

Rogers State University

Independent Auditor's Reports and Financial Statements

June 30, 2021 and 2020

Rogers State University

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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 activities of Rogers State University (the University), an organizational unit of the Regents of the University of Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 from material misstatement.

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

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

Opinions

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

Emphasis of Matters

The 2020 financial statements were audited by other auditors, and their report thereon, dated October 20, 2020, expressed unmodified opinions.

Reporting Entity

As discussed in *Note 1*, the financial statements of the University are intended to present the financial position, changes in financial position, and cash flows of only the activities of the University and Foundation. They do not purport to, and do not, present fairly the financial position of The University of Oklahoma as of June 30, 2021 and 2020, the changes in its financial position, or its cash flows for the years 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 management's discussion and analysis and the pension and other postemployment benefit 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 also have issued our report dated October 29, 2021, 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.

BKD, LLP

Tulsa, Oklahoma
October 29, 2021

Rogers State University

Management's Discussion and Analysis (Unaudited)

Years Ended June 30, 2021 and 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 years ended June 30, 2021 and 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 statements of net position; statements of revenues, expenses; and changes in net position; and the statements of cash flows. The statements of net position present the financial position of the University at June 30, 2021 and 2020. The statements of revenues, expenses, and changes in net position summarize the University's financial activity for the years ended June 30, 2021 and 2020. The statements of cash flows, presented using the direct method, reflect the effects on cash that resulted from the University's operating activities, investing activities, and capital and noncapital financing activities for the years ended June 30, 2021 and 2020. The following schedules are prepared from the University's basic financial statements. With the exception of the statements 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.

Statements of Net Position

The statements are 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. 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 2023 or thereafter. Total net position increased from \$18,764,801 in 2020 to \$21,587,643 million in fiscal year 2021. The University's net position was \$15,391,155 in 2019.

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, 2021, 2020, and 2019:

Condensed Statements of Net Position

	2021	2020	Increase (Decrease)	Percent Change
Assets				
Current assets	\$ 20,318,608	\$ 15,966,311	\$ 4,352,297	27.3%
Noncurrent assets	<u>70,768,929</u>	<u>73,049,316</u>	<u>(2,280,387)</u>	-3.1%
Total assets	91,087,537	89,015,627	2,071,910	2.3%
Deferred Outflows of Resources	<u>9,552,458</u>	<u>3,684,721</u>	<u>5,867,737</u>	159.2%
Total assets and deferred outflows of resources	<u>\$ 100,639,995</u>	<u>\$ 92,700,348</u>	<u>\$ 7,939,647</u>	8.6%
Liabilities				
Current liabilities	5,598,370	5,222,248	376,122	7.2%
Noncurrent liabilities	<u>69,836,125</u>	<u>63,514,215</u>	<u>6,321,910</u>	10.0%
Total liabilities	<u>75,434,495</u>	<u>68,736,463</u>	<u>6,698,032</u>	9.7%
Deferred Inflows of Resources	<u>3,617,857</u>	<u>5,199,084</u>	<u>(1,581,227)</u>	-30.4%
Net Position				
Net investment in capital assets	25,859,555	25,871,510	(11,955)	0.0%
Restricted	29,683	178,222	(148,539)	-83.3%
Unrestricted	<u>(4,301,595)</u>	<u>(7,284,931)</u>	<u>2,983,336</u>	-41.0%
Total net position	<u>21,587,643</u>	<u>18,764,801</u>	<u>2,822,842</u>	15.0%
Total liabilities, deferred inflows of resources, and net position	<u>\$ 100,639,995</u>	<u>\$ 92,700,348</u>	<u>\$ 7,939,647</u>	

	2020	2019	Increase (Decrease)	Percent Change
Assets				
Current assets	\$ 15,966,311	\$ 13,877,890	\$ 2,088,421	15.0%
Noncurrent assets	<u>73,049,316</u>	<u>75,207,644</u>	<u>(2,158,328)</u>	-2.9%
Total assets	89,015,627	89,085,534	(69,907)	-0.1%
Deferred Outflows of Resources				
Total assets and deferred outflows of resources	<u>3,684,721</u>	<u>3,255,892</u>	<u>428,829</u>	13.2%
	<u>\$ 92,700,348</u>	<u>\$ 92,341,426</u>	<u>\$ 358,922</u>	0.4%
Liabilities				
Current liabilities	5,222,248	5,744,174	(521,926)	-9.1%
Noncurrent liabilities	<u>63,514,215</u>	<u>65,270,781</u>	<u>(1,756,566.0)</u>	-2.7%
Total liabilities	<u>68,736,463</u>	<u>71,014,955</u>	<u>(2,278,492)</u>	-3.2%
Deferred Inflows of Resources				
	<u>5,199,084</u>	<u>5,935,316</u>	<u>(736,232)</u>	-12.4%
Net Position				
Net investment in capital assets	25,871,510	25,593,442	278,068	1.1%
Restricted	178,222	201,805	(23,583)	-11.7%
Unrestricted	<u>(7,284,931)</u>	<u>(10,404,092)</u>	<u>3,119,161</u>	-30.0%
Total net position	<u>18,764,801</u>	<u>15,391,155</u>	<u>3,373,646</u>	21.9%
Total liabilities, deferred inflows of resources, and net position	<u>\$ 92,700,348</u>	<u>\$ 92,341,426</u>	<u>\$ 358,922</u>	

Total assets increased \$2,071,909 or 2.3% in 2021 after decreasing \$69,907 or 0.1% in 2020. The increase in total assets for 2021 was due to an increase in current assets of cash and cash equivalents.

Deferred outflows increased \$5,867,737 or 159.2% in 2021 after increasing \$428,829 or 13.2% in 2020 due to actuarial valuation of pensions.

Total liabilities increased \$6,698,030 or 9.7% in 2021 after decreasing \$2,278,492 or 3.2% in 2020 due to a change in the University's proportionate share of net pension liability (a noncurrent liability) as described in *Note 6*.

Deferred inflows of resources decreased \$1,581,227 or 30.4% in 2021 after decreasing \$736,232 or 12.4% in 2020. See *Note 6* for further description of changes year over year.

Statements of Revenues, Expenses, and Changes in Net Position

The statements of revenues, expenses, and changes in net position reports the results of the University's activities and their effect on net position. All 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, 2021, 2020 and 2019:

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2021	2020	Increase (Decrease)	Percent Change
Operating revenues:				
Tuition and fees, net	\$ 14,429,721	\$ 17,481,600	\$ (3,051,879)	-17.5%
Federal and local grants and contracts	8,841,244	4,240,558	4,600,686	108.5%
Auxiliary	7,142,910	5,863,983	1,278,927	21.8%
Other	<u>84,270</u>	<u>79,169</u>	<u>5,101</u>	6.4%
Total operating revenues	30,498,145	27,665,310	2,832,835	10.2%
Less operating expenses	<u>46,519,368</u>	<u>44,163,695</u>	<u>2,355,673</u>	5.3%
Net operating loss	<u>(16,021,223)</u>	<u>(16,498,385)</u>	<u>477,162</u>	-2.9%
Nonoperating revenues (expenses):				
State appropriations, including OTRS	12,247,855	12,720,861	(473,006)	-3.7%
Federal Grants	6,406,604	7,295,307	(888,703)	-12.2%
Investment income	148,527	246,705	(98,178)	-39.8%
Interest expense	<u>(1,317,071)</u>	<u>(1,779,505)</u>	<u>462,434</u>	-26.0%
Net nonoperating revenues	<u>17,485,915</u>	<u>18,483,368</u>	<u>(997,453)</u>	-5.4%
Income/(Loss) before other revenues	<u>1,464,692</u>	<u>1,984,983</u>	<u>(520,291)</u>	-26.2%
Other revenues	<u>1,358,150</u>	<u>1,388,663</u>	<u>(30,513)</u>	-2.2%
Net increase/(decrease) in net position	2,822,842	3,373,646	(550,804)	-16.3%
Net position, beginning of year	<u>18,764,801</u>	<u>15,391,155</u>	<u>3,373,646</u>	21.9%
Net position, end of year	<u>\$ 21,587,643</u>	<u>\$ 18,764,801</u>	<u>\$ 2,822,842</u>	15.0%

	2020	2019	Increase (Decrease)	Percent Change
Operating revenues:				
Tuition and fees, net	\$ 17,481,600	\$ 16,527,773	\$ 953,827	5.8%
Federal and local grants and contracts	4,240,558	4,524,094	(283,536)	-6.3%
Auxiliary	5,863,983	6,815,066	(951,083)	-14.0%
Other	79,169	120,202	(41,033)	-34.1%
Total operating revenues	27,665,310	27,987,135	(321,825)	-1.1%
Less operating expenses	44,163,695	43,260,053	903,642	2.1%
Net operating loss	(16,498,385)	(15,272,918)	(1,225,467)	8.0%
Nonoperating revenues (expenses):				
State appropriations, including OTRS	12,720,861	12,144,189	576,672	4.7%
Federal Grants	7,295,307	6,749,579	545,728	8.1%
Investment income	246,705	193,693	53,012	27.4%
Interest expense	(1,779,505)	(2,025,422)	245,917	-12.1%
Net nonoperating revenues	18,483,368	17,062,039	1,421,329	8.3%
Income/(Loss) before other revenues	1,984,983	1,789,121	195,862	10.9%
Other revenues	1,388,663	936,740	451,923	48.2%
Net increase/(decrease) in net position	3,373,646	2,725,861	647,785	23.8%
Net position, beginning of year	15,391,155	12,665,294	2,725,861	21.5%
Net position, end of year	\$ 18,764,801	\$ 15,391,155	\$ 3,373,646	21.9%

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 increased \$2,832,835 or 10.2% in 2021 after decreasing \$321,825 or 1.1% in 2020.

