capitalize property and equipment over $500; with lesser amounts expensed currently.

Net Assets - The Foundation is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation’s management and Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, and are restricted primarily for specific academic and alumni programs of the University. Other donor restrictions are perpetual in nature, whereby funds are restricted primarily for endowment of the University to be held indefinitely, the income from which is expended, and used primarily to fund student scholarships.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed Services – Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. During the year ended June 30, 2020 the value of contributed services meeting the requirements for recognition in the financial statements totaled $229,118.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the disclosure of contingent assets and liabilities in the accompanying notes. Accordingly, actual results could differ from those estimates.

Income Taxes - The Foundation is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Foundation and various positions related to the potential sources of unrelated business taxable Income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

There were no unrecognized tax benefits identified or recorded as liabilities for the year ended June 30, 2020.

The Foundation files its forms 990 in the U.S. federal jurisdiction and the state of Oklahoma. The Foundation is generally no longer subject to examination by the Internal Revenue Service for tax years before June 30, 2016.

Functional Expenses – The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the program and supporting services provided based upon management’s experience and other factors. Expenses that are allocated are done so on a time and effort basis of personnel utilized. Costs allocated include the cost of fundraising events and the use of contributed services received from RSU personnel.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Revenue Recognition - The Foundation recognizes contributions when cash, securities or other assets, an unconditional contribution, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

The Foundation recognizes revenue from program service fees when the related services are performed. The Foundation records special events revenue based on the value of what is provided to a donor, and contribution revenue for the difference. All goods and services are transferred at a point in time.

Change in Accounting Principle – FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Foundation has implemented Topic 606 and has adjusted the presentation of these financial statements accordingly. The Foundation implemented Topic 606 retrospectively, and the implementation did not change net assets as of July 1, 2019.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The change in accounting principle was adopted prospectively for the fiscal year ended June 30, 2020.

NOTE 2: INVESTMENTS:

Investment advisors manage certain funds of the Foundation. The stated Investments are at fair value, based on quoted market prices, and consist of the following at June 30, 2020:

Cash and Money Market Funds	$	642,658
US Government		183,150
Corporate Bonds & Bond Mutual Funds		7,718,669
Common Stock		6,075,832
Equity Mutual Funds		5,242,752
Total	$	19,863,061

NOTE 2: INVESTMENTS (continued):

The following summarizes the investment return and its classification in the statement of activities basis for the year ended June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	$ 61,662	$ 293,654	$ 355,316
Realized and unrealized gains	93,734	418,544	512,278
Total	$ 155,396	$ 712,198	$ 867,594

Total investment return is net of stated advisory fees for $88,515 for the year ended June 30, 2020.

Current year investment income, if available, is annually transferred to the unrestricted and restricted funds in order to support operations of the Foundation and provide funding for program support to the University. The policy of the Foundation is to return the balance of investment income for the fiscal year to the endowments to develop the endowment corpus.

NOTE 3: PROMISES TO GIVE:

Unconditional promises to give at June 30, 2020, are as follows:

	Due Within One Year	Due in One to Five Yrs	Due Past Five Yrs	Total
Without donor restrictions	$ 5,000	$ -	$ -	$ 5,000
With donor restrictions	78,970	292,100	847,033	1,218,103
	83,970	292,100	847,033	1,223,103
Less discounts to fair market value	-	(16,700)	(428,300)	(445,000)
Less allowance for uncollectible promises	(30,000)	-	(43,055)	(73,055)
Total	$ 53,970	$ 275,400	$ 375,678	$ 705,048

Promises to give receivable are measured at fair market value, as described in Note 6.