The predominant source of nonoperating revenues is state appropriations. State appropriations decreased by \$473,006 or 3.7% in 2021 after increasing by \$576,672 or 4.7% in 2020, 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 \$2,355,674 or 5.3% in 2021 after increasing \$903,642 or 2.1% in 2020.

Statements of Cash Flows

The primary purpose of the statements 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, 2021, 2020, and 2019:

Condensed Statements of Cash Flows

	2021	2020	Increase (Decrease)	Percent Change
Cash Flows Provided By (Used In):				
Operating activities	\$ (12,193,235)	\$ (13,614,907)	\$ 1,421,672	-10.4%
Noncapital financing activities	17,663,996	19,025,473	(1,361,477)	-7.2%
Capital and related financing activities	(2,701,137)	(3,321,946)	620,809	-18.7%
Investing activities	<u>346,237</u>	<u>226,084</u>	<u>120,153</u>	53.1%
Net increase (decrease) in cash	3,115,861	2,314,704	801,157	34.6%
Cash and cash equivalents, beginning of year	<u>15,298,617</u>	<u>12,983,913</u>	<u>2,314,704</u>	17.8%
Cash and cash equivalents, end of year	<u>\$ 18,414,478</u>	<u>\$ 15,298,617</u>	<u>\$ 3,115,861</u>	20.4%

	2020	2019	Increase (Decrease)	Percent Change
Cash Flows Provided By (Used In):				
Operating activities	\$ (13,614,907)	\$ (5,333,002)	\$ (8,281,905)	155.3%
Noncapital financing activities	19,025,473	11,150,626	7,874,847	70.6%
Capital and related financing activities	(3,321,946)	(4,204,954)	883,008	-21.0%
Investing activities	<u>226,084</u>	<u>(2,066,839)</u>	<u>2,292,923</u>	-110.9%
Net increase (decrease) in cash	2,314,704	(454,169)	2,768,873	-609.7%
Cash and cash equivalents, beginning of year	<u>12,983,912</u>	<u>13,438,081</u>	<u>(454,169)</u>	-3.4%
Cash and cash equivalents, end of year	<u>\$ 15,298,616</u>	<u>\$ 12,983,912</u>	<u>\$ 2,314,704</u>	17.8%

Capital Assets

	2021	2020
Land and land improvements	\$ 14,325,274	\$ 13,409,896
Buildings	87,086,252	87,086,252
Equipment	8,239,289	9,376,911
Library materials	3,424,007	3,392,844
Intangible assets	882,173	882,173
Construction in progress	41,103	876,588
Infrastructure	<u>2,538,589</u>	<u>2,538,589</u>
Total capital assets	116,536,687	117,563,253
Less accumulated depreciation	<u>(48,955,643)</u>	<u>(47,128,382)</u>
Net capital assets	<u>\$ 67,581,044</u>	<u>\$ 70,434,871</u>

	<u>2020</u>	<u>2019</u>
Land and land improvements	\$ 13,409,896	\$ 13,191,258
Buildings	87,086,252	86,804,588
Equipment	9,376,911	9,175,825
Library materials	3,392,844	3,383,691
Intangible assets	882,173	882,173
Construction in progress	876,588	1,038,239
Infrastructure	<u>2,538,589</u>	<u>2,538,589</u>
Total capital assets	117,563,253	117,014,363
Less accumulated depreciation	<u>(47,128,382)</u>	<u>(43,764,244)</u>
Net capital assets	<u>\$ 70,434,871</u>	<u>\$ 73,250,119</u>

In 2021 the University retired \$1,561,008 in assets, the majority of retired assets coming out of equipment. See *Note 4* for additional information regarding capital assets.

Debt

The University had \$42,995,799 in debt outstanding in 2021 compared to \$45,315,711 and \$47,656,580 in 2020 and 2019 respectively. The table below summarizes these amounts by type:

Long-Term Debt

	Year ended June 30	
	<u>2021</u>	<u>2020</u>
Bonds Payable	\$ 2,081,865	\$ 2,225,660
Capital Lease Obligations	<u>40,913,934</u>	<u>43,090,058</u>
TOTALS	<u>\$ 42,995,799</u>	<u>\$ 45,315,718</u>

	Year ended June 30	
	<u>2020</u>	<u>2019</u>
Bonds Payable	\$ 2,225,660	\$ 2,364,408
Capital Lease Obligations	<u>43,090,058</u>	<u>45,292,172</u>
TOTALS	<u>\$ 45,315,718</u>	<u>\$ 47,656,580</u>

See *Note 5* for additional information regarding debt.

Economic Outlook

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, 2021, of \$2,822,842 or 15.0% after increasing \$3,373,646 or 21.9% at June 30, 2020, 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, the University is committed to the preservation, transmission, and advancement of knowledge in an environment that fosters small classes, vibrant communities, and successful graduates. The University is committed to its mission to ensure that its students develop the skills and knowledge required to achieve professional and personal goals in dynamic local and global communities.

Rogers State University
Statements of Net Position
June 30, 2021 and 2020

	University		Component Unit - Foundation	
	2021	2020	2021	2020
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and cash equivalents	\$ 15,256,276	\$ 12,862,394	\$ 465,117	\$ 474,570
Accounts receivable, net	4,919,262	2,787,112	-	-
Receivable from OSRHE	143,070	197,970	-	-
Other current assets	-	118,835	15,380	7,475
Total current assets	<u>20,318,608</u>	<u>15,966,311</u>	<u>480,497</u>	<u>482,045</u>
Noncurrent Assets				
Restricted cash and cash equivalents	3,158,202	2,436,223	-	-
Investments	-	-	24,715,639	19,863,061
Pledges receivable	-	-	437,509	705,048
Net OPEB asset	29,683	178,222	-	-
Other noncurrent assets	-	-	78,015	75,414
Capital assets, net	<u>67,581,044</u>	<u>70,434,871</u>	<u>1,280,250</u>	<u>1,501,090</u>
Total noncurrent assets	<u>70,768,929</u>	<u>73,049,316</u>	<u>26,511,413</u>	<u>22,144,613</u>
Total assets	<u>91,087,537</u>	<u>89,015,627</u>	<u>26,991,910</u>	<u>22,626,658</u>
Deferred Outflows of Resources				
Deferred outflows for pensions and OPEB	<u>9,552,458</u>	<u>3,684,721</u>	-	-
Total deferred outflows of resources	<u>9,552,458</u>	<u>3,684,721</u>	-	-
Total assets and deferred outflows of resources	<u>\$ 100,639,995</u>	<u>\$ 92,700,348</u>	<u>\$ 26,991,910</u>	<u>\$ 22,626,658</u>

Rogers State University
Statements of Net Position, continued
June 30, 2021 and 2020

	University		Component Unit - Foundation	
	2021	2020	2021	2020
Liabilities, Deferred Inflows of Resources and Net Position				
Current Liabilities				
Accounts payable and accrued expenses	\$ 1,446,145	\$ 1,525,859	\$ 52,255	\$ 66,641
Unearned revenues	778,140	926,014	-	-
Funds held in custody for others	186,178	204,757	-	-
Accrued compensated absences, current portion	511,065	550,701	-	-
Bonds payable, current portion	145,000	145,000	-	-
Capital lease obligations, current portion	2,531,842	1,869,917	-	-
Total current liabilities	<u>5,598,370</u>	<u>5,222,248</u>	<u>52,255</u>	<u>66,641</u>
Noncurrent Liabilities, net of current portion				
Unearned revenues	13,732	1,663	-	-
Other post-employment benefit obligation	19,056	290,128	-	-
Note payable	142,810	-	-	-
Accrued compensated absences	492,705	436,280	-	-
Net pension liability	28,848,865	19,485,343	-	-
Bonds payable, net of premium and discount	1,936,864	2,080,660	-	-
Capital lease obligations, net of premium and discount	38,382,093	41,220,141	-	-
Total noncurrent liabilities	<u>69,836,125</u>	<u>63,514,215</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 75,434,495</u>	<u>\$ 68,736,463</u>	<u>\$ 52,255</u>	<u>\$ 66,641</u>
Deferred Inflows of Resources				
Deferred credit on OCIA lease restructure	215,455	239,175	-	-
Deferred inflows for pensions and OPEB	3,402,402	4,959,909	-	-
Total Deferred Inflows of Resources	<u>\$ 3,617,857</u>	<u>\$ 5,199,084</u>	<u>\$ -</u>	<u>\$ -</u>
Net Position				
Net investment in capital assets	25,859,555	25,871,510	-	-
Restricted for:				
OPEB	29,683	178,222	-	-
Scholarships and fellowships	-	-	23,970,996	20,663,724
Unrestricted	(4,301,595)	(7,284,931)	2,968,659	1,896,293
Total net position	<u>\$ 21,587,643</u>	<u>\$ 18,764,801</u>	<u>\$ 26,939,655</u>	<u>\$ 22,560,017</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 100,639,995</u>	<u>\$ 92,700,348</u>	<u>\$ 26,991,910</u>	<u>\$ 22,626,658</u>

Rogers State University
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2021 and 2020

	University		Component Unit - Foundation	
	2021	2020	2021	2020
Operating revenues:				
Tuition and fees, net of scholarship discounts and allowances of \$7,586,657 and \$8,018,093 at June 30, 2021 and 2020, respectively (revenues of \$842,747 for 2021 are used as security for the 2019B Student Facility Revenue Bonds and \$909,690 for 2020 are used as security for the 2007A & B Student Facility Revenue Bonds)	\$ 14,429,721	\$ 17,481,600	\$ -	\$ -
Federal grants and contracts	5,354,031	919,995	-	-
State and private grants and contracts	3,487,213	3,320,563	-	-
Auxiliary enterprises (revenues of \$1,363,718 and \$945,5733 for 2021 and 2020, respectively, are used as security for the 2013 Revenue Bonds)	7,142,910	5,863,983	-	-
Gifts and contributions	-	-	1,351,963	1,575,325
Other	84,270	79,169	461,065	369,132
Total operating revenues	30,498,145	27,665,310	1,813,028	1,944,457
Operating expenses:				
Employee compensation and benefits	25,595,428	23,261,762	-	-
Contractual services	1,989,172	1,831,284	-	-
Supplies and other operating expenses	6,378,854	5,530,232	-	-
Utilities	1,371,966	1,180,274	-	-
Communications	223,402	246,369	-	-
Other operating expenses	1,090,018	1,175,167	1,147,753	924,758
Depreciation expense	3,364,951	3,396,962	-	-
Scholarships	6,505,577	7,541,645	823,105	827,449
Total operating expenses	46,519,368	44,163,695	1,970,858	1,752,207
Operating income (loss)	(16,021,223)	(16,498,385)	(157,830)	192,250
Nonoperating revenues (expenses):				
State appropriations	11,257,392	11,730,166	-	-
OTRS on-behalf contributions	990,463	990,695	-	-
Federal and state grants	6,406,604	7,295,307	-	-
Investment income	124,805	144,866	4,537,468	867,594
OSRHE Endowment income	23,722	101,839	-	-
Interest expense	(1,317,071)	(1,779,505)	-	-
Net nonoperating revenues	17,485,915	18,483,368	4,537,468	867,594
Net increase before other revenues, expenses, gains, and losses	1,464,692	1,984,983	4,379,638	1,059,844
State appropriations restricted for capital purposes	741,542	772,011	-	-
Capital grants and gifts	307,444	19,980	-	-
On-behalf payments for OCIA capital leases	309,164	596,672	-	-
Net increase (decrease) in net position	2,822,842	3,373,646	4,379,638	1,059,844
Net position, beginning of year	18,764,801	15,391,155	22,560,017	21,500,173
Net position, end of year	<u>\$ 21,587,643</u>	<u>\$ 18,764,801</u>	<u>\$ 26,939,655</u>	<u>\$ 22,560,017</u>

See Notes to Financial Statements

Rogers State University
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Tuition and fees	\$ 12,054,986	\$ 17,198,963
Grants and contracts	8,927,723	4,148,249
Auxiliary enterprises	7,142,910	5,863,983
Other operating receipts	109,680	34,143
Payments to employees for salaries and benefits	(22,750,116)	(23,278,453)
Payments made for scholarships	(6,505,577)	(7,541,645)
Payments to suppliers	(11,172,841)	(10,040,147)
Net cash used in operating activities	(12,193,235)	(13,614,907)
Cash Flows From Noncapital Financing Activities		
State appropriations	11,257,392	11,730,166
Federal and state grants	6,406,604	7,295,307
Direct loans received	10,918,630	12,496,853
Direct loans disbursed	(10,918,630)	(12,496,853)
Net cash provided by noncapital financing activities	17,663,996	19,025,473
Cash Flows From Capital and Related Financing Activities		
Capital appropriations received	741,542	772,011
Purchase of capital assets	(517,414)	(566,522)
Interest paid on capital debt and leases	(1,291,877)	(1,538,182)
Proceeds from master leases	-	15,072,767
Principal paid on capital-related debt	(1,940,833)	(17,082,000)
Donations, grants and contracts for capital projects	307,445	19,980
Net cash used in capital and related financing activities	(2,701,137)	(3,321,946)
Cash Flows From Investing Activities		
Interest income received	346,237	226,084
Net cash provided by investing activities	346,237	226,084
Net change in cash and cash equivalents	3,115,861	2,314,704
Cash and Cash Equivalents, beginning of year	15,298,617	12,983,913
Cash and Cash Equivalents, end of year	\$ 18,414,478	\$ 15,298,617

Rogers State University
Statements of Cash Flows, continued
Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Tuition and fees	\$ 12,054,986	\$ 17,198,963
Grants and contracts	8,927,723	4,148,249
Auxiliary enterprises	7,142,910	5,863,983
Other operating receipts	109,680	34,143
Payments to employees for salaries and benefits	(22,750,116)	(23,278,453)
Payments made for scholarships	(6,505,577)	(7,541,645)
Payments to suppliers	(11,172,841)	(10,040,147)
	(12,193,235)	(13,614,907)
Net cash used in operating activities		
Cash Flows From Noncapital Financing Activities		
State appropriations	11,257,392	11,730,166
Federal and state grants	6,406,604	7,295,307
Direct loans received	10,918,630	12,496,853
Direct loans disbursed	(10,918,630)	(12,496,853)
	17,663,996	19,025,473
Net cash provided by noncapital financing activities		
Cash Flows From Capital and Related Financing Activities		
Capital appropriations received	741,542	772,011
Purchase of capital assets	(517,414)	(566,522)
Interest paid on capital debt and leases	(1,291,877)	(1,538,182)
Proceeds from master leases	-	15,072,767
Principal paid on capital-related debt	(1,940,833)	(17,082,000)
Donations, grants and contracts for capital projects	307,445	19,980
	(2,701,137)	(3,321,946)
Net cash used in capital and related financing activities		
Cash Flows From Investing Activities		
Interest income received	346,237	226,084
	346,237	226,084
Net cash provided by investing activities		
Net change in cash and cash equivalents	3,115,861	2,314,704
Cash and Cash Equivalents, beginning of year	15,298,617	12,983,913
Cash and Cash Equivalents, end of year	\$ 18,414,478	\$ 15,298,617

Rogers State University
Statements of Fiduciary Net Position – OPEB Trust Fund
Years Ended June 30, 2021 and 2020

	2021	2020
Assets		
Cash & cash equivalents	\$ 8,287	\$ 10,990
Interest receivable	93	198
Investments:		
Pooled equity funds	552,600	435,027
Pooled fixed income Funds	396,019	313,440
Total investments	948,619	748,467
Total assets	956,999	759,655
Total liabilities	-	-
Net position restricted for OPEB	\$ 956,999	\$ 759,655

Rogers State University
Statements of Changes in Fiduciary Net Position – OPEB Trust Fund
Years Ended June 30, 2021 and 2020

	2021	2020
Additions		
Contributions:		
Employer contributions	\$ 109,786	\$ 135,571
Investment Income:		
Net appreciation (depreciation) in fair value	129,835	5,153
Realized gains	58,694	444
Dividends & interest	15,322	17,132
Other	(104)	(21)
Total investment income	203,747	22,708
Less investment expense	(6,403)	(5,674)
Net investment income	197,344	17,034
Total additions	307,130	152,605
Deductions		
Benefit payments	109,786	135,571
Total deductions	109,786	135,571
Net increase in net position	197,344	17,034
Net Position Restricted for OPEB:		
Beginning of year	759,655	742,621
End of year	\$ 956,999	\$ 759,655

Rogers State University

Notes to Financial Statements

June 30, 2021 and 2020

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Rogers State University (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), which is reported as a fiduciary component unit under the provisions of GASB 14 and 84. 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

Notes to Financial Statements

June 30, 2021 and 2020

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.