NOTE 4: PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment consist of the following at June 30, 2020:

	Without Donor Restrictions	Without Donor Restrictions	Total
Land	$ 1,140,209	$ -	$ 1,140,209
Furniture and fixtures	13,968	-	13,968
Vehicles	51,645	-	51,645
Television tower and building	258,820	-	258,820
Mineral interest	3,000	-	3,000
Broadcasting equipment	-	207,874	207,874
Collectibles (non-depreciable)	60,300	-	60,300
	1,527,942	207,874	1,735,816
Less accumulated depreciation	(234,726)	-	(234,726)
Total	$ 1,293,216	$ 207,874	$ 1,501,090

NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are restricted by the donors as to purpose or time and consist of the following at June 30, 2020:

Subject to purpose restrictions:	
Scholarships	$ 2,628,495
Athletics Programs	300,155
Bartlesville	40,991
Centennial Center	548,747
OMA Programs	55,343
President Related Funds	36,517
RSU Public TV	462,197
School of Liberal Arts	76,705
Other Restricted Funds	114,941
	4,264,091
Not subject to appropriation or expenditure:	
Scholarship Endowments	12,967,665
President's Leadership Class Endowments	330,352
Other Named Scholarship Endowments	412,719
Faculty & Staff Award Endowments	68,580
Lectureship Endowments	115,751
Endowed Chairs	1,845,605
Other Endowments	552,231
Unrestricted Endowments	25,841
Life Insurance Endowments	80,889
	16,399,633
Total net assets with donor restrictions	$ 20,663,724

NOTE 6: FAIR VALUE MEASUREMENTS:

Fair value of investments at June 30, 2020 is as follows:

	Fair Value	Level 1 Inputs
Without donor restrictions	$ 3,590,278	$ 3,590,278
With donor restrictions	16,272,783	16,272,783
Total Investments	$ 19,863,061	$ 19,863,061

Level 1 Inputs - Fair values for investments are determined by reference to quoted market prices in active markets for which the Foundation is invested.

The table below presents information about unconditional promises to give at June 30, 2020:

Measurement basis	Level 3
Promised cash flows	$ 1,223,103
Carrying amount	$ 705,048

Level 3 Inputs - Unconditional promises to give are reported at fair market value. The fair value of promises to give is determined using present value techniques that consider historical trends of collection, the type of donor, general economic conditions, and market interest rate assumptions for individuals, corporations, and foundations. When the fair value of promises to give cannot be determined in this manner, fair value is estimated using the present value of expected cash flows, discounted using an assumed interest rate of 3.5%.

The change in the fair value of the unconditional promises expected to be collected in more than one year is reported as a reduction of contribution revenue.

The table below presents information about the changes in unconditional promises to give for the year ended June 30, 2020:

Beginning balance	$ 860,965
New promises received	166,010
Collections	(321,827)
Provision for uncollectible promises to give	(19,000)
Amortization of discount on promises to give	18,900
Ending balance	$ 705,048

NOTE 7: ENDOWMENTS:

The Foundation endowments consist of approximately 190 individual funds established for a variety of purposes. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - In accordance with the requirements of accounting standards related to endowments, and the Oklahoma Uniform Prudent Management of Institutional Funds Act (OUPMIFA), the Foundation will report the market value of an endowment as perpetual in nature. As a result, the Foundation classifies as “not subject to appropriation or expenditure” (1) the original value of gifts donated to the endowment, (2) the original value of subsequent gifts donated to the endowment, (3) all realized and unrealized gains and losses of the endowment, and (4) less any income distribution in accordance with the spending policy.

In accordance with OUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund;
2) The purposes of the foundation and the donor-restricted endowment fund;
3) General economic conditions;
4) The possible effect of inflation and deflation;
5) The expected total return from income and the appreciation of investments;
6) Other resources of the foundation;
7) The investment policies of the foundation.

Return Objectives and Risk Parameters – The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results which generate a dependable, increasing source of income and appreciation while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately seven percent annually. Actual returns in any given year may vary from this amount.

NOTE 7: ENDOWMENTS: (continued)

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives while reducing risk to acceptable levels.

Spending Policy and How the Investment Objectives Relate to Spending Policy - The Foundation has a policy of appropriating for distribution each year the equivalent of four percent of its endowment fund's fair value as of the immediately preceding January 1. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of three percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions
Donor-restricted endowment funds	$ -	$ 16,399,633
Board-designated funds	-	-
Total endowment funds	$ -	$ 16,399,633

Changes in endowment net assets for the year ended June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions
Endowment net assets - beginning	$ -	$ 15,914,045
Investment return	-	712,198
Other income	-	4,179
Losses on promises to give		(15,000)
Contributions	-	496,409
Transfers - board designated	-	(712,198)
Endowment net assets - ending	$ -	$ 16,399,633

NOTE 7: ENDOWMENTS: (continued)

The historical dollar value of the permanently restricted endowments is $13,179,527 as compared to the fair market value of $16,399,633 at June 30, 2020. The difference between the historical dollar value and fair value is a gain of $3,220,106. The current year decrease in the unrealized gain of $8,831 is included with the investment return allocated to net assets with donor restrictions.

NOTE 8: LEASES:

The Towers leases space on the television tower under certain operating lease agreements. The Towers also provides tower space for broadcasting equipment used by the University's television station. Tower rental income donated to the University totaled $169,279 for the year ended June 30, 2020.

NOTE 9: OFF-BALANCE SHEET RISK AND CONCENTRATIONS:

The Foundation has a potential concentration of credit risk in that it periodically maintains deposits with financial institutions in excess of amounts insured by the FDIC. At June 30, 2020, the Foundation's deposit accounts subject to FDIC Insurance were fully insured.

NOTE 10: CONDITIONAL PROMISES TO GIVE:

During the year ended June 30, 2016, the Foundation received a $500,000 "challenge grant," with payment conditioned upon the Foundation's ability to raise matching contributions. Since the pledge represents a conditional promise to give, it is not recorded as contribution revenue until matching funds are raised. Since the inception of the grant, the Foundation has raised matching funds of $476,720, and the donor has funded $452,472 in the form of contributions. Therefore, as of June 30, 2020, the Foundation has surpassed contributions from the donor by $24,248, resulting in a promise to give due from the donor as of year-end. Since year-end, the donor has fulfilled the $500,000 commitment to the Foundation.

NOTE 11: UPCOMING ACCOUNTING PRONOUNCEMENTS:

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance lessees are required to recognize lease assets and lease liabilities on the statements of financial position of all leases with terms longer than twelve months. Leases will be classified as either financing or operating, with classification affecting the pattern of expense recognition in the consolidated statement of income. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Foundation will be evaluating the impact this standard will have on its financial statements and related disclosures.

NOTE 12: LIQUIDITY AND AVAILABILITY OF RESOURCES:

The table below reflects the Foundation's financial assets as of June 30, 2020, reduced by amounts that are not available for general use due to contribution or donor-imposed restrictions within one year of the financial statement date. Non-current portions of investments, cash surrender value of life insurance, and promises to give have been included in the calculation of financial assets as those amounts are subject to donor-imposed restrictions.

Financial assets, at year-end	
Cash and cash equivalents	$ 474,570
Investments, total	19,863,061
Cash surrender value - life insurance	75,414
Promises to give, net	705,048
Total financial assets	21,118,093
Less those unavailable for general expenditure within one year, due to:	
Contractual or donor imposed restrictions:	
Restricted by donor with time or purpose restrictions	(4,264,091)
Not subject to appropriation or expenditure	(16,399,633)
Financial assets available to meet cash needs for general expenditure within one year:	$ 454,369

It is the policy of the Foundation to maintain adequate cash reserves on hand to meet its current obligations in a timely manner.

NOTE 13: SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

Current Economic Conditions - On January 30, 2020, the World Health Organization declared a public health emergency related to an outbreak of the COVID-19 virus. Along with significant declines in general economic conditions worldwide, the public health emergency creates uncertain economic conditions. Specifically, the Foundation had to postpone its annual auction fundraiser from the spring to the next fiscal year. In addition, the Foundation could be impacted by a reduction of contribution revenue from its donors. At the date the financial statements were available to be issued, it was not practical to estimate the potential effects of these conditions on the Foundation's consolidated financial statements.