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 years ended June 30, 2021 and 2020, the Foundation provided the University \$1,492,711 and \$1,226,359, respectively, 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 and Presentation

The accompanying 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, liabilities and deferred inflows and outflows of resources 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.

Rogers State University

Notes to Financial Statements

June 30, 2021 and 2020

Cash Equivalents

For purposes of the statements 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 statements of net position.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and charges for 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 receivables 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.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. The University's capitalization policy for furniture, fixtures, and equipment includes 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 statements of revenues, expenses, and changes in net position. For 2021 and 2020, there were no impairment losses.

Rogers State University

Notes to Financial Statements

June 30, 2021 and 2020

Intangible assets are reported with capital assets. Intangible assets are subject to amortization over their respective useful life of five 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 statements of net position and as a component of compensation and benefit expense in the statements 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.

Other Postemployment Benefit Plan

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.

Rogers State University

Notes to Financial Statements

June 30, 2021 and 2020

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

Net position of the University 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.

Restricted net position, expendable – Restricted expendable net position includes resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted net position, nonexpendable: – Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal.

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 substantially 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.

Rogers State University

Notes to Financial Statements

June 30, 2021 and 2020

Operating Revenues – Include activities that have the characteristics of exchange transactions, such as 1) student tuition and fees, net of scholarship allowances or 2) sales and services of educational departments and auxiliary enterprises or 3) most federal, state, and nongovernmental grants and contracts.

Nonoperating Revenues – Include activities that have the characteristics of nonexchange transactions, such as 1) gifts and contributions or 2) other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting* or 3) GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, such as state appropriations certain governmental grants, and investment income.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the statements 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, 2021 and 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, 2021 and 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).

Rogers State University

Notes to Financial Statements

June 30, 2021 and 2020

New Accounting Pronouncements Adopted in Fiscal Year 2021

- GASB Statement No. 84, *Fiduciary Activities*, was issued January 2017 and improves 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 for all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. 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. The adoption of GASB No. 84 did not impact amounts recorded by the University.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32 was issued in June 2020. The statement clarifies rules related to reporting of fiduciary activities under Statements No. 14 and No. 84, mitigates costs for defined contribution plans, and enhances the relevance, consistency, and comparability of the accounting and financial reporting of Code Section 457 plans that meet the definition of a pension plan. The early adoption of GASB No. 97 did not impact amounts recorded by the University.

New Accounting Pronouncement Issued Not Yet Adopted

GASB has also issued a new accounting pronouncement which will be effective to the University in subsequent years.

- GASB Statement No. 87, *Leases*, was issued June 2017 and improves 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. The requirements of this statement are effective for the University's fiscal year beginning July 1, 2021. Earlier application is encouraged.

The University is currently evaluating the impact that this new standard will have on its financial statements.

Rogers State University
Notes to Financial Statements
June 30, 2021 and 2020

Note 2: Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a 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, 2021 and 2020, the carrying amount of the University's deposits with the State Treasurer and other financial institutions was \$18,414,478 and \$15,298,618, respectively. At June 30, 2021 this amount consisted of deposits with the State Treasurer (\$18,410,378), U.S. financial institutions (\$500), and change funds (\$3,600). At June 30, 2020 this amount consisted of deposits with the State Treasurer (\$15,294,518), U.S. financial institutions (\$500), and change funds (\$3,600).

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 \$8,006,821 and \$6,516,682 at June 30, 2021 and 2020, respectively.

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

Rogers State University
Notes to Financial Statements
June 30, 2021 and 2020

At June 30, 2021 and 2020, the distribution of deposits in *OK INVEST* is as follows:

OK INVEST Portfolio	2021		2020	
	Cost	Market Value	Cost	Market Value
U.S. Agency securities	\$ 3,203,740	\$ 3,205,250	\$ 1,510,600	\$ 1,530,242
Certificates of deposit	54,165	54,165	96,176	96,176
Money market mutual funds	352,542	352,542	339,962	339,962
Mortgage-backed agency securities	2,319,718	2,387,381	2,421,379	2,529,079
Municipal bonds	11,231	11,363	8,355	8,639
Foreign bonds	56,157	56,156	67,720	67,666
U.S. Treasury Obligations	2,009,268	2,027,333	2,072,490	2,124,383
	<u>\$ 8,006,821</u>	<u>\$ 8,094,190</u>	<u>\$ 6,516,682</u>	<u>\$ 6,696,147</u>

Agencies and funds that are considered to be part of the State's reporting entity in the State's Comprehensive Annual Financial Report (CAFR) 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.

Rogers State University
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Note 3: Accounts Receivable

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

	<u>2021</u>	<u>2020</u>
Student tuition and fees	\$ 4,037,019	\$ 3,478,211
Auxiliary enterprise and other operating activities	3,758,967	1,739,000
Federal, state, and private grants and contracts	<u>79,278</u>	<u>199,199</u>
	7,875,264	5,416,411
Less allowance for doubtful accounts	<u>(2,956,002)</u>	<u>(2,629,298)</u>
Net accounts receivable	<u>\$ 4,919,262</u>	<u>\$ 2,787,112</u>

Note 4: Capital and Lease Assets

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

	<u>Balance, June 30, 2020</u>	<u>Additions</u>	<u>Adjustments/ Transfers</u>	<u>Retirements</u>	<u>Balance, June 30, 2021</u>
Capital assets not being depreciated:					
Land	\$ 1,052,197	\$ -	\$ -	\$ -	\$ 1,052,197
Construction in progress	<u>876,588</u>	<u>85,001</u>	<u>(920,486)</u>	<u>-</u>	<u>41,103</u>
Total capital assets not being depreciated	<u>1,928,785</u>	<u>85,001</u>	<u>(920,486)</u>	<u>-</u>	<u>1,093,300</u>
Capital assets being depreciated:					
Land improvements	12,357,699	-	915,378	-	13,273,077
Infrastructure	2,538,589	-	-	-	2,538,589
Buildings	87,086,252	-	-	-	87,086,252
Intangible Assets	882,173	-	-	-	882,173
Furniture, fixtures, and equipment	9,376,911	415,487	-	(1,553,109)	8,239,289
Library materials	<u>3,392,844</u>	<u>39,062</u>	<u>-</u>	<u>(7,899)</u>	<u>3,424,007</u>
Total capital assets being depreciated	<u>115,634,468</u>	<u>454,549</u>	<u>915,378</u>	<u>(1,561,008)</u>	<u>115,443,387</u>
Less accumulated depreciation for:					
Land improvements	(7,397,752)	(633,637)	-	-	(8,031,389)
Infrastructure	(1,484,135)	(84,620)	-	-	(1,568,755)
Buildings	(25,869,872)	(2,168,145)	-	-	(28,038,017)
Intangible Assets	(343,304)	(88,217)	-	-	(431,521)
Furniture, fixtures, and equipment	(8,748,337)	(337,201)	-	1,529,959	(7,555,579)
Library materials	<u>(3,284,982)</u>	<u>(53,130)</u>	<u>-</u>	<u>7,730</u>	<u>(3,330,382)</u>
Total Accumulated depreciation	<u>(47,128,382)</u>	<u>(3,364,950)</u>	<u>-</u>	<u>1,537,689</u>	<u>(48,955,643)</u>
Capital assets being depreciated, net	<u>68,506,086</u>	<u>(2,910,401)</u>	<u>915,378</u>	<u>(23,319)</u>	<u>66,487,744</u>
Capital assets, net	<u>\$ 70,434,871</u>	<u>\$ (2,825,400)</u>	<u>\$ (5,108)</u>	<u>\$ (23,319)</u>	<u>\$ 67,581,044</u>

Rogers State University
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	Balance, June 30, 2019	Additions	Adjustments/ Transfers	Retirements	Balance, June 30, 2020
Capital assets not being depreciated:					
Land	\$ 1,052,197	\$ -	\$ -	\$ -	\$ 1,052,197
Construction in progress	<u>1,038,239</u>	<u>100,180</u>	<u>(261,831)</u>	<u>-</u>	<u>876,588</u>
Total capital assets not being depreciated	<u>2,090,436</u>	<u>100,180</u>	<u>(261,831)</u>	<u>-</u>	<u>1,928,785</u>
Capital assets being depreciated:					
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	<u>3,383,691</u>	<u>42,289</u>	<u>-</u>	<u>(33,136)</u>	<u>3,392,844</u>
Total capital assets being depreciated	<u>114,923,927</u>	<u>481,846</u>	<u>261,831</u>	<u>(33,136)</u>	<u>115,634,468</u>
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	<u>(3,258,938)</u>	<u>(58,868)</u>	<u>-</u>	<u>32,824</u>	<u>(3,284,982)</u>
Total Accumulated depreciation	<u>(43,764,244)</u>	<u>(3,396,962)</u>	<u>-</u>	<u>32,824</u>	<u>(47,128,382)</u>
Capital assets being depreciated, net	<u>71,159,683</u>	<u>(2,915,116)</u>	<u>261,831</u>	<u>(312)</u>	<u>68,506,086</u>
Capital assets, net	<u>\$ 73,250,119</u>	<u>\$ (2,814,936)</u>	<u>\$ -</u>	<u>\$ (312)</u>	<u>\$ 70,434,871</u>

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 \$48,977,693 at June 30, 2021 compared to \$54,176,693 at June 30, 2020.

Rogers State University
Notes to Financial Statements
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Note 5: Long-Term Liabilities

The following is a summary of long-term obligation transactions for the University for the years ended June 30, 2021 and 2020:

	Balance, June 30, 2020	Additions	Reductions	Balance, June 30, 2021	Amounts Due Within One Year
Bonds Payable:					
ODFA Revenue Bonds 2013	\$ 2,235,000	\$ -	\$ (145,000)	\$ 2,090,000	\$ 145,000
Bond discount	(9,340)	-	1,205	(8,135)	-
	<u>2,225,660</u>	<u>-</u>	<u>(143,795)</u>	<u>2,081,865</u>	<u>145,000</u>
Capital lease obligations:					
ODFA Master lease payable	33,761,332	3,358,000	(5,153,833)	31,965,499	1,926,750
OCIA Capital lease payable	6,491,182	-	-	6,491,182	605,092
Lease payable premium	2,889,300	19,874	(391,057)	2,518,117	-
Lease payable discount	(51,756)	(13,870)	4,762	(60,864)	-
	<u>43,090,058</u>	<u>3,364,004</u>	<u>(5,540,128)</u>	<u>40,913,934</u>	<u>2,531,842</u>
Total bonds payable and capital lease obligations	<u>\$ 45,315,718</u>	<u>\$ 3,364,004</u>	<u>\$ (5,683,923)</u>	<u>\$ 42,995,799</u>	<u>\$ 2,676,842</u>
	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)	-
	<u>2,364,408</u>	<u>-</u>	<u>(138,748)</u>	<u>2,225,660</u>	<u>145,000</u>
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)	-
	<u>45,292,172</u>	<u>15,072,767</u>	<u>(17,274,881)</u>	<u>43,090,058</u>	<u>1,869,917</u>
Total bonds payable and capital lease obligations	<u>\$ 47,656,580</u>	<u>\$ 15,072,767</u>	<u>\$ (17,413,629)</u>	<u>\$ 45,315,718</u>	<u>\$ 2,014,917</u>

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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 \$1,231,266 and dining facility revenues of \$132,452. Debt service payments of \$219,555 and \$217,145 were 16.0 and 23.0 percent of pledged revenues in fiscal year 2021 and 2020, respectively.

The Federally Taxable Series 2013 revenue bonds were issued at a discount of \$18,754. During 2021, the University recognized \$1,205 of amortization, leaving a balance of the unamortized bond discount of \$8,136 as of June 30, 2021. 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:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 145,000	\$ 71,510	\$ 216,510
2023	150,000	68,103	218,103
2024	155,000	64,278	219,278
2025	160,000	60,015	220,015
2026	165,000	55,375	220,375
2027-2031	905,000	189,100	1,094,100
2032-2033	410,000	24,800	434,800
	<u>\$ 2,090,000</u>	<u>\$ 533,180</u>	<u>\$ 2,623,180</u>

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.

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Through June 30, 2021 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, 2021 and 2020, the remaining deferred inflow of resources totaled \$215,455 and \$262,895, respectively. 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, 2021 and 2020, OCIA made lease principal and interest payments totaling \$309,164 and \$596,672, respectively, 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.

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

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 605,092	\$ 309,164	\$ 914,256
2023	635,849	280,009	915,859
2024	652,214	249,021	901,235
2025	679,816	221,474	901,290
2026	713,137	188,067	901,204
2027-2030	3,205,074	399,696	3,604,770
	<u>\$ 6,491,182</u>	<u>\$ 1,647,432</u>	<u>\$ 8,138,613</u>

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.

Rogers State University
Notes to Financial Statements
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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 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.

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.

In October 2020, 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 2020C/D. The University received a net amount of \$3,077,000 for the refunding of the 2011 series A bonds. The University makes lease payments to the State Regents, who then forwards the payments to the trustee bank.

In November 2020, the University entered into a 5-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 2020B/C. The University received a net amount of \$281,000 of the proceeds for refunding of the 2010 series B bonds. The University makes lease payments to the State Regents, who then forwards the payments to the trustee bank.

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

<u>Years Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,926,750	\$ 1,206,195	\$ 3,132,945
2023	2,001,833	1,135,563	3,137,396
2024	2,072,583	1,061,660	3,134,243
2025	2,127,833	984,834	3,112,667
2026	1,878,167	908,701	2,786,867
2027-2031	8,549,583	3,585,483	12,135,067
2032-2036	6,990,750	1,951,655	8,942,405
2037-2041	4,656,333	854,645	5,510,978
2042-2044	1,761,667	136,174	1,897,841
	<u>\$ 31,965,500</u>	<u>\$ 11,824,909</u>	<u>\$ 43,790,409</u>

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:

<u>Name of Plan/System</u>	<u>Type of Plan</u>
Oklahoma Teacher's 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	Single Employer Defined Benefit Plan

The University does not maintain the accounting records, hold the investments for, or administer these plans. A summary of all pension related items is as follows:

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	Net OPEB Obligation (Asset)	Deferred Outflows	Deferred Inflows	OPEB Expense (Benefit)
2021				
RSU OPEB	\$ (19,056)	\$ 64,771	\$ 491,998	\$ (48,678)
OTRS OPEB	<u>(29,683.00)</u>	<u>146,534.00</u>	<u>68,147.00</u>	<u>\$ 3,625</u>
Total	<u>\$ (48,739)</u>	<u>\$ 211,305</u>	<u>\$ 560,145</u>	<u>\$ (45,053)</u>

	Net Pension Obligation	Deferred Outflows	Deferred Inflows	Pension Expense
2021				
Supplemental retirement plan	\$ 418,292	\$ -	\$ -	\$ 11,093
OTRS net pension obligation	<u>28,430,573</u>	<u>9,341,153</u>	<u>2,842,257</u>	<u>4,334,994</u>
Total	<u>\$ 28,848,865</u>	<u>\$ 9,341,153</u>	<u>\$ 2,842,257</u>	<u>\$ 4,346,087</u>

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.

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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.
- 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.

Rogers State University

Notes to Financial Statements

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- 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 \$1,418,245 and \$1,432,862 for 2021 and 2020, respectively. The State of Oklahoma also made on-behalf contributions to OTRS, of which \$990,463 and \$990,695 for 2021 and 2020, respectively, 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, 2021 and 2020, the University reported a liability of \$28,430,573 and \$19,075,907, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 and 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, 2020 and 2019. Based upon this information, the University's proportion was .29958% and .2882%.