Required Supplementary Information
June 30, 2020

Rogers State University

	2020	2019	2018
Total OPEB liability	$ 32,942	$ 33,074	$ 51,437
Service cost	67,349	71,698	91,058
Interest changes of assumptions	(98,430)	113,351	(302,919)
Actual vs expected experience	(34,012)	(110,978)	-
Changes in benefit terms	96,483	(43,040)	-
Benefit payments	(135,751)	(132,512)	(134,418)
Net change in total OPEB liability	(71,419)	(68,407)	(294,842)
Total OPEB liability - beginning	1,121,202	1,189,609	1,484,451
Total OPEB liability - ending	$ 1,049,783	$ 1,121,202	$ 1,189,609
Covered payroll	$ 5,226,212	$ 5,226,212	$ 5,226,212
Total OPEB liability as a percentage of covered payroll	20.09%	21.45%	22.76%

* Only three fiscal years are presented because 10-year data is not yet available.

Rogers State University

Schedule of the University's Proportionate Share of the Net Pension Liability
Oklahoma Teacher's Retirement System (OTRS)
Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015
University's proportion of the net pension liability	0.2882%	0.3123%	0.3295%	0.3430%	0.3660%	0.3830%
University's proportionate share of the net OPEB liability	$ 19,075,907	$ 18,874,040	$ 21,820,031	$ 28,620,770	$ 22,233,529	$ 20,593,041
University's covered payroll	$ 15,227,854	$ 15,189,444	$ 15,163,134	$ 15,945,083	$ 16,512,805	$ 16,570,014
University's proportionate share of the net pension liability as a percentage of its covered payroll	0%	0%	0%	0%	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	71.6%	72.7%	69.3%	62.2%	70.3%	72.4%

*Only six fiscal years are presented because 10-year data is not available

Rogers State University

Schedule of the University's Proportionate Share of the Net Pension Contribution
Oklahoma Teacher’s Retirement System (OTRS)
Last 10 Fiscal Years

	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,432,862	$ 1,364,501	$ 1,338,634	$ 1,373,591	$ 1,456,991	$ 1,529,383
Contributions in relation to the contractually required contribution	(1,432,862)	(1,364,501)	(1,338,634)	(1,373,591)	(1,456,991)	(1,529,383)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 15,890,824	$ 15,227,854	$ 15,189,444	$ 15,163,134	$ 15,945,083	$ 16,512,805
Contributions as a percentage of covered payroll	9.02%	8.96%	8.81%	9.06%	9.14%	9.26%

	2014	2013	2012	2011	2010	2009
Contractually required contribution	$ 1,554,211	$ 1,545,594	$ 1,525,156	$ 1,514,647	$ 1,466,117	$ 1,322,938
Contributions in relation to the contractually required contribution	(1,554,211)	(1,545,594)	(1,525,156)	(1,514,647)	(1,466,117)	(1,322,938)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 16,570,041	$ 16,344,321	$ 16,482,523	$ 15,402,791	$ 14,852,375	$ 14,710,071
Contributions as a percentage of covered payroll	9.38%	9.46%	9.25%	9.83%	9.87%	8.99%