For the year ended June 30, 2021 and 2020, the University recognized pension expense of \$4,334,994 and \$1,478,897, respectively. At June 30, 2021 and 2020, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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June 30, 2021

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,384,055	\$ 481,525
Changes of assumptions	3,486,652	410,752
Net difference between projected and actual investment earnings on pension plan investments	2,450,726	-
Changes in University's proportionate share of contributions	587,878	1,925,125
Differences between University contributions and proportionate share of contributions	13,597	24,855
University contributions made subsequent to the measurement date	<u>1,418,245</u>	<u>-</u>
Total	<u>\$ 9,341,153</u>	<u>\$ 2,842,257</u>

June 30, 2020

	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	-	-
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	<u>1,432,862</u>	<u>-</u>
Total	<u>\$ 3,560,749</u>	<u>\$ 4,490,233</u>

\$1,418,245 and \$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, 2022 and 2021, respectively.

Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows for years ended June 30, 2021 and 2020:

2022	\$ 334,606
2023	1,030,990
2024	1,766,482
2025	1,650,494
2026	<u>298,079</u>
Total	<u>\$ 5,080,651</u>

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Actuarial Assumptions

The total pension liability as of June 30, 2021, was determined based on an actuarial valuation prepared as if June 30, 2020, using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age
- Inflation – 2.25%
- Future Ad Hoc Cost-of-living Increases – None
- Salary Increases – Composed of 2.25, plus 0.75 percent productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service
- Investment Rate of Return – 7.00%
- Retirement Age – Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the five-year experience study for the period ending June 30, 2019
- Mortality Rates after Retirement – Males and females: 2020 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020
- Mortality Rates for Active Members – Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010

Asset Class	Target Asset Allocation	Long - Term Expected Real Rate of Return
Domestic Equity	43.5%	7.5%
International Equity	19.0%	8.5%
Fixed Income	22.0%	2.5%
Real Estate**	9.0%	4.5%
Alternative Assets	6.5%	6.2%
Total	100.0%	

Actuarial Assumptions

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.

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- Investment Rate of Return – 7.50%
- Retirement Age – Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 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%.

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 7.00% and 7.50% was used to measure the total pension liability as of June 30, 2020 and 2019. This single discount rate was based solely on the expected rate of return on pension plan investments of 7.00% and 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.

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

The following tables present the net pension liability of the University calculated using the respective discount rate each year, as well as what the University’s net pension liability would be using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

For June 30, 2021:

	1% Decrease 6.00%	Current Discount 7.00%	1% Increase 8.00%
Net pension liability	\$ 37,945,159	\$ 28,430,573	\$ 20,553,977

For June 30, 2020:

	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 .

Rogers State University 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 that is administered by Fidelity Investments Inc. 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. The Plan provides retirement benefits to eligible employees or their beneficiaries.

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, 2021 and 2020, were approximately \$153,509 and \$169,575, respectively.

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Fidelity Investments Plan

Plan Description

The plan is a Section 457(b) defined contribution plan that became effective November 1, 2011. 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.

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Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2021 and 2020, the University reported a liability of \$418,292 and \$409,436 related to the SRA. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. For the year ended June 30, 2021 and 2020, the University's recognized pension expense of \$11,093 and \$130,027, respectively. 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, 2021, using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age Normal
- Amortization Method – Level dollar, closed
- Remaining Amortization Period – 7 years
- Asset Method – Market Value of Assets
- Inflation – 2.0%
- Salary Increases – Not Applicable
- Discount Rate – 3.77%
- Long-Term Expected Rate of Return – 4.00%
- Mortality – Pub-2010 General Retirees Headcount weighted with projection scale MP-2019
- Retirement Age – None since there are no active participants.

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.

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Discount Rate

For years ended June 30, 2021 and 2020, the discount rate used to measure the total pension liability was 3.77% and 3.76%, respectively. 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 by the client using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected 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, 2021 and 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 respective discount rate each year, as well as what the University’s net pension liability would be using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

For June 30, 2021:

	1% Decrease 2.77%	Current Discount 3.77%	1% Increase 4.77%
Net pension liability	<u>\$ 545,916</u>	<u>\$ 418,292</u>	<u>\$ 308,579</u>

For June 30, 2020:

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

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Schedule of Changes in Total Pension Liability, Plan Fiduciary Net Position and Net Position Liability

The following table presents the changes in total pension liability, plan fiduciary net position and net pension liability of the University for the year ended June 30, 2021:

	Total Pension Liability	Plan Fiduciary Net Position	Net Position Liability
Balance at June 30, 2020	<u>\$ 1,325,716</u>	<u>\$ 916,280</u>	<u>\$ 409,436</u>
Changes for the year			
Interest on the total pension liability	48,174	-	48,174
Difference between expected and actual experience	6,194	-	6,194
Change in assumption	(13,932)	-	(13,932)
Net investment income	-	31,580	(31,580)
Benefit payments	<u>(88,997)</u>	<u>(88,997)</u>	<u>-</u>
Net changes	<u>(48,561)</u>	<u>(57,417)</u>	<u>8,856</u>
Balance at June 30, 2021	<u><u>\$ 1,277,155</u></u>	<u><u>\$ 858,863</u></u>	<u><u>\$ 418,292</u></u>

Rogers State University
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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 health 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. The plan does not issue a separate financial report, nor is it included in the financial report of another entity. These assets are accumulated in a trust.

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. For the years ended June 30, 2021 and 2020 contributions were approximately \$110,000 and \$136,000 including approximately \$9,000 and \$10,000 in OTRS insurance subsidies, respectively.

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

At June 30, 2021 and 2020, the University reported an asset of \$19,056 and a liability of \$290,128, respectively. The net OPEB asset was measured as of June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2021. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020.

For the years ended June 30, 2021 and 2020, the University recognized OPEB expense/(income) of \$(48,678) and \$102,436, respectively. At June 30, 2021 and 2020, the University reported deferred inflows of resources related to OPEB from the following sources:

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Pre-65 OPEB Expense, Deferred Outflows, and Deferred Inflows

June 30, 2021

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 129,559
Changes in assumptions	64,771	252,999
Net difference between projected and actual investment earnings on OPEB investments	-	109,440
Total	<u>\$ 64,771</u>	<u>\$ 491,998</u>

June 30, 2020

	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	21,490	-
Total	<u>\$ 102,455</u>	<u>\$ 378,962</u>

Deferred outflows of resources and deferred inflows of resources to OPEB will be recognized in OPEB expense/(income) as follows:

Year Ended June 30:

2022	\$ (101,392)
2023	(100,897)
2024	(102,215)
2025	(106,846)
2026	(15,876)
2027 & Thereafter	-
	<u>\$ (427,226)</u>

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Discount Rate

A single discount rate of 6.20% was used to measure the total OPEB liability (asset) as of June 30, 2021 and 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 respective discount rate, 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 or 1-percentage-point higher than the current rate:

June 30, 2021

	1% Decrease 5.20%	Current Discount 6.20%	1% Increase 7.20%
Net OPEB liability/(Asset)	\$ 34,000	\$ (19,056)	\$ (68,795)

June 30, 2020

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

The health care cost trend rate is 7.00% in FY2021, decreasing to 6.50% in FY2022, and decreasing annually by 0.25% or 0.50% to an ultimate rate of 4.5% for FY2029, and later years.

June 30, 2021

	1% Decrease	Cost Trend Assumption	1% Increase
Net OPEB Liability/(Asset)	\$ (87,103)	\$ (19,056)	\$ 57,736

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The health care 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.

June 30, 2020

	1% Decrease	Cost Trend Assumption	1% Increase
Net OPEB liability/(Asset)	\$ 206,245	\$ 290,128	\$ 385,469

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.

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. At June 30, 2021 and 2020 contributions allocated to the OPEB plan from the University were \$3,616 and \$9,204, respectively.

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

At June 30, 2021 and 2020, the University reported an asset of \$29,683 and \$178,222, respectively, for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2020. 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, 2020. Based upon this information, the University's proportion was .29963%, compared to .2882% for the measurement date of June 30, 2019.

For the year ended June 30, 2021 and 2020, the University recognized OPEB expense of \$3,625 and (\$23,774), respectively. At June 30, 2021 and 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

June 30, 2021

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 65,211
Changes of assumptions	64,224	-
Net difference between projected and actual investment earnings on OPEB plan investments	64,831	-
Changes in proportion	3,881	2,901
Differences between University contribution and proportionate share of contributions	10,927	35
University contributions made subsequent to the measurement date	2,671	-
Total	<u>\$ 146,534</u>	<u>\$ 68,147</u>

June 30, 2020

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

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The \$2,671 and \$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, 2022 and 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:

	2022		\$ (1,724)
	2023		16,597
	2024		26,735
	2025		23,957
	2026		8,313
	Thereafter		1,838
			\$ 75,716

Actuarial Assumptions

The total OPEB liability (asset) as of June 30, 2021, was determined based on an actuarial valuation prepared as if June 30, 2020 using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age
- Inflation – 2.25%
- Future Ad Hoc Cost-of-living Increases – None
- Salary Increases – Composed of 2.25% inflation, plus 0.75% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
- Investment Rate of Return – 7.00%
- Retirement Age – Experience-based table of rates based on age, service, and gender. Adopted by the Board in May 2020 in conjunction with the five-year experience study for the period ending June 30, 2019.
- Mortality Rates after Retirement – Males and females: 2020 GRS Southwest Region Teacher Mortality Table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.
- Mortality Rates for Active Members – Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010

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Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	43.5%	7.5%
International Equity	19.0%	8.5%
Fixed Income	22.0%	2.5%
Real Estate**	9.0%	4.5%
Alternative Assets	6.5%	6.2%
Total	<u>100.0%</u>	

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

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

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

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	<u>100.0%</u>	

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Discount Rate

A single discount rate of 7.00% and 7.50% was used to measure the total OPEB liability (asset) as of June 30, 2020 and 2019. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.00% and 7.50%, respectively. 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 respective discount rates, 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 or 1-percentage-point higher than the current rate:

For June 30, 2021:

	1% Decrease 6.00%	Current Discount 7.00%	1% Increase 8.00%
Net OPEB liability (asset)	\$ 1,077	\$ (29,683)	\$ (146,228)

For June 30, 2020:

	1% Decrease 6.50%	Current Discount 7.50%	1% Increase 8.50%
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.

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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. At June 30, 2021 and 2020 the state match amounts, plus retained accumulated earnings, totaled approximately \$2,234,409 and \$2,000,510, respectively, 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 \$143,070 and \$198,000 at June 30, 2021 and 2020, respectively, 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. For the years ended June 30, 2021 and 2020 administrative services provided by the University for the benefit of the Foundation were approximately \$228,148 and \$254,798, respectively. Scholarships awarded by the Foundation are remitted to the University after the University pays the award recipient. Such amounts were approximately \$823,105 and \$827,449 for 2021 and 2020, respectively. Other support provided by the Foundation to the University during the years ended June 30, 2021 and 2020, amounted to \$669,606 and \$399,236 for total Foundation support of the University of \$1,492,711 and \$1,226,685, respectively.

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, 2021, will not have a material adverse impact to the University.

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June 30, 2021 and 2020

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

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.

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.

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.

Rogers State University
Notes to Financial Statements
June 30, 2021 and 2020

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.

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 and furnishings	5–10 years
Vehicles	3 years

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

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, 2021, the value of contributed services meeting the requirements for recognition in the financial statements totaled \$202,198.

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 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, 2017.

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.

Rogers State University
Notes to Financial Statements
June 30, 2021 and 2020

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.

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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and Money Market Funds	\$ 232,067	\$ 642,658
US Government	129,422	183,150
Corporate Bonds & Bond Mutual Funds	9,333,695	7,718,669
Common Stock	8,283,802	6,075,832
Equity Mutual Funds	<u>6,736,653</u>	<u>5,242,752</u>
Total	<u>\$ 24,715,639</u>	<u>\$ 19,863,061</u>

Promises to Give

Unconditional promises to give at June 30, 2021 and 2020, are as follows:

	<u>2021</u>			
	<u>Due within One year</u>	<u>Due in one to five yrs</u>	<u>Due past five yrs</u>	<u>Total</u>
Without donor restrictions	\$ 5,009	\$ -	\$ -	\$ 5,009
With donor restrictions	<u>48,326</u>	<u>30,000</u>	<u>846,629</u>	<u>924,955</u>
	53,335	30,000	846,629	929,964
Less discounts	-	(1,000)	(428,400)	(429,400)
Less allowances for uncollectible promises	<u>(20,000)</u>	<u>-</u>	<u>(43,055)</u>	<u>(63,055)</u>
Total	<u>\$ 33,335</u>	<u>\$ 29,000</u>	<u>\$ 375,174</u>	<u>\$ 437,509</u>

Rogers State University
Notes to Financial Statements
June 30, 2021 and 2020

	2020			
	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	-	(16,700)	(428,300)	(445,000)
Less allowances for uncollectible promises	(30,000)	-	(43,055)	(73,055)
Total	\$ 53,970	\$ 275,400	\$ 375,678	\$ 705,048

Property, Plant, and Equipment

Property, plant, and equipment consist of the following at June 30, 2021 and 2020:

	2021
	Total
Land	\$ 1,140,209
Furniture & Fixtures	13,968
Vehicles	54,690
Television tower and building	258,820
Mineral interest	3,000
Broadcasting equipment	-
Collectibles (non-depreciable)	60,300
	1,530,987
Less accumulated depreciation	(250,737)
Total	\$ 1,280,250
	2020
	Total
Land	\$ 1,140,209
Furniture & Fixtures	13,968
Vehicles	51,645
Television tower and building	258,820
Mineral interest	3,000
Broadcasting equipment	207,874
Collectibles (non-depreciable)	60,300
	1,735,816
Less accumulated depreciation	(234,726)
Total	\$ 1,501,090

Rogers State University
Notes to Financial Statements
June 30, 2021 and 2020

Restricted Net Position

Net position with donor restrictions are restricted by the donors as to purpose or time and consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to purpose restrictions:		
Scholarship	\$ 2,835,957	\$ 2,628,495
Athletics programs	334,869	300,155
Bartlesville	40,304	40,991
Centennial center	548,249	548,747
OMA programs	38,673	55,343
President related funds	22,188	36,517
RSU Public TV	377,013	462,197
School of Liberal Arts	81,621	76,705
Other Restricted Funds	<u>536,022</u>	<u>114,941</u>
	<u>4,814,896</u>	<u>4,264,091</u>
	<u>2021</u>	<u>2020</u>
Not subject to appropriation or expenditure:		
Scholarship endowments	15,262,530	12,967,665
President's leadership class endowment	376,920	330,352
Other named scholarship endowments	471,947	412,719
Faculty & Staff award endowments	78,246	68,580
Lectureship Endowments	132,067	115,751
Endowed chairs	2,105,769	1,845,605
other endowments	615,648	552,231
Unrestricted endowments	29,483	25,841
Life insurance endowments	<u>83,490</u>	<u>80,889</u>
	<u>19,156,100</u>	<u>16,399,633</u>
Total net position with donor restrictions	<u>\$ 23,970,996</u>	<u>\$ 20,663,724</u>

Fair Value Measurements

Fair value of investments at June 30, 2021 and 2020, is as follows:

	<u>2021</u>		<u>2020</u>	
	Fair Value	Level 1 Inputs	Fair Value	Level 1 Inputs
Without donor restrictions	\$ 5,036,983	\$ 5,036,983	\$ 3,590,278	\$ 3,590,278
With donor restrictions	<u>19,678,656</u>	<u>19,678,656</u>	<u>16,272,783</u>	<u>16,272,783</u>
Total Investments	<u>\$ 24,715,639</u>	<u>\$ 24,715,639</u>	<u>\$ 19,863,061</u>	<u>\$ 19,863,061</u>

Rogers State University

Notes to Financial Statements

June 30, 2021 and 2020

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

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.

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.

Rogers State University
Notes to Financial Statements
June 30, 2021 and 2020

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, 2021 and 2020:

Changes in endowment net assets for the years ended June 30, 2021 and 2020:

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Endowment net assets - beginning	\$ -	\$ 16,399,633	\$ -	\$ 15,914,045
Investment return	-	3,733,502	-	712,198
Other income	-	4,878	-	4,179
Losses on promises to give	-	-	-	(15,000)
Contributions	-	410,366	-	496,409
Transfers - board designated	-	(1,392,279)	-	(712,198)
Endowment net assets - ending	\$ -	\$ 19,156,100	\$ -	\$ 16,399,633

The historical dollar value of the permanently restricted endowments is \$13,592,370 as compared to the fair market value of \$19,156,100 at June 30, 2021, compared to \$13,179,527 and \$16,399,633 at June 30, 2020. The difference between the historical dollar value and fair value is a gain of \$5,563,730 in 2021 and \$3,220,106 in 2020. The current year increase in the unrealized gain of \$2,341,033 for 2021 and decrease in unrealized gain of \$8,831 for 2020 is included with the investment return allocated to net assets with donor restrictions.

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. For years ended June 30, 2021 and 2020 tower rental income donated to the University totaled \$169,279, respectively.

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, 2021, the Foundation’s deposit accounts subject to FDIC Insurance were fully insured.

Rogers State University
Notes to Financial Statements
June 30, 2021 and 2020

Upcoming Accounting Pronouncements

In February 2016, 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.