	2020	2019	2018	2017	2016
Total Pension Liability					
Interest	$ 48,501	$ 49,600	$ 50,974	$ 64,404	$ 65,544
Difference between expected and actual experience	6,403	5,839	5,309	3,487	3,028
Changes of assumptions	102,782	(145)	4,595	222,054	1,428
Benefit Payments	(88,998)	(88,997)	(88,997)	(88,998)	(88,997)
Net change in total pension liability	68,688	(33,703)	(28,119)	200,947	(18,997)
Total Pension Liability, Beginning	1,257,028	1,290,731	1,318,850	1,117,903	1,136,900
Total Pension Liability, Ending (a)	1,325,716	1,257,028	1,290,731	1,318,850	1,117,903
Plan Fiduciary Net Position					
Contributions, employer	53,000	116,600	-	-	-
Contributions, member	-	-	-	-	-
Net investment income	33,646	35,096	32,682	36,655	38,135
Benefit payments	(88,998)	(88,997)	(88,997)	(88,998)	(88,997)
Net change in plan fiduciary net position	(2,352)	62,699	(56,315)	(52,343)	(50,862)
Plan Fiduciary Net Position, Beginning	918,632	855,933	912,248	964,591	1,015,453
Plan Fiduciary Net Position, Ending (b)	916,280	918,632	855,933	912,248	964,591
Net pension liability, ending (a) - (b)	$ 409,436	$ 338,396	$ 434,798	$ 406,602	$ 153,312
Plan fiduciary net position as a percentage of the total pension liability	69.12%	73.08%	66.31%	69.17%	86.29%
Covered payroll		-	-	-	-
Net pension liability as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedule

*Only five fiscal years is presented because 10-year data is not yet available

	2020	2019	2018	2017	2016
Contractually required contribution	$ 50,261	$ 53,553	$ 50,130	$ 20,830	$ 16,501
Contributions in relation to the contractually required contribution	53,000	116,600	-	-	-
Contribution deficiency (excess)	$ (2,739)	$ (63,047)	$ 50,130	$ 20,830	$ 16,501
University's covered payroll	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

	2015	2014	2013	2012	2011
Contractually required contribution	$ 25,511	$ 21,208	$ 43,442	$ 38,774	$ 45,456
Contributions in relation to the contractually required contribution	100,000	-	200,000	-	100,000
Contribution deficiency (excess)	$ (74,489)	$ 21,208	$ (156,558)	$ 38,774	$ (54,544)
University's covered payroll	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

Rogers State University
Schedule of Proportionate Share of the OTRS Net OPEB Liability (Asset)
Supplemental Health Insurance Program
Last 10 Fiscal Years

	2020	2019	2018
University's proportion of the net pension liability	0.2882%	0.3123%	0.3295%
University's proportionate share of the net OPEB liability (asset)	$ (178,222)	$ (201,805)	$ (146,959)
University's covered payroll	$ 15,227,854	$ 15,189,444	$ 15,163,134
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	-1.17%	-1.33%	-0.97%
Plan fiduciary net position as a percentage of the total OPEB liability	115.1%	115.4%	110.4%

*Only three fiscal years presented because 10-year data is not available

Rogers State University
Schedule of the University's OPEB Contributions
OTRS Supplemental Health Insurance Program
Last 10 Fiscal Years

	2020	2019	2018	2017
Contractually required contribution	$ 2,699	$ 9,204	$ 21,255	$ 21,469
Contributions in relation to the contractually required contribution	2,699	9,204	21,255	21,469
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
University's covered payroll	$ 15,890,824	$ 15,227,854	$ 15,189,444	$ 15,163,134
Contributions as a percentage of covered payroll	0.02%	0.06%	0.14%	0.14%

Notes to Schedule:

*Only four fiscal years are presented because 10-year data is not yet available

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CPAs & BUSINESS ADVISORS

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

Board of Regents of the University of Oklahoma
Rogers State University
Norman, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Rogers State University (the University), an organizational unit of the Regents of the University of Oklahoma (the Regents), which is a component unit of the State of Oklahoma, which comprise the statement of net position as of June 30, 2020, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 20, 2020. Our report includes a reference to other auditors who audited the financial statements of Rogers State University Foundation (the Foundation), the University's discretely presented component unit, as described in our report on the University's financial statements. The financial statements of the Foundation 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 with the Foundation.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University'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.

Eide Bailly LLP

Oklahoma City, Oklahoma
October 20, 2020