Liquidity and Availability of Resources

The table below reflects the Foundation's financial assets as of June 30, 2021 and 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	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	465,117	474,570
Investments, total	24,715,639	19,863,061
Cash surrender value - life insurance	78,015	75,414
Promises to give, net	<u>437,509</u>	<u>705,048</u>
Total financial assets	25,696,280	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	(4,814,896)	(4,264,091)
Not subject to appropriation or expenditure	(19,156,100)	(16,399,633)
Amounts previously approved for payment:		
Accounts payable	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>1,725,284</u>	<u>454,369</u>

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

Required Supplementary Information

Rogers State University
Schedule of Net OPEB Liability and Related Ratios
Last 10 Fiscal Years*

Schedule of Funding Progress for University's Post-Employment Health and Life Insurance Benefits (Unaudited)
Year ended June 30, 2021

	2021	2020	2019	2018
Total OPEB Liability	\$ 29,688	\$ 32,942	\$ 33,074	\$ 51,437
Service cost	63,524	67,349	71,698	91,058
Interest Changes of assumptions	(43,104)	(98,430)	113,351	(302,919)
Actual vs Expected Experience	(52,163)	(34,012)	(110,978)	-
Changes in Benefit Terms	-	96,483	(43,040)	-
Benefit payments	(109,786)	(135,751)	(132,512)	(134,418)
Net change in total OPEB liability	(111,841)	(71,419)	(68,407)	(294,842)
Total OPEB liability - beginning	1,049,783	1,121,202	1,189,609	1,484,451
Total OPEB liability - ending	937,942	1,049,783	1,121,202	1,189,609
Covered-employee payroll	\$ 5,070,955	\$ 5,226,212	\$ 5,612,865	\$ 6,114,182
Total OPEB liability as a percentage of covered-employee payroll	18.50%	20.09%	19.98%	19.46%

Notes to Schedule

*Only four 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*

	2021	2020	2019	2018	2017
University's proportion of the net pension liability	0.2996%	0.2882%	0.3123%	0.3295%	0.3430%
University's proportionate share of the net pension liability	\$ 28,430,573	\$ 19,075,907	\$ 18,874,040	\$ 21,820,031	\$ 28,620,770
University's covered-employee payroll	\$ 15,890,824	\$ 15,227,854	\$ 15,189,444	\$ 15,163,134	\$ 15,945,083
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	179%	125%	124%	144%	179%
Plan fiduciary net position as a percentage of the total pension liability	63.47%	71.56%	72.74%	69.32%	62.20%
	2016	2015			
University's proportion of the net pension liability	0.3660%	0.3830%			
University's proportionate share of the net pension liability	\$ 22,233,529	\$ 20,593,041			
University's covered-employee payroll	\$ 16,512,805	\$ 16,570,014			
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	135%	124%			
Plan fiduciary net position as a percentage of the total pension liability	70.30%	72.40%			

Notes to Schedule

*Only seven 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 Contribution
Oklahoma Teacher's Retirement System (OTRS)
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017
Contractually required contribution	\$ 1,418,245	\$ 1,432,862	\$ 1,364,501	\$ 1,338,634	\$ 1,373,591
Contributions in relation to the contractually required contribution	<u>(1,418,245)</u>	<u>(1,432,862)</u>	<u>(1,364,501)</u>	<u>(1,338,634)</u>	<u>(1,373,591)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered-employee payroll	\$ 15,693,352	\$ 15,890,824	\$ 15,227,854	\$ 15,189,444	\$ 15,163,134
Contributions as a percentage of covered-employee payroll	9.04%	9.02%	8.96%	8.81%	9.06%
	2016	2015	2014	2013	2012
Contractually required contribution	\$ 1,456,991	\$ 1,529,383	\$ 1,554,211	\$ 1,545,594	\$ 1,525,156
Contributions in relation to the contractually required contribution	<u>(1,456,991)</u>	<u>(1,529,383)</u>	<u>(1,554,211)</u>	<u>(1,545,594)</u>	<u>(1,525,156)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered-employee payroll	\$ 15,945,083	\$ 16,512,805	\$ 16,570,041	\$ 16,344,321	\$ 16,482,523
Contributions as a percentage of covered-employee payroll	9.14%	9.26%	9.38%	9.46%	9.25%

Rogers State University
Schedule of the Changes in SRP Net Pension Liability and Related Ratios
Supplemental Retirement Plan (SRP)
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	48,174	48,501	49,600	50,974	64,404	65,544	66,643
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	6,194	6,403	5,839	5,309	3,487	3,028	4,035
Changes of assumptions	(13,932)	102,782	(145)	4,595	222,054	1,428	-
Benefit Payments	(88,997)	(88,998)	(88,997)	(88,997)	(88,998)	(88,997)	(88,998)
Net change in total pension liability	(48,561)	68,688	(33,703)	(28,119)	200,947	(18,997)	(18,320)
Total Pension Liability, Beginning	1,325,716	1,257,028	1,290,731	1,318,850	1,117,903	1,136,900	1,155,220
Total Pension Liability, Ending (a)	1,277,155	1,325,716	1,257,028	1,290,731	1,318,850	1,117,903	1,136,900
Plan Fiduciary Net Position							
Contributions, employer	-	53,000	116,600	-	-	-	100,000
Contributions, member	-	-	-	-	-	-	-
Net investment income	31,580	33,646	35,096	32,682	36,655	38,135	36,995
Benefit payments	(88,997)	(88,998)	(88,997)	(88,997)	(88,998)	(88,997)	(88,998)
Administrative expense	-	-	-	-	-	-	-
Net change in plan fiduciary net position	(57,417)	(2,352)	62,699	(56,315)	(52,343)	(50,862)	47,997
Plan Fiduciary Net Position, Beginning	916,280	918,632	855,933	912,248	964,591	1,015,453	967,456
Plan Fiduciary Net Position, Ending (b)	858,863	916,280	918,632	855,933	912,248	964,591	1,015,453
Net pension liability, ending (a) - (b)	\$ 418,292	\$ 409,436	\$ 338,396	\$ 434,798	\$ 406,602	\$ 153,312	\$ 121,447

Notes to Schedule

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

Rogers State University
Schedule of SRP Employer Contributions
Supplemental Retirement Plan (SRP)
Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 63,177	\$ 50,261	\$ 53,553	\$ 50,130	\$ 20,830
Contributions in relation to the contractually required contribution	-	53,000	116,600	-	-
Contribution deficiency (excess)	<u>\$ 63,177</u>	<u>\$ (2,739)</u>	<u>\$ (63,047)</u>	<u>\$ 50,130</u>	<u>\$ 20,830</u>
University's covered-employee payroll	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$16,501	\$25,511	\$21,208	\$43,442	\$38,744
Contributions in relation to the contractually required contribution	-	100,000	-	200,000	-
Contribution deficiency (excess)	<u>\$ 16,501</u>	<u>\$ (74,489)</u>	<u>\$ 21,208</u>	<u>\$ (156,558)</u>	<u>\$ 38,744</u>
University's covered-employee payroll	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contributions as a percentage of covered-employee 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

	2021	2020	2019	2018
University's proportion of the net pension liability	0.2882%	0.2882%	0.3123%	0.3295%
University's proportionate share of the net pension liability	(\$29,683)	(\$178,222)	(\$201,805)	(\$146,959)
University's covered-employee payroll	\$15,890,824	\$15,227,854	\$15,189,444	\$15,163,134
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	-0.19%	-1.17%	-1.33%	-0.97%
Plan fiduciary net position as a percentage of the total pension liability	102.3%	115.1%	115.4%	110.4%

Notes to Schedule

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 2,671	\$ 2,699	\$ 9,204	\$ 21,255	\$ 21,469
Contributions in relation to the contractually required contribution	<u>2,671</u>	<u>2,699</u>	<u>9,204</u>	<u>21,255</u>	<u>21,469</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered-employee payroll	<u>\$ 15,693,352</u>	<u>\$ 15,890,824</u>	<u>\$ 15,227,854</u>	<u>\$ 15,189,444</u>	<u>\$ 15,163,134</u>
Contributions as a percentage of covered-employee payroll	0.02%	0.02%	0.06%	0.14%	0.14%

Notes to Schedule

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

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities, the discretely presented component unit and the fiduciary activities of Rogers State University (the University), as of and for the year ended June 30, 2021, 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 29, 2021. Our report contained a reference to the report of other auditors, an emphasis of matter paragraph regarding the reporting entity, and an other matters paragraph regarding omission of required supplementary information. The financial statements of the Rogers State University Foundation, discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Rogers State University 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 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 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. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Tulsa, OK
October 29, 2021